

Jasmine International Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2008 and 2007

Report of Independent Auditor

To the Shareholders of Jasmine International Public Company Limited

I have audited the accompanying consolidated balance sheets of Jasmine International Public Company Limited and its subsidiaries as at 31 December 2008 and 2007, 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 International Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. I did not audit the financial statements of an associated company, over which the Company and its subsidiaries have had no influence since 24 April 2008, as described in Note 13.5 to the financial statements. The consolidated balance sheet of the Company and its subsidiaries included investments in this company accounted for using the equity method totaling Baht 2,927 million, the separate balance sheet included investments in this company accounted for using the cost method totaling Baht 2,604 million, and the related consolidated statements of income for the year ended 31 December 2008 included share of income from this company accounted for using the equity method totaling Baht 4 million (before the Company and its subsidiaries had no significant influence). The financial statements of this company were reviewed by another auditor, whose report dated 7 August 2008 has been furnished to me. My report herein, insofar as it relates to the amounts included for this company in the financial statements (before the Company and its subsidiaries had no significant influence) is based solely on the review report of that auditor.

Except for the matter discussed in the next paragraph, 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 and the review report of another auditor referred to in the first paragraph provide a reasonable basis for my opinion.

As described in Note 7 to the financial statements, as at 31 December 2008, the subsidiaries had outstanding amounts of approximately Baht 608 million receivable from the associated company, over which the Company and its subsidiaries no longer have significant influence (the balances are recorded under the captions of "Trade accounts receivable from related parties", "Short-term loans to and amounts due from related parties", and "Unbilled receivable from related parties" in the balance sheet). Most of the balances are long outstanding. In considering the collectability of the outstanding balances, the management of the subsidiaries received cash flow projections, which had been prepared by this company. They show that this company will have sufficient future cash flows to make full payment. On 22 April 2008, this company filed a petition for business rehabilitation with the Central Bankruptcy Court and the Court accepted the petition. However, up to the reporting date, the Court has not yet ordered the appointment of a rehabilitation planner for this company and the rehabilitation plan is still required to be approved by the creditors and the Court. The adequacy of the allowance for the outstanding balances is dependent upon the rehabilitation, and the management of the subsidiaries cannot determine an appropriate amount at this stage. I was unable to audit or apply other procedures to satisfy myself as to the adequacy of the allowance for doubtful accounts, and this constitutes a limitation imposed by circumstance. The subsidiaries also had outstanding balances receivable from the subsidiaries of this company amounting to approximately Baht 1,111 million and those subsidiaries of this company also had outstanding balances receivable from this company. These circumstances described may have a significant impact on the collectability of the outstanding balances receivable.

In my opinion, based on my audits and the review report of another auditor, except for any adjustments that might be required to the financial statements for the year 2008 as a result of the matters discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Jasmine International Public Company Limited and its subsidiaries and of Jasmine International Public Company Limited as at 31 December 2008 and 2007, and the results of their operations, and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without further qualifying my opinion on the above financial statements, I drew attention to the following matters:

1. As described in Note 13.5 to the financial statements, the associated company, over which the Company and its subsidiaries no longer have significant influence, filed a petition for business rehabilitation with the Central Bankruptcy Court and the Court accepted the petition for rehabilitation. Such event resulted in the Company and its subsidiaries losing significant influence over this company. During the current year, the Company and its subsidiaries therefore had to transfer their investments in this company from investments in associates accounted for using the equity method to investments in available-for-sale securities. In addition, the Company and its subsidiaries believe that the outcome of this company's rehabilitation is uncertain while its ability to improve its operating performance depends on rehabilitation. For reasons of prudence, the Company and its subsidiaries therefore recorded allowance for impairment of the investments in this company amounting to approximately Baht 1,901 million (the Company only: amounting to approximately Baht 1,746 million). The Company and its subsidiaries used the fair value of their investments in this company as the basis for the transfer and applied the same value as the new cost of investments in available-for-sale securities.
2. As described in Note 1 to the financial statements, 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, some 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.
3. As described in Note 36.9 to the financial statements, a subsidiary company entered into three turn-key agreements with two counterparties, whereby the subsidiary is obliged to deliver work within specific periods stipulated in the agreements. The subsidiary has been unable to make delivery within the stipulated periods and the counterparties are therefore entitled to charge a penalty to the subsidiary at a rate of 0.1 percent of the contract values of the first and the second contracts (Baht 87 million and Baht 34 million, respectively) and at a rate of 0.2 percent of the contract value of the third contract (Baht 31 million) per each day of delay. However, the management of the subsidiary is in the process of requesting an extension of the deadline for delivery and they believe that negotiations for such extension will be successful, and no penalty will be imposed, because the delays were caused by a delay in the delivery of areas by related agencies.
4. As described in Note 14.2 to the financial statements, the Company and its subsidiaries have investments in available-for-sale securities of the associated

company, over which the Company and its subsidiaries no longer have significant influence, totaling Baht 365 million. Investment of the Company only totals Baht 300 million. Significant matters with respect to this company are summarised below.

- a) This company filed a rehabilitation petition with Central Bankruptcy Court on 22 April 2008, in order to restructure its debt. During this process, this company has been protected pursuant to Section 90/12 of the Bankruptcy Act. These factors indicate the existence of a material uncertainty which may cast significant doubt on this company's ability to continue as a going concern.
- b) This company earns income from other value added services, for which some of the sharing rates are still under negotiation and/or being arranged with TOT Plc. and this company has ongoing disputes with TOT Plc., of which the outcome cannot presently be determined.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited
Bangkok: 23 February 2009

Jasmine International Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the years ended 31 December 2008 and 2007

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 investments in companies involved in the telecommunication business and its registered address is 200, 29th - 30th Floor, Moo 4, Chaengwatana Road, Pakkred, Nonthaburi.

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.

1.2 Economic crisis

The financial crisis experienced by the United States of America over the past year has had a far reaching adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, a tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has substantially affected the business and financial plans of Thailand enterprises and asset value. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to normalcy. These financial statements have been prepared on the bases of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be adversely affected by an array of future events.

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 such financial statements in Thai language.

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 International Public Company Limited (“the Company”) and the following subsidiaries (“the subsidiaries”).

Company's name	Nature of business	Country of incorporation	Percentage of shareholding by the Company		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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
			Percent	Percent	Percent	Percent	Percent	Percent
<u>Held by the Company</u>								
Jasmine Submarine Telecommunications Co., Ltd.	Operator of submarine optical fibre cable network	Thailand	100	100	18	17	18	21
Acumen Co., Ltd.	Satellite telecommunications services	Thailand	100	100	5	9	3	4
Jasmine Telecom Systems Plc. (2008: another 9% held by T.J.P. Engineering Co., Ltd., and another 9% held by ACeS Regional Services Co., Ltd., 2007: another 9% held by T.J.P. Engineering Co., Ltd.)	Design, installation and testing of telecommunication systems	Thailand	57	57	16	15	18	16
Jasmine Internet Co., Ltd.	Internet service provider	Thailand	65	65	2	1	9	9
T.J.P. Engineering Co., Ltd. (Another 20% held by Acumen Co., Ltd.)	Survey, design and construction of telecommunications	Thailand	80	80	3	2	-	2
Jasmine International Overseas Co., Ltd. (Another 34% held by ACeS (Thailand) Co., Ltd. and another 26% held by ACeS Regional Services Co., Ltd.)	Investment holding	Thailand	40	40	-	-	-	-
Chaengwatana Planner Co., Ltd.	Rehabilitation plan administrator	Thailand	100	100	-	-	-	-
Jasmine Cyber Works Co., Ltd.	Ceased operation	Thailand	100	100	-	-	-	-
Jasmine Smart Shop Co., Ltd.	Ceased operation	Thailand	100	100	-	-	-	-
Mobile Communication Services Co., Ltd.	Ceased operation	Thailand	70	70	-	1	-	-
Compunet Corporation Limited	Ceased operation	Thailand	100	100	1	1	1	1
Jasmine Energy Co., Ltd.	In the process of dissolution	Thailand	90	90	-	-	-	-
Jasmine Cable & Materials Co., Ltd.	In the process of dissolution	Thailand	100	100	-	-	-	-

Company's name	Nature of business	Country of incorporation	Percentage of shareholding by the Company		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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
			Percent	Percent	Percent	Percent	Percent	Percent
<u>Held by subsidiaries</u>								
Siam Teltech Computer Co., Ltd. (98% held by Jasmine Telecom Systems Plc.)	Provision, design and software development	Thailand	-	-	5	4	3	3
Smart Highway Co., Ltd. (67% held by Acumen Co., Ltd.)	Domestic high speed data communication rental service provider	Thailand	-	-	1	-	-	1
Triple T Broadband Plc. (91% held by Acumen Co., Ltd.)	Service provider in telecommunications network	Thailand	-	-	25	12	31	27
Triple T Internet Co., Ltd. (100% held by Triple T Broadband Plc.)	Internet service provider	Thailand	-	-	-	-	-	-
ACeS (Thailand) Co., Ltd. (59% held by Jasmine International Overseas Co., Ltd.)	Investment holding	Thailand	-	-	-	-	-	-
ACeS Regional Services Co., Ltd. (98% held by ACeS (Thailand) Co., Ltd.)	Marketing and distribution of equipment and providing services to satellite-based cellular phone users	Thailand	-	-	2	3	3	4

Company's name	Nature of business	Country of incorporation	Percentage of shareholding by the Company		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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
			Percent	Percent	Percent	Percent	Percent	Percent
Pakkret Planner Co., Ltd. (100% held by Jasmine International Overseas Co., Ltd.)	Rehabilitation plan administrator	Thailand	-	-	-	-	-	-
Clippership Investments (BVI) Limited (100% held by Jasmine International Overseas Co., Ltd.)	Ceased operation	British Virgin Island	-	-	-	-	-	-
Thai Long Distance Telecommunications Co., Ltd. (90% held by Jasmine Submarine Telecommunications Co., Ltd.)	Operator of submarine optical fibre cable network	Thailand	-	-	4	5	4	7
Jastel Network Co., Ltd. (100% held by Jasmine Submarine Telecommunications Co., Ltd.)	Domestic and oversea high speed data communication rental service provider	Thailand	-	-	4	2	7	2
Premium Assets Co., Ltd. (54% held by Acumen Co., Ltd. and 46% held by Jasmine Submarine Telecommunications Co., Ltd.)	Office rental	Thailand	-	-	10	9	3	3

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - c) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
 - d) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
 - e) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.
 - f) The consolidated financial statements did not include the financial statements of two subsidiaries, Jasmine Energy Co., Ltd., and Jasmine Cable & Materials Co., Ltd., since the subsidiaries are now in the process of dissolution.
- 2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

3.1 Accounting standards which are effective for the current year

The Federation of Accounting Professions has issued Notification No. 9/2550, 38/2550 and 62/2550 mandating the use of new accounting standards as follows.

