

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

## **Review report of independent auditor**

To the shareholders of Jasmine International Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Jasmine International Public Company Limited and its subsidiaries as at 31 March 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the three-month periods ended 31 March 2008 and 2007, and the separate financial statements of Jasmine International Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews. I did not review the interim financial statements of TT&T Public Company Limited, an associated company, whose financial statements were included in the consolidated financial statements. The consolidated balance sheet of the Company and its subsidiaries as at 31 March 2008 included investments in the associated company accounted for using the equity method totaling Baht 2,927 million (Baht 2,604 million using the cost method in the Company's balance sheet) and the related consolidated statement of income for the three-month period ended 31 March 2008 included share of gain from the associated company totaling Baht 4 million. The interim financial statements of the associated company were reviewed by another auditor, whose report dated 12 May 2008, have been furnished to me. My report herein, insofar as it relates to the amounts included for the associated company in the financial statements is based solely on the reports of that auditor.

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

Based on my reviews and the review report of another auditor, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

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

1. As described in Note 5 to the financial statements, as at 31 March 2008, the subsidiaries had outstanding receivable balances from the associated company amounting to approximately Baht 598 million. 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 addition, as described in Note 9.1 to the financial statements, as at 31 March 2008 the net book value of the investments of the Company and its subsidiaries in the associated company totaled Baht 2,927 million, and that of the Company only totaled Baht 2,604 million (the equity interest of the Company and its subsidiaries by percentage of shareholding in the book values of the associated company amounted to Baht 3,525 million, with that of the Company being Baht 2,951 million, while the total market values of these investments amounted to Baht 784 million and Baht 656 million, respectively). On 22 April 2008, the associated company 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 correspond to the debt repayment schedule under the loan agreements. On 24 April 2008, the Central Bankruptcy Court accepted the petition for rehabilitation. The aforementioned event impacts significantly on the values of the receivable balances from the associated company and the values of the investments in the associated company since such values are dependent on the outcome of the rehabilitation is being processed through the Central Bankruptcy Court.
2. As described in Note 2 to the financial statements, whereby on 7 August 2003, the Central Bankruptcy Court approved the business rehabilitation plan of the Company and subsequently, on 14 September 2006, the Court issued an order to terminate the business rehabilitation of the Company. However, certain creditors lodged objections to certain issues with the Supreme Court, and the issues are being considered by the Supreme Court. The Company believes that these issues will not have any impact on the financial statements of the Company.

3. As described in Note 22.9 to the financial statements, a subsidiary company entered into two turn-key agreements with a counterparty, 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. The counterparty is therefore entitled to charge a penalty to the subsidiary at a rate of 0.1 percent of the contract value per each day of delay (Baht 87 million and Baht 34 million, respectively). 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, because the delays were caused by a delay in the delivery of areas by related government agencies, and no penalty will be imposed.
4. The auditor of the associated company issued unqualified reviewed reports but drew attention to the interim financial statements, under her report dated 12 May 2008, of the associated company and its subsidiaries in respect of the following matters, as described in Note 9.1 to the financial statements.
  - a) The associated company defaulted on payment of principal amounting to approximately Baht 1,855 million due on 30 June 2007 and 31 December 2007, and has default interest payable, calculated up to 31 March 2008, amounting to Baht 54 million. However, on 27 March 2008, the Security Agent notified the associated company that it had received on 25 April 2008, an Instructing Creditor Notice to exercise the Creditors right to enforce collateral on the grounds that the associated company is in breach of loan agreements. As a result of such notice, under the loan agreement, total loans of Baht 18,233 million also become immediately due for repayment. This loan is thus reclassified as current liabilities as at 31 March 2008 and as a result, as at 31 March 2008 the associated company's current liabilities exceed its current assets by Baht 17,622 million and current liabilities of the associated company and its subsidiaries exceed their current assets by Baht 17,780 million. On 21 April 2008, the associated company filed a civil lawsuit against the creditor who issued the Instructing Creditor Notice in respect of the exercise of the right to call an event of default and the enforcement of collateral with the Central Bankruptcy Court. The associated company also subsequently filed a rehabilitation petition with Central Bankruptcy Court on 22 April 2008, in order to restructure its debt. A date of 2 June 2008 was set for consideration of the associated company's rehabilitation petition. These factors indicate the existence of a material uncertainty which may cast significant doubt on the associated company's ability to continue as going concern.
  - b) The associated company earned income from other value added services, for which some of the sharing rates are still under negotiation and/or being arranged with TOT Plc.
  - c) The associated company has ongoing disputes with TOT Plc., of which the outcome cannot presently be determined. On 4 April 2008, the associated

company received a ruling from the Thai Arbitration Institute, stating that the Arbitration Panel had determined that TOT Plc. should pay remuneration amounting to Baht 23,778 million to the associated company. On 7 May 2008, the associated company filed a petition to request a Court Order to enforce TOT Plc.'s compliance with the decision of the Thai Arbitration Institute. The above award has yet to be recognised as an asset by the associated company since the ultimate outcome of enforcement of the award and the recoverable value of such asset are still insufficiently clear. The outcome may affect the financial statements of the associated company and impact on the application of the going concern assumption in the preparation of these financial statements.

I have previously audited the consolidated financial statements of Jasmine International Public Company Limited and its subsidiaries and the separate financial statements of Jasmine International Public Company Limited for the year ended 31 December 2007 in accordance with generally accepted auditing standards under my report dated 28 February 2008, based on my audit and the report of another auditor, I expressed an unqualified opinion on those statements and drew attention to the uncertainties and dispute which might have an impact on the realisable value of the investments in an associated company, certain creditors having lodged objections to issues concerning the Company's business rehabilitation plan, the subsidiary having been unable to make delivery of work within the stipulated period, and the change in the accounting policy for recording investments in subsidiaries and associates in the separate financial statements from the equity method to cost method. The auditor of the associated company drew attention to the uncertainties relating to the associated company's ability to continue as a going concern and the various issues with TOT Plc. The consolidated and separate balance sheets as at 31 December 2007, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Supachai Phanyawattano  
Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited  
Bangkok: 15 May 2008

**Jasmine International Public Company Limited and its subsidiaries**

**Notes to interim financial statements**

**For the three-month periods ended 31 March 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.

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

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

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

### **1.3 Basis of consolidation**

These consolidated financial statements include the financial statements of the Company and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2007, with no structural changes related to subsidiaries occurring during the current period.

#### 1.4 Accounting Standards which are effective for the current year

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

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management of the Company and its subsidiaries has assessed the effect of these accounting 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 period

The following accounting standard have an impact to the financial statements for the current period.

##### **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.

## **1.5 Significant accounting policies**

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

Except for the following change in the accounting policy.

### ***Goodwill on business combination***

Goodwill on business combination is presented in the balance sheet at cost less accumulated impairment loss.

## **2. The Business Rehabilitation Plan of the Company**

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

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

The Company recorded the accounting transactions for the debt restructuring under the rehabilitation plan in 2003 and have presented the outstanding debt after restructuring under the caption of "Long-term debts under rehabilitation plan", as described in Note 5 and Note 17 to the financial statements.

## **3. Current investments - deposits with financial institutions**

Included in the balances of current investments as at 31 March 2008 are saving and fixed deposits of the Company and its subsidiaries amounting to approximately Baht 27 million (31 December 2007: Baht 36 million) and of the Company only amounting to approximately Baht 25 million (31 December 2007: Baht 25 million) which have been pledged with the financial institutions to secure credit facilities.

#### 4. Trade accounts receivable

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

Age of receivables	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
		(Audited)		(Audited)
<b><u>Related parties</u></b>				
Not yet due	261	355	-	-
Past due				
Up to 3 months	616	386	-	-
Longer than 3 - 6 months	29	67	-	-
Longer than 6 - 12 months	97	117	-	-
Longer than 12 months	86	43	-	-
Total	1,089	968	-	-
<b><u>Unrelated parties</u></b>				
Not yet due	396	327	-	-
Past due				
Up to 3 months	450	414	6	-
Longer than 3 - 6 months	43	70	-	14
Longer than 6 - 12 months	79	29	14	-
Longer than 12 months	132	126	53	56
Total	1,100	966	73	70
Less: Allowance for doubtful accounts	(85)	(84)	(53)	(56)
Net	1,015	882	20	14
Trade accounts receivable - net	2,104	1,850	20	14