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

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

The following accounting standard has an impact to the financial statements for the current year.

TAS 43 (revised 2007) “Business Combinations”

TAS 43 (revised 2007) does not require the amortisation of goodwill acquired in a business combination. Such goodwill is instead to be tested for impairment, and measured at cost less accumulated impairment losses. This accounting standard applies to goodwill arising from business combinations for which the agreement date is on or after 1 January 2008. Previously recognised goodwill can be accounted for prospectively, with the Company discontinuing the amortisation of the goodwill and instead testing for impairment, as from the beginning of the first fiscal year starting on or after 1 January 2008. The effect of the change in accounting policy in consolidated financial statements for the year ended 31 December 2008 is to decrease the amortisation of goodwill recorded as expenses in the statement of income by approximately Baht 24 million, and to increase share of income from associates resulting from the amortisation of goodwill of associates by approximately Baht 30 million.

3.2 Accounting standards which are not effective for the current year

The Federation of Accounting Professions has also issued Notification No. 86/2551 mandating the use of the following new accounting standards.

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these 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.

4. Significant accounting policies

4.1 Revenue Recognition

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.

Revenues from services related to providing telecom network services, internet services and other business related to the internet business, telephone business, and management services are recognised when services have been rendered.

Revenues from design and installation of telecommunication systems are recognised when services have been rendered taking into account the stage of completion.

Revenues from public telephone rental are recognised based on rental period, at the rate stipulated in the rental contract.

Revenue from installment sales is recognised 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 effective interest method.

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

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Inventories

Inventories are valued at the lower of average cost (specific cost for computer equipment products) and net realisable value.

4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the carrying amounts of securities are recorded as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.
- b) Investments in dissolved subsidiaries are stated at cost net of allowance for loss on diminution in value.
- c) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries and associates are accounted for in the separate 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 subsidiaries 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.

4.6 Property, plant and equipment/Depreciation

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

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, 24 years
Building improvements	-	5, 9 - 12 years
Leasehold improvements	-	5 years
Satellite transmission equipment	-	5 years
Public telephones	-	10 years but not more than the remaining terms of their rental contracts
Tools and equipment	-	3, 5 years
Furniture, fixtures and office equipment	-	3, 5 years
Motor vehicles	-	5 years
Equipment for network service provider	-	5 - 15 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

4.7 Leasehold rights and amortisation

Leasehold rights are stated at cost less accumulated amortisation. Amortisation is calculated by reference to its cost on a straight-line basis over the lease period of 30 years. The amortisation is included in determining income.

4.8 Assets held for sale

Assets held for sale are valued at the lower of cost and net realisable value.

4.9 Deferred project costs and amortisation

Deferred project costs are stated at cost less accumulated amortisation and allowance for loss on impairment of assets. Amortisation is calculated by reference to their costs as follows:

- (a) Costs of the submarine optical fiber cable projects are amortised over the concession periods and calculated by reference to the proportion of the number of circuits available for service in each year against the total number of circuits available throughout the contract periods.
- (b) Costs of equipment for domestic high-speed data communication rental service are amortised on a straight-line basis over the concession periods.

The amortisation is included in determining income.

4.10 Goodwill

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over share of the Company and its subsidiaries in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of cash generating units of the Company and its subsidiaries (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company and its subsidiaries estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

4.11 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 associates 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.

4.12 Long-term installment agreements

A subsidiary records long-term installment agreements for equipment which transfer substantially all the risks and rewards of ownership to the subsidiary as capital expenditures at the present value of the installment payment. The outstanding obligations less the financial expense are recorded as long-term debt, while the interest element is charged to the income statements over the period of the installment agreements.

4.13 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.

4.14 Impairment of assets

At each reporting date, the Company and its subsidiaries performs impairment reviews in respect of the property, plant and equipment, investments and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carries out annual impairment reviews in respect of goodwill. 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.

4.15 Employee benefits

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

4.16 Provisions

Provisions are recognised when the Company and its subsidiaries have 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.

4.17 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.

4.18 Income tax

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

4.19 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. Significant accounting judgments and 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 judgments 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 judgment 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 and its subsidiaries 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 judgment.

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 judgments 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.

Goodwill

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Litigation

The subsidiary has contingent liabilities as a result of litigation. The subsidiary's management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the balance sheet date.

6. Current investments - deposits with financial institutions

Included in the balances of current investments as at 31 December 2008 are savings deposits and fixed deposits of the Company and its subsidiaries amounting to approximately Baht 103 million (2007: Baht 36 million) and of the Company only amounting to approximately Baht 25 million (2007: Baht 25 million) which have been pledged with the financial institutions to secure credit facilities.

7. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Transfer Pricing Policy
	financial statements		
	<u>2008</u>	<u>2007</u>	
<u>Transactions with associates over which influence have been lost</u>			
Sales and service income	1,945	1,399	Contract price or normal business price charged to other customers
Rental and other service income	21	23	Contract price or normal business price charged to other customers
Interest income on delay settlement	8	-	MLR
Cost of sales and services	654	511	Contract price
Management fee expenses	88	108	Contract price
Purchase of equipment	35	80	As agreed upon
Sale promotion expenses	-	2	As agreed upon
<u>Transactions with related companies</u>			
Sales and service income	2	2	Contract price or normal business price charged to other customers
Rental and other service income	22	21	Contract price or normal business price charged to other customers

(Unit: Million Baht)

	Separate		Transfer Pricing Policy
	financial statements		
	<u>2008</u>	<u>2007</u>	
<u>Transactions with subsidiaries</u> (eliminate from the consolidated financial statements)			
Management fee income	89	89	Contract price
Rental and other service income	38	34	Contract price or normal business price as charged to other customers
Interest income	3	-	MRL
Management fee expenses	1	1	Contract price
Interest expenses	6	7	MLR-2%
Other expenses	26	23	Contract price

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
<u>Trade accounts receivable - related parties</u>				
Associates over which influence have been lost				
TT&T Subscriber Services Co., Ltd.	1,011	486	-	-
TT&T Plc.	494	468	-	-
Triple T Global Net Co., Ltd.	63	-	-	-
	<u>1,568</u>	<u>954</u>	<u>-</u>	<u>-</u>
Related companies				
Mono Generation Co., Ltd.	16	14	-	-
Mono Technology Co., Ltd.	3	-	-	-
Mono Film Co., Ltd.	1	-	-	-
Others	1	-	-	-
	<u>21</u>	<u>14</u>	<u>-</u>	<u>-</u>
Total trade accounts receivable - related parties	<u>1,589</u>	<u>968</u>	<u>-</u>	<u>-</u>
<u>Short-term loans to and amounts due from related parties</u>				
Short-term loans to subsidiaries				
Compunet Corporation Limited	-	-	39	39
Jasmine Smart Shop Co., Ltd.	-	-	6	6
Total short-term loans to related parties	<u>-</u>	<u>-</u>	<u>45</u>	<u>45</u>
Amounts due from related parties				
Subsidiaries				
Jasmine Submarine Telecommunications Co., Ltd.	-	-	237	198
Thai Long Distance Telecommunications Co., Ltd.	-	-	43	43
Compunet Corporation Ltd.	-	-	35	-
Acumen Co., Ltd.	-	-	16	4
Jasmine Cyber Works Co., Ltd.	-	-	11	10
Jasmine Internet Co., Ltd.	-	-	10	10
Jasmine Smart Shop Co., Ltd.	-	-	6	6
Siam Teltech Computer Co., Ltd.	-	-	7	2
Premium Assets Co., Ltd.	-	-	-	2
Triple T Broadband Plc.	-	-	1	1
	<u>-</u>	<u>-</u>	<u>366</u>	<u>276</u>

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2008	2007	2008	2007
Associate over which influence has been lost				
TT&T Plc.	18	10	1	-
Total amounts due from related parties	18	10	367	276
Total short-term loans to and amounts due from related parties	18	10	412	321
Less: Allowance for doubtful accounts	-	-	(22)	(22)
Total short-term loans to and amounts due from related parties - net	18	10	390	299
<u>Unbilled receivable - related parties</u>				
Associates over which influence has been lost				
TT&T Plc.	97	150	-	-
TT&T Subscriber Services Co., Ltd.	15	-	-	-
Total unbilled receivable - related parties	112	150	-	-
<u>Dividend receivable from subsidiaries</u>				
Acumen Co., Ltd.	-	-	1,400	1,400
Total dividend receivable from subsidiaries	-	-	1,400	1,400
<u>Advance payments for investment projects to related parties</u>				
Associates				
Palang Thai Kaowna Co., Ltd.	-	107	-	107
Khunka Palang Thai Co., Ltd.	20	20	20	20
	20	127	20	127
Related company				
Palit Palangngan Co., Ltd.	16	16	16	16
Total advance payments for investment projects	36	143	36	143
Less: Allowance for doubtful accounts	(26)	(109)	(26)	(109)
Total advance payments for investment projects to related parties - net	10	34	10	34

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2008	2007	2008	2007
	financial statements		financial statements	
<u>Trade accounts payable - related parties</u>				
Subsidiary				
Jasmine Telecom Systems Plc.	-	-	8	16
Associates over which influence have been lost				
TT&T Plc.	874	567	-	-
TT&T Subscriber Services Co., Ltd.	94	4	-	-
Triple T Global Net Co., Ltd.	3	-	-	-
	971	571	-	-
Total trade accounts payable - related parties	971	571	8	16
<u>Amounts due to related parties</u>				
Subsidiaries				
Acumen Co., Ltd.	-	-	12	8
Jasmine Submarine Telecommunications Co., Ltd.	-	-	6	4
Mobile Communication Services Co., Ltd.	-	-	3	4
Others	-	-	1	1
	-	-	22	17
Associate				
Premium Real Estate Co., Ltd.	4	4	-	-
Associate over which influence has been lost				
TT&T Plc.	68	20	-	-
Total amounts due to related parties	72	24	22	17
<u>Long-term debts under rehabilitation plan</u>				
<u>from subsidiaries</u>				
Acumen Co., Ltd.	-	-	555	555
Jasmine Submarine Telecommunications Co., Ltd.	-	-	269	269
Total	-	-	824	824
Less: Current portion (deferred interest expenses portion)	-	-	(141)	(118)
Total long-term debts under rehabilitation plan from subsidiaries - net of current portion	-	-	683	706

Long-term debts under rehabilitation plan with related companies are debts under the rehabilitation plan of the Company. Principal is to be settled in full in 2013, while interest is to be paid quarterly, at a rate of MLR-2 per annum, although the Company has the right to carry the interest forward to pay it in 2013. If the Company does not have sufficient surplus cash in 2013 to settle the principal and interest, all outstanding debts and interest are to be forgiven.

In 2008, Jasmine Telecom Systems Plc. (JTS), a subsidiary, sold goods to Triple T Global Net Co., Ltd. whereby JTS is entitled to receive goods payment within 3 years. The outstanding balance is shown in the consolidated financial statements as follows.

	(Unit: Million Baht)
Trade accounts receivable - related party	57
Less: Deferred interest income	(4)
Total	<u>53</u>
Less: Current portion (presented under the caption of "Trade accounts receivable" in the balance sheet)	(31)
Total trade accounts receivable - related party, net of current portion	<u>22</u>

As at 31 December 2008, the subsidiaries had outstanding amounts of approximately Baht 608 million receivable from TT&T Plc. (TT&T) (the balances are included under the captions of "Trade accounts receivable from related parties" "Short-term loans to and amounts due from related parties", and "Unbilled receivable from related party" in the balance sheet). Most of the balances are long outstanding. In considering the collectability of the outstanding balances, the management of the subsidiaries received cash flow projections, which had been prepared by TT&T. 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. However, up to the present, the Court has not yet ordered the appointment of a rehabilitation planner for TT&T and the rehabilitation plan is still required to be approved by the creditors and the Court.

Directors and management's remuneration

In 2008, the Company and its subsidiaries paid salaries, bonus, meeting allowances and gratuities to their directors and management totaling Baht 130 million and the Company only totaling Baht 18 million (2007: Baht 118 million and Baht 18 million, respectively).

Guarantee obligations with subsidiaries

The Company has outstanding guarantee obligations with its related subsidiaries, as described in Note 20 and Note 36.2 to the financial statements.

8. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2008 and 2007, aged on the basis of due dates, are summarised below.

Age of receivables	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Related parties</u>				
Not yet due	261	355	-	-
Past due				
Up to 3 months	524	386	-	-
Longer than 3 - 6 months	306	67	-	-
Longer than 6 - 12 months	261	117	-	-
Longer than 12 months	237	43	-	-
Total	<u>1,589</u>	<u>968</u>	<u>-</u>	<u>-</u>
<u>Unrelated parties</u>				
Not yet due	357	327	-	-
Past due				
Up to 3 months	305	414	1	-
Longer than 3 - 6 months	187	70	-	14
Longer than 6 - 12 months	18	29	-	-
Longer than 12 months	178	126	58	56
Total	<u>1,045</u>	<u>966</u>	<u>59</u>	<u>70</u>
Less: Allowance for doubtful accounts	<u>(105)</u>	<u>(84)</u>	<u>(58)</u>	<u>(56)</u>
Net	<u>940</u>	<u>882</u>	<u>1</u>	<u>14</u>
Trade accounts receivable - net	<u>2,529</u>	<u>1,850</u>	<u>1</u>	<u>14</u>

Included in trade accounts receivable from unrelated parties over the age thresholds of 3 months as at 31 December 2008 and 2007, are amounts receivable from companies majority-owned by the government as follows:

(Unit: Million Baht)

Age of receivables	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Longer than 3 - 6 months	162	55	-	14
Longer than 6 - 12 months	2	22	-	-
Longer than 12 months	94	47	-	-
Total	<u>258</u>	<u>124</u>	<u>-</u>	<u>14</u>

Subsidiaries have assigned their rights over collection of major trade accounts receivable to banks, to secure credit facilities obtained from those banks.

As at 31 December 2008, Baht 316 million of the outstanding trade receivable balances are receivables of Jasmine Submarine Telecommunications Co., Ltd. (JSTC), a subsidiary, from TOT Plc., (TOT). TOT ceased making payments. However, the management of JSTC anticipates that JSTC will receive full settlement. Currently, JSTC is negotiating with TOT to obtain settlement of all outstanding balances.

9. Inventories

(Unit: Million Baht)

	Consolidated financial statements	
	<u>2008</u>	<u>2007</u>
Satellite transmission equipment	30	29
Finished goods and spare parts	190	161
Total inventories	220	190
Less: Allowance for obsolete inventories	(101)	(110)
Inventories - net	<u>119</u>	<u>80</u>

10. Restricted deposits with financial institutions

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

11. Investments in dissolved subsidiaries

Details of investments in dissolved subsidiaries as presented in consolidated and separate financial statements are as follows:

	(Unit: Million Baht)			
	Paid-up capital		Cost	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Jasmine Energy Co., Ltd.	110	110	-	103
Jasmine Cable & Materials Co., Ltd.	6	6	-	6
			-	109
Less: Allowance for impairment of investments			-	(58)
Total investments in dissolved subsidiaries - net			-	51

In 2008, the Company received returns from the liquidation of Jasmine Energy Co., Ltd. and Jasmine Cable and Materials Co., Ltd., subsidiaries, amounting to Baht 53 million.

12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	(Unit: Million Baht)					
	Paid-up capital		Cost		Dividend received during the year	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Jasmine Submarine Telecommunications Co., Ltd.	1,550	1,550	1,946	1,946	-	-
Acumen Co., Ltd.	760	760	760	760	330	1,800
T.J.P. Engineering Co., Ltd.	200	200	160	160	14	-
Mobile Communication Services Co., Ltd.	100	100	70	70	-	-
Jasmine Telecom Systems Plc.	703	702	100	100	115	68
Compunet Corporation Limited	260	260	100	100	-	-
Jasmine Smart Shop Co., Ltd.	110	110	110	110	-	-
Jasmine Cyber Works Co., Ltd.	52	52	52	52	-	-
Jasmine International Overseas Co., Ltd.	115	115	46	46	-	-
Jasmine Internet Co., Ltd.	15	15	1	1	2	-
Chaengwatana Planner Co., Ltd.	0.1	0.1	-	-	-	-
			3,345	3,345	461	1,868
Less: Allowance for impairment investments			(351)	(351)		
Total investments in subsidiaries - net			2,994	2,994		

- 12.1 The majority of the share certificates of the investments of the Company and Jasmine Telecom Systems Plc., a subsidiary, have been pledged or delivered to a security agent as collateral to secure long-term debts under the rehabilitation plan, as described in Note 23 to the financial statements.
- 12.2 During the current year, ACeS Regional Services Co., Ltd., a subsidiary, purchased 64 million ordinary shares in Jasmine Telecom Systems Plc. from an unrelated party for a total of Baht 98 million. As a result, the group companies' combined shareholdings in the aforementioned company changed from 66% to 75%. Negative goodwill recognised from the acquisition of these ordinary shares, amounting to Baht 64 million is presented under the caption of "Surplus on investments in subsidiary arising as a result of acquisition of additional shares at a price less than the net book value at the acquisition date" in shareholder's equity.
- 12.3 On 6 May 2008, Jasmine Telecom Systems Plc. (JTS), a subsidiary, issued 950,000 ordinary shares, at a price of Baht 1 per share or a total of Baht 950,000 in accordance with its employee share ownership plan (ESOP). JTS registered the increase in its paid-up capital to Baht 702,950,000 with the Ministry of Commerce on 7 May 2008.
- 12.4 In 2008, Triple T Broadband Plc. (TTT), a subsidiary, was sued by TOT Plc. (TOT), seeking compensation of Baht 24 million and alleging that TTT had illicitly used telephone signal and internet protocol of TOT. The case is under consideration of the Court. The management of TTT is confident that no significant losses will be incurred as a result of these lawsuits. No provision has therefore been made against the contingent liability in the accounts.