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

Age of receivables	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
		(Audited)		(Audited)
Longer than 3 - 6 months	25	55	-	14
Longer than 6 - 12 months	65	22	14	-
Longer than 12 months	57	47	-	-
Total	147	124	14	14

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

## 5. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those companies. Below is a summary of those transactions for the three-month periods ended 31 March 2008 and 2007.

(Unit: Million Baht)

	Consolidated financial statements		Transfer pricing policy
	<u>2008</u>	<u>2007</u>	
<u>Transactions with associates</u>			
Sales and services income	418	372	Contract price or normal business price charged to other customers or bidding price
Rental and other services income	5	3	Contract price or normal business price charged to other customers
Interest income on delay settlement	2	2	MLR
Cost of sales and services	156	119	Contract price
Management fee expenses	27	27	Contract price
Purchases of assets	5	-	As agreed upon
<u>Transactions with related companies</u>			
Rental and other services income	5	5	Contract price or normal business price charged to other customers

(Unit: Million Baht)

	Separate financial statements		Transfer pricing policy
	<u>2008</u>	<u>2007</u>	
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)			
Management fee income	15	45	Contract price
Rental and other services income	10	8	Contract price or normal business price charged to other customers
Interest expenses	1	2	MLR-2%
Other expenses	7	6	Contract price

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
		(Audited)		(Audited)
<b><u>Trade accounts receivable - related parties</u></b>				
<b>Associates</b>				
TT&T Subscriber Services Co., Ltd.	628	486	-	-
TT&T Plc.	439	468	-	-
	<u>1,067</u>	<u>954</u>	<u>-</u>	<u>-</u>
<b>Related companies</b>				
Mono Generation Co., Ltd.	15	14	-	-
Mono Technology Co., Ltd.	2	-	-	-
Mono Film Co., Ltd.	2	-	-	-
Gossip Star Co., Ltd.	1	-	-	-
Others	2	-	-	-
	<u>22</u>	<u>14</u>	<u>-</u>	<u>-</u>
<b>Total trade accounts receivable - related parties</b>	<u><u>1,089</u></u>	<u><u>968</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b><u>Short-term loans to and amounts due from related parties</u></b>				
<b>Short-term loans to subsidiaries</b>				
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>
<b>Amounts due from related parties</b>				
<b>Subsidiaries</b>				
Jasmine Submarine Telecommunications Co., Ltd.	-	-	208	198
Thai Long Distance Telecommunications Co., Ltd.	-	-	43	43
Jasmine Cyber Works Co., Ltd.	-	-	11	9
Jasmine Internet Co., Ltd.	-	-	10	10
Acumen Co., Ltd.	-	-	7	4
Jasmine Smart Shop Co., Ltd.	-	-	6	6
Premium Assets Co., Ltd.	-	-	3	2
Siam Teltech Computer Co., Ltd.	-	-	3	2
Triple T Broadband Plc.	-	-	-	1
	<u>-</u>	<u>-</u>	<u>291</u>	<u>275</u>

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2008	2007	2008	2007
		(Audited)		(Audited)
<b>Associate</b>				
TT&T Plc.	11	10	-	-
Total amounts due from related party	11	10	291	275
Total short-term loans to and amounts due from related parties	11	10	336	320
Less: Allowance for doubtful accounts	-	-	(22)	(21)
<b>Total short-term loans to and amounts due from related parties - net</b>	<b>11</b>	<b>10</b>	<b>314</b>	<b>299</b>
<b><u>Unbilled receivable - related party</u></b>				
<b>Associate</b>				
TT&T Plc.	148	150	-	-
<b>Total unbilled receivable - related party</b>	<b>148</b>	<b>150</b>	<b>-</b>	<b>-</b>
<b><u>Dividend receivable from subsidiary</u></b>				
Acumen Co., Ltd.	-	-	1,400	1,400
<b>Total dividend receivable from subsidiary</b>	<b>-</b>	<b>-</b>	<b>1,400</b>	<b>1,400</b>
<b><u>Advance payments for investment projects to related parties</u></b>				
<b>Associates</b>				
Palang Thai Kaowna Co., Ltd.	107	107	107	107
Khunka Palang Thai Co., Ltd.	20	20	20	20
	127	127	127	127
<b>Related company</b>				
Palit Palangngan Co., Ltd.	16	16	16	16
Total advance payments for investment projects	143	143	143	143
Less: Allowance for doubtful accounts	(109)	(109)	(109)	(109)
<b>Total advance payments for investment projects to related parties - net</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>34</b>