In 2007, TOT lodged complaint against TTT, at numerous police stations, alleging that TTT had illicitly used TOT's interconnection points. However, the TTT's management believes that TTT'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 finalised, but the TTT's management believes that TTT will not suffer any significant loss as a result of the complaint.

- 12.5 In 2007, T.J.P. Engineering Co., Ltd., a subsidiary, 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%.
- 12.6 On 13 September 2006, Acumen Co., Ltd. (ACUMEN) and TT&T Plc. (TT&T) have entered into the agreement of undertaking prescribing that ACUMEN shall provide financial support to Triple T Broadband Plc. (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.

13. Investments in associates

13.1 Details of associates

(Unit: Million Baht)

Consolidated financial statements

Company	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method		Share of income (loss) from investments in associates during the year	
			2008	2007	2008	2007	2008	2007	2008	2007
			(%)	(%)						
TT&T Plc. (the Company and its subsidiaries no longer have significant influence)	Fixed line services provider	Thailand	-	30	-	7,186	-	2,923	4*	(639)
Internet Knowledge Service Center Co., Ltd.	Communication equipment rental	Thailand	38	38	49	49	10	10	-	(6)
Premium Real Estate Co., Ltd.	Ceased operations	Thailand	49	49	402	402	-	-	-	-
Palang Thai Kaowna Co., Ltd.	Not yet operations	Thailand	-	23	-	-	-	-	-	-
Khunka Palang Thai Co., Ltd.	Not yet operations	Thailand	23	23	-	-	-	-	-	-
Telecom KSC Co., Ltd.	Not yet operations	Thailand	40	40	-	-	-	-	-	-
Total investments in associates					451	7,637	10	2,933	4	(645)

* Before the Company and its subsidiaries had no significant influence.

(Unit: Million Baht)

Separate financial statements

Company	Nature of business	Country of incorporation	Shareholding		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			percentage							
			<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
			(%)	(%)						
TT&T Plc. (the Company and its subsidiaries no longer have significant influence)	Fixed line services provider	Thailand	-	25	-	6,103	-	(3,499)	-	2,604
Internet Knowledge Service Center Co., Ltd.	Communication equipment rental	Thailand	38	38	49	49	(32)	(32)	17	17
Premium Real Estate Co., Ltd.	Ceased operations	Thailand	49	49	402	402	(402)	(402)	-	-
Palang Thai Kaowna Co., Ltd.	Not yet operations	Thailand	-	23	-	-	-	-	-	-
Khunka Palang Thai Co., Ltd.	Not yet operations	Thailand	23	23	-	-	-	-	-	-
Telecom KSC Co., Ltd.	Not yet operations	Thailand	40	40	-	-	-	-	-	-
Total investments in associates					<u>451</u>	<u>6,554</u>	<u>(434)</u>	<u>(3,933)</u>	<u>17</u>	<u>2,621</u>

13.2 Summarised financial information of associates

Financial information of the associates is summarised below.

Company	Paid-up capital as at		Total assets as		Total liabilities as at		Total revenues		Net income (loss)	
	31 December		at 31 December		31 December		for the year ended		for the year ended	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
TT&T Plc. (the Company and its subsidiaries no longer have significant influence)	-	32,425	-	32,178	-	20,483	-	5,516	-	(2,041)
Internet Knowledge Service Center Co., Ltd.	50	50	57	49	23	22	9	6	8	5
Premium Real Estate Co., Ltd.	820	820	12	24	1	6	-	-	(7)	(15)
Palang Thai Kaowna Co., Ltd.	-	1	-	49	-	121	-	-	-	-
Khunka Palang Thai Co., Ltd.	1	1	37	37	93	93	-	-	-	-
Telecom KSC Co., Ltd.	1	1	-	-	-	-	-	-	-	-

- 13.3 The Company recognised share of losses from investments in an associate, until the value of the investments reached zero. Subsequent losses incurred by the associates have not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of the associate. As at 31 December 2008, the amount of such unrecognised share of losses is Baht 13 million.
- 13.4 The share of losses for the year ended 31 December 2008 of two associates, namely, Internet Knowledge Service Center Co., Ltd. and Telecom KSC Co., Ltd., were included in these financial statements. These accounts were prepared by their managements and have not been audited by their auditors.
- 13.5 As at 31 March 2008, the investments of the Company and its subsidiaries in TT&T Plc. (TT&T) have the net book values of Baht 2,927 million, and that of the Company only amount to Baht 2,604 million, while the total market value of the investments were Baht 784 million and Baht 656 million, respectively. On 22 April 2008, TT&T filed a petition for business rehabilitation with the Central Bankruptcy Court for the purpose of restructuring its debt, on the grounds that its cash flows did not match the debt repayment schedule under the loan agreements. On 24 April 2008, the Central Bankruptcy Court accepted the petition for rehabilitation. A number of creditors submitted objections to TT&T's rehabilitation petition, and they subsequently withdrew the objections with the Central Bankruptcy Court on 28 October 2008, and on 14 January 2009, the creditors' meeting of TT&T passed the resolution that TT&T is elected as the rehabilitation planner. In addition, the Official Receiver shall report the resolution to the Central Bankruptcy Court to consider and appoint TT&T as the rehabilitation planner. TT&T has to follow the process of the Court. Such event resulted the Company and its subsidiaries losing significant influence over TT&T in participating in the financial and operating policy decision. In 2008, the Company and its subsidiaries therefore have to transfer the investments from investments in associate accounted for using the equity method to investments in available-for-sale securities. In addition, the Company and its subsidiaries believe that the outcome of TT&T's rehabilitation is uncertain while its ability to improve its operating performance depends on rehabilitation. For reasons of prudence, the Company and its subsidiaries therefore recorded allowance for impairment of investments in TT&T amounting to approximately Baht 1,901 million and that of the Company only amounting to approximately Baht 1,746 million. The Company and its subsidiaries used the fair value of their investments in TT&T as the basis for the transfer and applied the same value as the new cost of investments in available-for-sale securities.

13.6 On 13 October 2008, the Company disposed of all of the 2,308 ordinary shares of Baht 100 each comprising its investment in Palang Thai Kaowna Co., Ltd, an associate, a total of Baht 0.2 million, together with the advance payments made to the associate for investment projects which had a book value, net of allowance for doubtful accounts, amounting to Baht 24 million (at cost: Baht 107 million), as described in Note 7 to the financial statements. They were sold to a co-investor in the project for Baht 20.2 million.

14. Investments in available-for-sale securities

As described in Note 13.5 to the financial statements, this represents investments in ordinary shares of TT&T Plc. (TT&T) as per the following details.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2008	2007	2008	2007
Investments in available-for-sale securities - fair value of the investments on the transferred date from investments in associate to investments in available-for-sale securities	1,026	-	859	-
Add: Acquisitions during the year	120	-	-	-
Less: Disposals during the year	(150)	-	-	-
Unrealised loss on changes in value of the investments in available-for-sale securities	(631)	-	(559)	-
Investments in available-for-sale securities - net	<u>365</u>	<u>-</u>	<u>300</u>	<u>-</u>

14.1 In 2008, Jasmine Submarine Telecommunications Co., Ltd., a subsidiary, sold 141 million ordinary shares in TT&T for a total of Baht 106 million through the Stock Exchange of Thailand. The subsidiary recorded reversal of loss on impairment of these investments amounting to Baht 162 million and recorded loss on the sale totaling Baht 207 million. In addition, Premium Assets Co., Ltd., a subsidiary, purchased 159 million ordinary shares in TT&T for a total of Baht 120 million through the Stock Exchange of Thailand. As a result, the group companies' combined shareholdings in TT&T changed from 29.85% to 30.38%.

During January - February 2009, Premium Assets Co., Ltd. purchased an additional 322 million ordinary shares in TT&T for a total of Baht 230 million through the Stock Exchange of Thailand. As a result, the group companies' combined shareholdings in TT&T changed from 30.38% to 40.31%.

14.2 The significant matters of TT&T Plc. (TT&T), an associate over which the Company and its subsidiaries subsequently no longer have significant influence, for the nine-month period ended 30 September 2008, are summarised as follows:

- a) Income from Telephone Service Expansion and Joint Investment Agreement has continued to decline from the previous year, while telecommunication network service income and sales and services income are growing and this has sufficiently compensated for the decline in core revenues. As at 30 September 2008, the outstanding total of TT&T's long term loans was Baht 18,860 million, of which Baht 3,091 million was in default of repayment terms. TT&T is still implementing cash flow monitoring procedures in accordance with the loan agreements, under which TT&T is responsible for presenting operating budgets to the Instructing Group for approval. However, on 27 March 2008, the Security Agent notified TT&T that it had received from one creditor, on 25 March 2008, an Instructing Creditor Notice to exercise its right to enforce collateral on the basis that TT&T was in breach of loan agreements. TT&T has disputed the exercise of this right and filed a civil lawsuit against the creditor who issued the Instructing Creditor Notice on 21 April 2008, in which it is asserted that the exercise of rights to call the event of default and the enforcement of collateral are contrary to contractual and legal rights. In addition, the notice of enforcement of collateral was not made in compliance with the procedures set out in the Restructuring Agreements and the relevant Security Documents and therefore, the creditors are not entitled to exercise the right to enforce collateral. TT&T subsequently filed a rehabilitation petition with the Central Bankruptcy Court on 22 April 2008, and the Central Bankruptcy Court issued an order accepting TT&T's petition on 24 April 2008 for the purpose of restructuring its debt, on the grounds that its cash flows did not match the debt repayment schedule under the loan agreements. During the past period, TT&T conducted a number of negotiations with the creditors but a debt restructuring plan could not be agreed on, since it would require all creditors' approval. TT&T therefore filed a rehabilitation petition with the Central Bankruptcy Court, together with a request to be appointed as a rehabilitation planner and by virtue of the Central Bankruptcy Court accepting TT&T's rehabilitation petition. TT&T has been protected pursuant to Section 90/12 of the Bankruptcy Act. The scope of TT&T's debt restructuring plan may include deferral of interest and reduction of interest rates, as well as extension of debt repayment schedules to conform with realistic future cash flows of

TT&T. A number of creditors submitted objections for the TT&T's rehabilitation petition, but they subsequently withdrew the objections with the Central Bankruptcy Court on 28 October 2008. The Central Bankruptcy Court has set a date of 7 November 2008 for the next hearing of the Court's decision.

b) TT&T had the following outstanding commercial arbitration claim and certain disputes with TOT Plc. (TOT).

1) 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.

2) Reimbursement from TOT for introducing and/or allowing other parties to introduce value added services under the Joint Operate and Joint Investment Agreement to 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 to 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 with 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 access charges, from 1 April 2005 until the expiry date of the Joint Operate and Joint Investment Agreement. TT&T and TOT completed the Thai Arbitration Institute's procedure, and both parties submitted official statements to close the case on 31 January 2008.

On 4 April 2008, TT&T received a ruling from the Thai Arbitration Institute, the Alternative Dispute Resolution Office, the Office of Judiciary, dated 31 March 2008 stating that the Arbitration Panel had determined that TOT should pay TT&T remuneration amounting to Baht 23,778 million, including interest, for utilising special services through TT&T's network, pursuant to the Joint Operate and Joint Investment Agreement between TOT and TT&T. The award covers the period to the date the judgment was rendered. In addition, TOT is to pay remuneration to TT&T for such utilisation from 1 April 2005 until the end of the Joint Operate and Joint Investment Agreement. On 7 May 2008, TT&T filed a petition requesting a court order to enforce TOT to comply with the judgment of Thai Arbitration Institute. TOT requested the Central Administrative Court to withdraw the judgment. TT&T is preparing an objection statements and evidences. TT&T has not provided for the receipt of any of the award in financial statements.

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

TT&T submitted a claim of Baht 2,355 million to the Thai Arbitration 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 submitted the counter claim and claim by restate the amount that requested TT&T to pay for the revenue loss to be Baht 1,641 million. The Arbitrator has been appointed and the disputes set out, and the disputes are currently being considered.

4) 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. TT&T filed a statement to the Thai Arbitration Institute requesting to stop the consideration of this dispute. The Thai Arbitration Institute ordered to stop such consideration pursuant to section 90/12(4) of the Bankruptcy Act until the cause to stop the consideration ends. When the consideration will be preceded, disputers should declare to the Thai Arbitration Institute.

5) 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 Executive Department 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.

6) 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 and TT&T filed a defense against such claim to the Thai Arbitration Institute. TT&T filed a statement to the Thai Arbitration Institute requesting to stop the consideration of this dispute. The Thai Arbitration Institute ordered to stop such consideration pursuant to section 90/12(4) of the Bankruptcy Act until the cause to stop the consideration ends. When the consideration will be preceded, disputers should declare to the Thai Arbitration Institute.

7) 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. TT&T, as a protester, prepared and proposed an objection statement on this matter to the Thai Arbitration Institute. TT&T filed a statement to the Thai Arbitration Institute requesting to stop the consideration of this dispute. The Thai Arbitration Institute ordered to stop such consideration pursuant to section 90/12(4) of the Bankruptcy Act until the cause to stop the consideration ends. When the consideration will be preceded, disputers should declare to the Thai Arbitration Institute.

8) 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.

9) 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. However, the Executive Department 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.

10) Payment of revenue sharing

TOT submitted a petition to the Thai Arbitration Institute for it to order TT&T to repay excess amount of the revenue sharing which TT&T has received from TOT in accordance with the concession agreement, amounting to Baht 700 million, plus interest. The management of TT&T believes that the claims amount shall be the excise tax which TT&T deducted from revenue sharing from TOT and submitted to the Excise Department in compliance with the 2003 Cabinet's resolution. TT&T as the respondent, submitted a petition to the Thai Arbitration Institute asking for an extension of the term for submission of a response and the Thai Arbitration Institute has allowed TT&T until 9 May 2008 to submit such response. TT&T filed a statement to the Thai Arbitration Institute requesting to stop the consideration of this dispute. The Thai Arbitration Institute ordered to stop such consideration pursuant to section 90/12(4) of the Bankruptcy Act until the cause to stop the consideration ends. When the consideration will be preceded, disputers should declare to the Thai Arbitration Institute.

- c) TT&T earned income from other value added services, e.g. T-Pin (Postpaid), T-Card (Prepaid), 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.

15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Land	Buildings, leasehold improvement and building improvement	ACeS gateway station for the AceS Satellite – based mobile project	Public telephones	Equipment for network service provider	Satellite transmission equipment	Tools and equipment	Furniture, fixtures and office equipment	Others	Assets under installation	Total
Cost											
As at 31 December 2007	325,133	1,306,559	774,096	666,259	1,437,777	435,025	105,190	258,712	282,239	210,805	5,801,795
Additions	4,300	25,017	-	193	298,168	5,418	52,090	67,980	36,810	786,509	1,276,485
Disposals	-	(6,233)	-	(777)	-	(3,530)	-	(9,891)	(8,884)	-	(29,315)
Transfers in (out)	-	3,131	-	9,763	51,436	57,337	17,779	5,910	636	(173,891)	(27,899)
As at 31 December 2008	329,433	1,328,474	774,096	675,438	1,787,381	494,250	175,059	322,711	310,801	823,423	7,021,066
Accumulated depreciation											
As at 31 December 2007	-	296,742	149,963	337,420	322,447	249,136	71,755	155,793	106,786	-	1,690,042
Depreciation for the year	-	60,941	-	91,932	183,295	18,307	16,282	37,614	29,005	-	437,376
Depreciation on disposals	-	(4,456)	-	(461)	-	(2,774)	-	(8,418)	(8,884)	-	(24,993)
As at 31 December 2008	-	353,227	149,963	428,891	505,742	264,669	88,037	184,989	126,907	-	2,102,425
Allowance for impairment of assets											
As at 31 December 2007	-	10,725	624,133	-	-	23,947	-	365	-	-	659,170
Increase during the year	-	-	-	-	-	76,533	-	-	-	-	76,533
As at 31 December 2008	-	10,725	624,133	-	-	100,480	-	365	-	-	735,703
Net book value											
As at 31 December 2007	325,133	999,092	-	328,839	1,115,330	161,942	33,435	102,554	175,453	210,805	3,452,583
As at 31 December 2008	329,433	964,522	-	246,547	1,281,639	129,101	87,022	137,357	183,894	823,423	4,182,938
Depreciation for the year											
2007 (Baht 398 million included in service cost, and the balance in selling, servicing and administrative expenses)											422,393
2008 (Baht 402 million included in service cost, and the balance in selling, servicing and administrative expenses)											437,376

(Unit: Thousand Baht)

	Separate financial statements					Total
	Leasehold improvement	Furniture, fixtures and office equipment	Tools and equipment	Motor vehicles	Assets under installation	
Cost						
As at 31 December 2007	31,097	16,728	2,073	2,737	1,873	54,508
Additions	-	3,007	-	2,309	13,251	18,567
Disposals	-	(3,299)	-	(347)	-	(3,646)
Transfer in (out)	2,509	1,649	-	-	(4,158)	-
As at 31 December 2008	33,606	18,085	2,073	4,699	10,966	69,429
Accumulated depreciation						
As at 31 December 2007	30,982	13,276	2,073	2,603	-	48,934
Depreciation for the year	298	1,802	-	251	-	2,351
Depreciation on disposals	-	(3,267)	-	(347)	-	(3,614)
As at 31 December 2008	31,280	11,811	2,073	2,507	-	47,671
Net book value						
As at 31 December 2007	115	3,452	-	134	1,873	5,574
As at 31 December 2008	2,326	6,274	-	2,192	10,966	21,758
Depreciation for the year						
2007 (included in selling, servicing and administrative expenses)						1,706
2008 (included in selling, servicing and administrative expenses)						2,351

As at 31 December 2008, certain plant and equipment items of the Company and its subsidiaries had been fully depreciated but were still in use. The original cost of those assets amounted to approximately Baht 520 million of which Baht 44 million is from the Company (2007: Baht 483 million and Baht 46 million, respectively).

In November 2005, Premium Assets Co., Ltd., a subsidiary, purchased Jasmine International Tower from financial institutions at a price of Baht 1,200 million. The Company has leasehold rights to space in this building, as described in Note 16 to the financial statements, and therefore presents these leasehold rights as part of the building purchased by the subsidiary in the consolidated financial statements, in order that the presentation of information reflects its underlying economic substance.

In 2008, Acumen Co., Ltd., a subsidiary, set up allowance for impairment of satellite transmission equipment amounting to Baht 77 million because the subsidiary anticipates that the equipment will not have future benefits.

The majority of equipment for use in providing network services had been acquired under long-term installment agreements as described in Note 21 to the financial statements. Title to and ownership of the equipment will pass to a subsidiary when the subsidiary has made full payment of the contract price. In addition, as at 31 December 2008 the telecommunications equipment of approximately Baht 421 million has been pledged to secure the accounts payable for equipment.