Advance payments for investment projects are advance payments to purchase of land for IPP (Independent Power Producer) projects which have now been aborted.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2008	31 December 2007 (Audited)	31 March 2008	31 December 2007 (Audited)
<b><u>Trade accounts payable - related parties</u></b>				
<b>Subsidiary</b>				
Jasmine Telecom Systems Plc.	-	-	16	16
<b>Associates</b>				
TT&T Plc.	593	567	-	-
TT&T Subscriber Services Co., Ltd.	5	4	-	-
	598	571	-	-
<b>Total trade accounts payable - related parties</b>	<b>598</b>	<b>571</b>	<b>16</b>	<b>16</b>
<b><u>Amounts due to related parties</u></b>				
<b>Subsidiaries</b>				
Acumen Co., Ltd.	-	-	9	8
Mobile Communication Services Co., Ltd.	-	-	4	4
Jasmine Submarine Telecommunications Co., Ltd.	-	-	4	4
Others	-	-	1	1
	-	-	18	17
<b>Associates</b>				
TT&T Plc.	10	20	-	-
Premium Real Estate Co., Ltd.	4	4	-	-
	14	24	-	-
<b>Total amounts due to related parties</b>	<b>14</b>	<b>24</b>	<b>18</b>	<b>17</b>
<b><u>Long-term debts under rehabilitation plan</u></b>				
<b><u>from related parties</u></b>				
<b>Subsidiaries</b>				
Acumen Co., Ltd.	-	-	555	555
Jasmine Submarine Telecommunications Co., Ltd.	-	-	269	269
Total	-	-	824	824
Less: Current portion (deferred interest expenses portion)	-	-	(124)	(118)
<b>Total long-term debts under rehabilitation plan from related parties - net of current portion</b>	<b>-</b>	<b>-</b>	<b>700</b>	<b>706</b>

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.

As at 31 March 2008, the subsidiaries had outstanding receivable balances from TT&T Plc. (TT&T) amounting to approximately Baht 598 million. 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. On 22 April 2008, TT&T filed a petition for business rehabilitation with the Central Bankruptcy Court for the purpose of restructuring its debt, since its cash flows did not correspond to the debt repayment schedule under the loan agreements. On 24 April 2008, the Central Bankruptcy Court accepted the petition for rehabilitation. Based on the current financial status of TT&T, which is in the process of filing the petition for rehabilitation, the management of the Company and the subsidiaries have assessed the ability of TT&T to service debt and believed that they will be able to make full collection of the outstanding balances without any hair-cut of debt, since the outstanding balances were occurred from commercial transactions in the ordinary course of business.

#### Directors and management’s remuneration

During the three-month period ended 31 March 2008, the Company and its subsidiaries paid salaries, meeting allowances and gratuities to their directors and management totaling Baht 33 million, and the Company only totaling Baht 4 million (2007: Baht 23 million and Baht 4 million, respectively).

#### Guarantee obligations with subsidiaries

The Company had outstanding guarantee obligations with its subsidiaries, as described in Note 22.2 to the financial statements.