Public telephones of Jasmine Telecom Systems Plc. (JTS) represent costs of equipment and expenses incurred in the installation of the public telephones, which have been rented to TOT Plc. (TOT) for a period of 10 years under three contracts. Under these contracts, JTS is obliged to supply and install a total of 30,000 public telephones (10,000 public telephones under each contract) within 3 years of the contract date. The first contract is dated 31 January 2001, and the second and the third contracts are dated 15 January 2004. As at 31 December 2008, JTS had been able to install only 11,944 telephones (8,641 under the first contract, 1,860 under the second, and 1,443 under the third). However, since TOT was unable to allocate all of the numbers for the telephones to be installed under the three contracts to JTS, TOT has agreed to extend the installation period until all telephone numbers have been allocated.

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

On 3 February 2009, JTS issued a letter to 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 (the first contract is dated 31 January 2001, and the second and the third contracts are dated 15 January 2004) because the counterparties, TOT and JTS, are unable to perform their duties as agreed in the contracts. Under this letter, JTS requested TOT to consider the cancellation of the rental contracts to be effective within 27 February 2009.

In January 2009, JTS 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, JTS will receive monthly rental at a fixed monthly rate per telephone throughout the rental period.

16. Leasehold rights

In July 1998, the Company entered into a 30-year agreement to lease space in an office building (Jasmine International Tower) from an associate and paid advance rental of Baht 415 million. Subsequently, in 2000 the associate transferred ownership of the building to financial institutions in settlement of liabilities, in accordance with a debt restructuring agreement.

In November 2005, Premium Assets Co., Ltd, a subsidiary, acquired the building back from the financial institution (Note 15). As a result, in order to present information in accordance with its underlying economic substance, the Company has presented its leasehold rights as part of the building purchased by the subsidiary in the consolidated financial statements.

The leasehold rights balances as at 31 December 2008 and 2007 are as follows:

	(Unit: Million Baht)	
	Separate financial statements	
	<u>2008</u>	<u>2007</u>
Leasehold rights	415	415
Less: Accumulated amortisation	(144)	(130)
Leasehold rights - net	<u>271</u>	<u>285</u>
Amortisation for the year	<u>14</u>	<u>14</u>

17. Assets held for sale

(Unit: Million Baht)

	Consolidated financial statements	
	<u>2008</u>	<u>2007</u>
Land	48	48
Building - net	6	6
Total	<u>54</u>	<u>54</u>

In order to assess the fair values of the above assets held for sale, during the year 2004, a subsidiary arranged to have such assets revalued by an independent appraiser. According to this revaluation, the fair values of these assets exceed their carrying value. As at the balance sheet date, the management of the subsidiary believes that the fair values of the above assets held for sale does not differ from the values appraised during the year 2004.

18. Deferred project costs

(Unit: Million Baht)

	Consolidated financial statements	
	<u>2008</u>	<u>2007</u>
Costs of submarine optical fibre cable project	5,123	5,123
Cost of equipment for domestic high - speed data communication rental service	3	3
Total	<u>5,126</u>	<u>5,126</u>
Less: Accumulated amortisation	<u>(4,155)</u>	<u>(3,801)</u>
Deferred project cost - net	<u>971</u>	<u>1,325</u>
Amortisation for the year	<u>354</u>	<u>350</u>

The costs of the submarine optical fiber cable network project represent costs incurred under the joint investment contract between Jasmine Submarine Telecommunications Co., Ltd. (JSTC), and Thai Long Distance Telecommunications Co., Ltd. (TLDT), which are subsidiaries, with TOT Plc. (TOT) to install a submarine optical fiber cable networks on the east and the west coasts of Thailand, dated 4 October 1991. Ownership of the network was immediately transferred to TOT upon the subsidiary's completing network installation and its passing the final acceptance test conducted by TOT. In return JSTC and TLDT are entitled to a share of revenues earned from the network over a period of 20 years, as from the date the network was transferred. JSTC and TLDT transferred its rights over the collection of its share of the revenues from TOT, under the above joint investment contract, to secure long-term loan of JSTC, as described in Note 22.1 to the financial statements. JSTC and TLDT have an obligation to comply with certain conditions as stated in the agreement.

The costs of equipment for domestic high-speed data communication rental service represents the cost of computer and communications equipment used to provide services under the agreement between Smart Highway Co., Ltd. (SMH), a subsidiary, and CAT Telecom Plc. (CAT) dated 15 January 1999. Ownership of the communications equipment was transferred to CAT when SMH delivered the equipment in accordance with the agreement. In return SMH is entitled to operate the service under such contract for a period of 10 years, SMH has an obligation to comply with certain conditions as stated in the agreement.

19. Goodwill

	(Unit: Million Baht)	
	Consolidated financial statements	
	<u>2008</u>	<u>2007</u>
Goodwill	89	89
Less: Allowance for impairment	(24)	-
Goodwill - net	<u>65</u>	<u>89</u>

20. Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions as at 31 December 2008 and 2007 consist of:

	Interest rate (percent per annum)	(Unit: Million Baht)	
		Consolidated	
		financial statements	
		<u>2008</u>	<u>2007</u>
Bank overdrafts	MOR to MOR+1	1	1
Short-term loans from financial institutions	MLR	339	323
Total bank overdrafts and short-term loans from financial institutions		<u>440</u>	<u>324</u>

Bank overdrafts of a subsidiary totaling Baht 1 million are secured by the Company. Short-term loans from financial institutions of subsidiaries are secured by the assignment of their rights over collection of trade accounts receivable of the subsidiaries as described in Note 8 to the financial statements.

21. Accounts and notes payable for equipment

Jasmine Telecom Systems Plc. (JTS), a subsidiary, purchased equipment from two groups of companies: domestic and overseas. Under the sales and purchase agreements, JTS 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 follow:

	(Unit: Million Baht)	
	Consolidated financial	
	statements	
	<u>2008</u>	<u>2007</u>
Accounts and notes payable for equipment	347	681
Less: Deferred interest expenses	(6)	(41)
Total	341	640
Less: Current portion	(341)	(311)
Accounts and notes payable for equipment - net of current portion	<u>-</u>	<u>329</u>

The above outstanding balance of accounts and notes payable for equipment is secured by deposits with a financial institution, the pledge of equipment for providing network telecommunications services as described in Note 15 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 36.8 to the financial statements.

22. Long-term loans

	(Unit: Million Baht)	
	Consolidated financial statements	
	<u>2008</u>	<u>2007</u>
22.1 Baht 3,400 million loan with interest rate of MLR, repayable quarterly from June 2006 to September 2010 and secured by		
a) all rights and benefits pertaining to concession agreements as described in Note 18 to the financial statements		
b) deposit of JSTC		
c) letter of guarantee from TLDT	1,523	2,095
22.2 Baht 300 million loan with interest rate of MLR, repayable in eight quarterly installments from July 2009	300	-
Total	1,823	2,095
Less: Current portion	(1,598)	(762)
Long-term loans - net of current portion	<u>225</u>	<u>1,333</u>

The loan agreements contain covenants as specified in the agreements that, among other things, require the subsidiaries to maintain certain debt to equity and debt service coverage ratios according to the agreements.

As at 31 December 2008, Baht 1,523 million of the long-term loans as described in Note 22.1 to the financial statements belong to Jasmine Submarine Telecommunications Company Limited (JSTC), a subsidiary. JSTC defaulted on principal and interest payments that were due to the financial institution on 31 December 2008, amounting to Baht 190 million and Baht 10 million, respectively. In addition, JSTC has been unable to maintain required Debt Service Coverage Ratio (DSCR) of not less than 1.25, which is to be calculated on a semi-annual basis. As at 31 December 2008, the ratio is 1.15 As a result of this event, the lender may exercise certain rights stipulated in the loan agreement, including the right to call the loan immediately. JSTC has therefore classified the whole balance of such loan as current liabilities. Currently, the lender has not yet exercised its rights as stipulated in the loan agreement and JSTC is being negotiate with the lender to compromise regarding such events.

The periods to maturity of long-term loans as at 31 December 2008 and 2007 are as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	
	<u>2008</u>	<u>2007</u>
Within one year	1,598	762
After one year but within three years	225	1,333
Total	<u>1,823</u>	<u>2,095</u>

23. Long-term debts under rehabilitation plan

	(Unit: Million Baht)	
	Consolidated financial statements/ Separate financial statements	
	<u>2008</u>	<u>2007</u>
Long-term debts under rehabilitation plan (Note 1), repayable under rehabilitation program and consisting of the following loans.		
23.1 Baht 1,827 million loan at interest rate of MLR, repayable within 9 years.	909	912
23.2 Baht 171 million loan, repayable within 9 years with interest rate of MLR-2% for the first eight years and MLR+20% for the ninth year.	160	161
23.3 Baht 818 million loan at interest rate of MLR, repayable within 4 years.	19	19
Total	<u>1,088</u>	<u>1,092</u>
Less: Current portion	<u>(29)</u>	<u>(28)</u>
Long-term debts under rehabilitation plan - net of current portion	<u>1,059</u>	<u>1,064</u>

In March 2007, the Company made early repayment of long-term debts under rehabilitation plan amounting to Baht 396 million, comprising the installments due to creditors under the Company's rehabilitation plan (Note 23.1) for the period 9 June 2007 to 9 December 2010.

The periods to maturity of long-term debts under rehabilitation plan as at 31 December 2008 and 2007 are as follows:

	(Unit: Million Baht)	
	Consolidated financial statements/ Separate financial statements	
	<u>2008</u>	<u>2007</u>
Within one year	29	28
After one year but within five years	1,059	929
After five years	-	135
Total	<u>1,088</u>	<u>1,092</u>

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

24. Share capital

On 10 July 2008, the Extraordinary General Meeting of shareholders of the Company passed a resolution to reduce the registered share capital by 15,485,673,420 ordinary shares, and 200,000,000 preferred shares, and reduce the paid-up capital by 8,319,917,163 shares, by decreasing the par value of the shares from Baht 1 to Baht 0.50 per share. This reduction of registered and paid-up capital is made to eliminate the Company's deficit and the discount on common stocks. The capital reduction of Baht 4,160 million compared to the Company's deficit and the discount on common stocks amounting to Baht 2,201 million and Baht 1,758 million, respectively, as at 31 August 2008, and the excess of the capital reduction over the Company's deficit and discount on common stocks was presented as "Premium on capital reduction" in the balance sheet.

The Company registered the share capital reduction with the Ministry of Commerce on 19 September 2008.

25. Company's shares held by subsidiaries

This represents the acquisition cost of the 1,525,518,800 ordinary shares (18.33 percent of the total number of shares in issue) of the Company acquired and held by ACeS Regional Services Co., Ltd. and Premium Assets Co., Ltd., subsidiaries. The Company will request the subsidiaries to dispose of all above ordinary shares, which held by the subsidiaries, within one year (ending 12 January 2010).

26. Warrants

26.1 Warrants offered to existing shareholders

In July 1999, the Company issued 333.6 million warrants for existing shareholders to subscribe for ordinary shares at Baht 0.10 each. The warrants, which were issued in the ratio of 1 warrant per 1 existing ordinary share, have an exercise period of 10 years (the Annual General Meeting No. 1/2545 passed a resolution approving the extension of the maturity of the warrants from 5 years to 10 years), and are exercisable every 3 months. The first and the last exercise dates are 15 September 1999 and 15 June 2009, respectively. One warrant provides the right to purchase one ordinary share (with a par value of Baht 10 each) at the exercise price of Baht 5.

On 25 September 2003, Meeting No. 12/2546 of the Plan Administrator Board passed a resolution approving the issue 551.97 million warrants (Warrant II) for existing shareholders to subscribe to ordinary shares at Baht 0.05 each. The warrants, which were issued in a ratio of 1 warrant per 1 existing ordinary share, have an exercise period of 5 years from the date of issue, and are exercisable every 3 months. One warrant provides the right to purchase one ordinary share (with a par value of Baht 10 each) at an exercise price of Baht 5. The last exercise date was 30 December 2008. In addition, the same meeting passed a resolution approving an adjustment of the rights of the existing warrants and warrants as described in Note 26.2 to the financial statements. The adjustment of the rights of the existing warrants will be determined according to the calculation formula and method provided in the prospectus for these warrants.

In October 2003, the Company issued additional 106.65 million warrants (with the same exercise price and exercise ratio as the existing warrants) in order to comply with the criteria for adjusting the exercise price and ratio stipulated in the prospectus for these warrants, since the issuance of Warrant II and the offer of 30 million shares to specific investors under the rehabilitation plan have resulted in loss of rights and benefits for the holders of the original warrants.

In conjunction with the Company's stock split, whereby the par value of the shares changed from Baht 10 to Baht 1 per share, the number and exercise price of the warrants was adjusted. For Warrants I the exercise price was changed from Baht 3.341 per share to Baht 0.334 per share, the exercise ratio remained at 1 warrant per 1 ordinary share and the warrant holders are to receive an additional 9 warrants for every 1 warrant held, effective 8 January 2004. For Warrants II the exercise price was changed from Baht 5 per share to Baht 0.5 per share, with the exercise ratio remaining at 1 warrant per 1 ordinary share and the warrant holders to receive an additional 9 warrants for every 1 warrant held, totaling 10 warrants as from the date the Company issued the warrants (9 February 2004).

On 5 November 2008, a Board of Director's Meeting of the Company passed a resolution approving the payment of an interim dividend of Baht 0.05 per share. The interim dividend from retained earnings as at 30 September 2008, payment affects the rights and benefits of the holders of the warrants, and therefore their exercise prices were adjusted. The exercise price of Warrant 1 was changed from Baht 0.334 per share to Baht 0.297 per share, with the exercise ratio remaining at warrant per 1 ordinary share. The exercise price of Warrant II was changed from Baht 0.5 per share to Baht 0.444 per share, with the exercise ratio remaining at 1 warrant per 1 ordinary share.

On 30 December 2008, the final exercise date for Warrant II, the Company presented expired warrants amounting to Baht 25 million under the caption of "Premium on ordinary shares from expired warrants" in shareholder's equity.

In 2008, 4,262,500 warrants were exercised to purchase 4,262,500 new ordinary shares. This included 1,502,500 additional ordinary shares which the Company registered as share capital with the Ministry of Commerce on 15 January 2009. As a result, the Company presented the cash received from the exercised of these warrants, amounting to Baht 0.7 million, under the caption of "Share subscription received in advance" in shareholder's equity. As at 31 December 2008, the Company had 1,153,423,100 warrants (Warrant I) remaining unexercised.

26.2 Warrants offered to the directors and/or employees of the Company and its subsidiaries (ESOP)

On 4 September 2000, the Extraordinary General Meeting of Shareholders No. 1/2543 passed a resolution approving the issue and offering of 18.4 million registered, non-transferable warrants to purchase common shares to directors and/or employees of the Company and its subsidiaries, free of charge. The warrants have an exercise period of 5-8 years (the Extraordinary General Meeting of shareholders No. 1/2545 passed a resolution approving the extension of the maturity of the warrants from 5 years to 5-8 years) from the date of issue, and are exercisable every 3 months. One warrant will provide the right to purchase one ordinary share (with a par value of Baht 10 each) at exercise prices of between Baht 10 and Baht 29.28.

In 2001, the Company issued the first 5.46 million warrants to purchase ordinary shares, for free of charge, and in 2002 issued the second 13.49 million warrants to purchase ordinary shares, to directors and/or employees of the Company and its subsidiaries, with the first and last exercise dates are 15 March 2001 and 15 December 2009, respectively.

In October 2003, the Company issued additional 6.75 million warrants (with the same exercise price and exercise ratio as the existing ESOP) in order to comply with the criteria for adjusting the exercise price and ratio stipulated in the prospectus for these warrants, since the issuance of Warrant II and the offer of 30 million shares to specific investors under the rehabilitation plan have resulted in loss of rights and benefits for the holders of the original warrants.

In conjunction with the Company's stock split, whereby the par value of the shares changed from Baht 10 to Baht 1 per share, the number and exercise price of the warrants was adjusted, with the exercise price changing from Baht 6.68 to 19.56 per share to Baht 0.668 to 1.956 per share, the exercise ratio remaining at one warrant per one ordinary share and warrant holders to receive an additional 9 warrants, totaling 10 warrants, from 8 January 2004 onwards.

In 2008, there were no warrants exercised to purchase new ordinary shares.

As at 31 December 2008, 32,328,440 warrants remained unexercised. In 2008, 35,051,510 warrants were expired.

27. 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.

Pursuant to section 1202 of the Thai Civil and Commercial Code, subsidiaries (incorporated under Thai Laws) is required to set aside a statutory reserve equal to at least 5 percent of its income each time the subsidiaries pays out a dividend, until such reserve reaches 10 percent of its registered share capital. The statutory reserve can neither be offset against deficit nor used for dividend payment.

28. 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 31 December 2008 and 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 31 December 2008 and 2007, the Company has already appropriated the full required amount of retained earnings to a reserve for the treasury shares.

29. Revenue from reversal of liabilities

In 1998, Compunet Corporation Limited (Compunet), a subsidiary, entered into an agreement with the National Telecommunications Commission (NTC) formerly known as “The Post and Telegraph Department”) to operate and provide domestic satellite data communication services for a period of 22 years. However, on 27 August 2004, Compunet issued a letter to NTC requesting the cancellation of the agreement because Compunet had ceased its operations. Subsequently, On 26 January 2009, NTC approved the cancellation of the agreement to provide satellite data communication services and called for Compunet to make payment of license fees, penalties and interest totaling Baht 46 million, Compunet therefore reversed the over-recorded liabilities, amounting to Baht 78 million, in the consolidated income statement of the year 2008.

30. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Salary and wages and other				
employee benefits	538	483	38	41
Telecommunication network rental				
expenses	1,073	635	-	-
Cost of good sold	974	922	5	9
Depreciation	437	422	2	2
Amortisation expenses	353	374	-	-
Telecommunication license fee	139	99	-	-
Rental expenses	45	42	-	-
Management fee expense	89	110	1	1
Loss on impairment of investments	1,738	-	1,745	530
Loss on sales of investments in				
available-for-sale securities	207	-	-	-
Allowance for doubtful accounts	18	2	-	-
Allowance for impairment of other				
assets	92	12	-	-

31. Corporate income tax

The Company is not liable to corporate income tax for the year 2007 due to tax loss brought forward.

32. Earnings (loss) per share

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

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

Calculation basic earnings (loss) per share and diluted earnings (loss) per share is presented below:

	Consolidated financial statements					
	Net loss		Weighted average number of ordinary shares		Loss per share	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(Million Baht)	(Million Baht)	(Million shares)	(Million shares)	(Baht)	(Baht)
Basic loss per share						
Net loss attributable to the equity						
holders of the parent	(1,245)	(41)	6,718	7,928	(0.186)	(0.005)
Effect of dilutive potential						
ordinary shares						
Warrants offered to existing						
shareholders	-	-	243	298		
Diluted loss per share						
Net loss of ordinary						
shareholders assuming						
the conversion of warrants					Anti	
to ordinary shares	<u>(1,245)</u>	<u>(41)</u>	<u>6,961</u>	<u>8,226</u>	dilutive	(0.005)

Separate financial statements						
Net income (loss)		Weighted average number of ordinary shares		Earnings (loss) per share		
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
(Million Baht)	(Million Baht)	(Million shares)	(Million shares)	(Baht)	(Baht)	
Basic earnings (loss) per share						
Net income (loss) attributable to the equity holders of the parent						
(1,366)	1,297	7,686	7,928	(0.174)	0.164	
Effect of dilutive potential ordinary shares						
Warrants offered to existing shareholders						
-	-	243	298			
Diluted earnings (loss) per share						
Net income (loss) of ordinary shareholders assuming the conversion of warrants to ordinary shares						
(1,366)	1,297	7,929	8,226	Anti dilutive	0.158	

ESOP were not included in calculation of diluted earning (loss) per share since the exercise prices of ESOP are higher than the average market price for the year.