### **6. Restricted deposits with financial institutions**

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

### **7. Investments in dissolved subsidiaries**

(Unit: Million Baht)

	Consolidated / Separate financial statements			
	Paid-up capital		Cost	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
		(Audited)		(Audited)
Jasmine Energy Co., Ltd.	110	110	103	103
Jasmine Cable & Materials Co., Ltd.	6	6	6	6
Total investments in dissolved subsidiaries			109	109
Less: Allowance for diminution in value of investments			(58)	(58)
Total investments in dissolved subsidiaries - net			51	51

## 8. Investments in subsidiaries

(Unit: Million Baht)

Nature of business	Country of incorporation	Separate financial statements								
		Paid-up capital		Percentage of shareholding by the Company		Cost		Dividend received for the three-month periods ended		
		31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 March	
		2008	2007	2008	2007	2008	2007	2008	2007	
				Percent	Percent					
<u>Investment in subsidiaries</u>										
Jasmine Submarine Telecommunications Co., Ltd.	Operator of submarine optical fibre cable network	Thailand	1,550	1,550	100	100	1,946	1,946	-	-
Acumen Co., Ltd.	Satellite telecommunications services	Thailand	760	760	100	100	760	760	-	1,800
T.J.P. Engineering Co., Ltd.	Survey, design and construction of telecommunications	Thailand	200	200	80	80	160	160	-	-
Mobile Communication Services Co., Ltd.	Ceased operation	Thailand	100	100	70	70	70	70	-	-
Jasmine Telecom Systems Plc.	Design, installation and testing of telecommunication systems	Thailand	702	702	57	57	100	100	-	-
Compunet Corporation Limited	Ceased operation	Thailand	260	260	100	100	100	100	-	-
Jasmine Smart Shop Co., Ltd.	Ceased operation	Thailand	110	110	100	100	110	110	-	-
Jasmine Cyber Works Co., Ltd.	Ceased operation	Thailand	52	52	100	100	52	52	-	-
Jasmine International Overseas Co., Ltd.	Investment holding	Thailand	115	115	40	40	46	46	-	-
Jasmine Internet Co., Ltd.	Internet service provider	Thailand	15	15	65	65	1	1	-	-
Chaengwatana Planner Co., Ltd.	Rehabilitation plan administrator	Thailand	0.1	0.1	100	100	-	-	-	-
							3,345	3,345	-	1,800
Less: Allowance for diminution in value of investments							(351)	(351)		
Total investments in subsidiaries - net							2,994	2,994		

- 8.1 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 17 to the financial statements.
- 8.2 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.
- 8.3 During the year 2007, TOT Plc. (TOT) lodged complaint against Triple T Broadband Plc. (TTT), a subsidiary, 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 finalized, but the TTT's management believes that TTT will not suffer any significant loss as a result of the complaint.

## 9. Investment in associates

(Unit: Million Baht)

		Consolidated financial statements						
Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method		
		31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007	
		Percent	Percent					
TT&T Plc.	Fixed line services provider	Thailand	30	30	7,186	7,186	2,927	2,923
Internet Knowledge Service Center Co., Ltd.	Communication equipment rental	Thailand	38	38	49	49	10	10
Premium Real Estate Co., Ltd.	Ceased operations	Thailand	49	49	402	402	-	-
Palang Thai Kaowna Co., Ltd.	Not yet operations	Thailand	23	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>7,637</u>	<u>7,637</u>	<u>2,937</u>	<u>2,933</u>

(Unit: Million Baht)

## Separate financial statements

Nature of business	Country of incorporation	Shareholding percentage		Cost		Provision for impairment of investments		Carrying amounts based on cost - net		
		31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	
		2008	2007	2008	2007	2008	2007	2008	2007	
		Percent	Percent							
TT&T Plc.	Fixed line services provider	Thailand	25	25	6,103	6,103	(3,499)	(3,499)	2,604	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	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					6,554	6,554	(3,933)	(3,933)	2,621	2,621