33. Dividend paid

On 5 November 2008, the Board of Directors' Meeting of the Company passed a resolution approving the payment of an interim dividend of Baht 0.05 per share to the Company's shareholders of 7,685,517,163 ordinary shares, after deduction of 634,400,000 ordinary shares held by the Company as treasury shares, from retained earnings as at 30 September 2008, a total of Baht 384 million. As at the closing date of the share register, 7,684,598,163 of the Company's ordinary shares were qualified to received dividend, after deduction of 634,400,000 shares held by the Company as treasury shares and 919,000 shares disqualified to receive this dividend by the registrar (Thailand Securities Depository Co., Ltd.) from the total number of shares outstanding (7,685,517,163 shares). The total dividend paid was thus Baht 384 million.

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.

34. 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 years ended 31 December 2008 and 2007 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	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Sales and service income										
Revenue from external customers	4,068	3,291	1,030	737	252	303	-	-	5,350	4,331
Intersegment revenues	20	19	451	676	40	34	(511)	(729)	-	-
Total revenues	<u>4,088</u>	<u>3,310</u>	<u>1,481</u>	<u>1,413</u>	<u>292</u>	<u>337</u>	<u>(511)</u>	<u>(729)</u>	<u>5,350</u>	<u>4,331</u>
Segment operating profit (loss)	1,726	1,486	232	279	60	82	(52)	(75)	1,966	1,772
Unallocated income and expenses:										
Other income									224	302
Selling and servicing expenses									(165)	(81)
Administrative expenses									(619)	(624)
Loss on sales of investments in available-for-sale securities									(206)	-
Allowance for doubtful accounts									(18)	(2)
Allowance for impairment loss of investments									(1,738)	-
Allowance for impairment of other assets									(92)	(12)
Share of income (loss) from investments accounted for using equity method									4	(645)
Finance cost									(298)	(371)
Corporate income tax									(246)	(317)
Minority interest									(57)	(63)
Net loss									<u>(1,245)</u>	<u>(41)</u>

(Unit: Million Baht)

	Network and service provider		Provision, design and installation of telecommunications systems		Other segments		Elimination of inter- segment transactions		Consolidated total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Accounts receivable	1,575	909	1,632	1,329	42	39	(720)	(427)	2,529	1,850
Inventories	24	7	94	73	2	-	-	-	119	80
Property, plant and equipment	2,468	1,586	432	530	1,392	1,419	(109)	(83)	4,183	3,452
Unallocated assets									5,497	9,597
Total assets									<u>12,328</u>	<u>14,979</u>

Transfer prices between business segments are as set out in Note 7 to the financial statements.

35. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and their employees contributed to the fund monthly at rate of 3 to 8 percent of basic salary. The fund, which is managed by Bangkok Bank Plc., will be paid to employees upon termination in accordance with the fund rules. During the year 2008, the Company and its subsidiaries contributed Baht 22 million, of which Baht 2 million is from the Company, to the fund (2007: Baht 21 million and Baht 2 million, respectively).

36. Commitments and contingent liabilities

As at 31 December 2008, the Company and its subsidiaries had the following outstanding commitments and contingent liabilities.

- 36.1 The Company and its subsidiaries had outstanding commitments of approximately Baht 966 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 42 million).
- 36.2 The Company had obligations in respect of its guarantee of the bank overdraft facilities of a subsidiary and letters of guarantee that have been issued by banks on behalf of subsidiaries, totaling Baht 6 million.
- 36.3 Subsidiaries had outstanding commitments under the letters of credit with local and overseas suppliers amounting to approximately USD 3 million and Baht 110 million.
- 36.4 ACeS Regional Services Co., Ltd., a subsidiary, 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.
- 36.5 Acumen Co., Ltd., a subsidiary, 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	0.3
2 to 4 years	0.6

36.6 Jasmine Internet Co., Ltd. (Ji-net), a subsidiary, 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 is obliged to comply with certain conditions as stated in the agreement.

Certain equipment that Ji-net has been using is equipment under an Internet Service Providing Agreement with CAT Telecom Plc. (CAT). The agreement expired on 12 June 2006. On 6 March 2008, Ji-net submitted a proposal to make payment of Baht 10.8 million in order to acquire all related transferred equipment under the agreement from CAT and as compensation for all equipment rented from other companies under the agreement. At present, the equipment is being used by Ji-net for its business operations. However, as at the balance sheet date, Ji-net has not recorded the estimation of the equipment rental since the agreement expired date because the management of Ji-net is unable to estimate such rental. In addition, the Company submitted a proposal to acquire 480,000 ordinary shares of Ji-net from CAT and its employees at Baht 12.09 per share, or a total of Baht 5.8 million. CAT is currently consideration such proposal.

36.7 Jasmine Telecom Systems Plc. (JTS), a subsidiary, entered into an agreement to purchase goods from an overseas company for a total of USD 23.3 million. Under the conditions of the purchase agreement, JTS is to pay for the goods within approximately 3 years.

36.8 Triple T Broadband Plc. (TTT), a subsidiary, had entered into a leased line service agreement with TT&T Plc. (TT&T), an associate over which the Company and its subsidiaries no longer have significant influence, whereby a monthly fee is to be paid at a rate specified in the agreement. In addition, TTT had entered into an agreement to provide telecommunication network services to a subsidiary company of TT&T in return for which it is to receive a monthly fee at a rate specified in the agreement. TTT is obliged to pay the leased line service fee to TT&T and provide service to the subsidiary of TT&T until 26 October 2018 and comply with certain conditions as stated in the agreements. TTT has assigned its rights over collection from the subsidiary of TT&T to secure accounts and notes payable for equipment, as described in Note 21 to the financial statements.

36.9 T.J.P. Engineering Co., Ltd. (TJP), a subsidiary, had entered into three turn-key agreements with two counterparties, whereby TJP is obliged to deliver work within specific periods stipulated in the agreements, which are 180 days from the beginning date (due on 12 May 2006) under the first contract, 450 days from the beginning date (due on 23 September 2006) under the second contract and within 29 December 2006 under the third contract. TJP has been unable to make delivery within the stipulated period and the counterparties are therefore entitled to charge a penalty to TJP at a rate of 0.1 percent of the contract values for the first and the second contracts (Baht 87 million and Baht 34 million, respectively) and at a rate of 0.2 percent of the contract value of the third contract (Baht 31 million) per each day of delay. However, the management of TJP is in the process of requesting an extension of the deadline for delivery and they believe that negotiations for such extension will be successful, because the delays were caused by a delay in the delivery of an area by related agencies, and no penalty will be imposed.

36.10 Telecommunications licenses

The National Telecommunications Commission granted licenses to six subsidiaries as follows.

Company	Type of license	Authorised service	Periods
Acumen Co., Ltd.	Type I	Internet service	25 August 2008 - 24 August 2009
	Type I	International calling card service	8 February 2008 - 7 February 2009
	Type II	International internet gateway service	8 February 2007 - 7 February 2012
	Type II	Very Small Aperture Terminal (VSAT) service	30 November 2007 - 29 November 2011
Triple T Broadband Plc.	Type III	Network provider and service provider	23 February 2006 - 22 February 2026
Jasmine Internet Co., Ltd.	Type I	Internet service	28 July 2008 - 27 July 2009
	Type I	International calling card service	25 January 2009 - 24 January 2010
Jastel Network Co., Ltd.	Type I	Internet service	6 November 2008 - 5 November 2009
	Type II	Network provider	30 November 2006 - 29 November 2021
Triple T Internet Co., Ltd.	Type I	Internet service	20 June 2008 - 19 June 2009
Jasmine Telecom Systems Plc.	Type I	Public telephone service	22 November 2008 - 21 November 2009

The subsidiaries have an obligation to pay license fee and comply with certain conditions as stated in the licenses.

ACeS Regional Services Co., Ltd. (ACeS), a subsidiary, a satellite-based cellular phone service provider, is requesting a type three license from NTC. At the present, ACeS has not yet receive the license.

37. Financial instruments

37.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, investments, bank overdrafts and short-term loans, trade accounts and notes payable, long-term loans, and long-term debts under rehabilitation plan. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries exposed to credit risk primarily with respect to trade accounts receivable, other receivable and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. However, since the majority of sales and services are supplied to credit worthy customers such as the companies of which the major shareholder is government. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables, other receivable and loans stated in the balance sheet.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relate primarily to its cash at banks, bank overdrafts and short-term loans, long-term borrowings and long-term debts under rehabilitation plan. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Foreign currency risk

Its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. Its subsidiaries 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 2008 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2008
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	8	19	34.9438

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

Foreign currency	Bought amount	Contractual exchange rate
	(Million)	(Baht per 1 foreign currency unit)
US dollar	1	33.5225 - 34.2000

37.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature. Long-term loans and long-term debts under rehabilitation plan carry interest at rates close to market rates. Their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

38. 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.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2009.