- 9.1 As at 31 March 2008, the investments of the Company and its subsidiaries in TT&T Plc., an associate, have total book values of Baht 2,927 million, and that of the Company only 2,604 million is the equity interest of the Companies and its subsidiaries by percentage of shareholding in the book value of the associated company amounted to Baht 3,525 million, with that of the Company only totaled Baht 2,951 million, while (total market values of Baht 784 million, and Baht 656 million, respectively). No allowance for the difference in value has been set aside against the investments since the managements believe that present value of the benefits to be derived from these investments in the future exceeds the above carrying value.
- 9.2 The significant matters disclosed in the financial statements of TT&T Plc. (TT&T), an associate, for the three-month period ended 31 March 2008, are summarised as follows:
- a) Income from Telephone Service Expansion and Joint Investment Agreement has continued to decline 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 31 March 2008, TT&T's current liabilities exceeded its current assets by Baht 17,622 million, TT&T and its subsidiaries' current liabilities exceeded their current assets by Baht 17,780 million. In addition, the outstanding total of TT&T's long term loans was Baht 18,233 million of which Baht 876 million was principal due on 30 June 2007 and Baht 979 million was due on 31 December 2007 (totally Baht 1,855 million) and default interest of Baht 39.23 million and USD 0.47 million (equivalent to Baht 14.93 million), although TT&T has continued to pay interest at the normal rate in full. 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 is 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 to 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. The purpose of the petition is to restructure the current debt on the grounds that TT&T's cash flows do not correspond with the debt payment schedule under the loan agreements. In the past, TT&T has consistently negotiated with its creditors but a debt restructuring plan could not be agreed with all creditors with the issue of order of the Central Bankruptcy Court accepting TT&T's rehabilitation petition by virtue of section 90/12 of the Bankruptcy Act. TT&T is protected and can continue operating normally and any enforcement of collateral by creditors and all debt settlement except for payments made in the course of normal business transactions is prohibited. The scope of the debt restructuring plan may include deferral of interest and reduction of interest rates, as well as the extension of the debt repayment schedule to bring it in line with realistic cash flow projections of TT&T. The date set for consideration of TT&T's rehabilitation petition is 2 June 2008 and TT&T has proposed that it be appointed planner.

The management of TT&T believes that it is appropriate to apply the going concern basis in preparation of the financial statements, since TT&T's business rehabilitation will be successful and TT&T will also have success in its future operations, by means of increasing its main income, which is derived from fixed line telephone services and value added services, and increasing its service income, especially from data communication and internet services, by means of focusing on marketing and promotion, using various strategies competitive advantage, expand its customer base and reduce to gain operating costs, including the financial restructuring. Nevertheless, the situation is uncertain and this may have an effect on the success of TT&T's future operations and its ability to continue as a going concern. The ultimate outcome of this matter cannot presently be determined. The financial statements reflect the current assessments of the management of TT&T of the impact to date of the situation on the financial position of TT&T. Actual results could differ from these assessments and such differences could be material. The interim financial statements of TT&T have been prepared assuming that TT&T will continue as a going concern, and do not include any adjustments relating to the recoverable value and classification of assets, or the adjustments of

liabilities that might be necessary should TT&T be unable to continue as a going concern.

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 utilizing 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 utilization 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. As at 31 March 2008, 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 746 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 filed a defense and a counterclaim with the Thai Arbitration Institute and requested that the Institute dismiss the claim and order TT&T to pay for revenue losses incurred from 1 July 2004 to 31 May 2005 amounting to Baht 460 million together interest and the revenue to be derived from 1 June 2005 onwards. The Arbitrator has been appointed and the disputes set out, and the disputes are currently being considered.

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. Currently, the Arbitrators are appointing.

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. Currently, the Arbitrations are appointing.

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.

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 14 March 2008 to submit such response.

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

## 10. Investments in other companies

	Consolidated financial statements		
	31 March 2008/31 December 2007		
	Paid-up capital	Shareholding percentage	Investments
	Million USD	Percent	Million Baht
<b><u>Other investments</u></b>			
ACeS International Limited	305	9	868
Others			26
			894
Less: Allowance for diminution in value of investments			(894)
Total other investments			-

## 11. Property, plant and equipment

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

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 31 December 2007</b>	3,452	6
Acquisitions during the period - at cost	57	2
Transfers in	4	-
Depreciation for the period	(110)	(1)
Allowance for impairment made during the period	(3)	-
<b>Net book value as at 31 March 2008</b>	<b>3,400</b>	<b>7</b>

As at 31 March 2008, the equipment of approximately Baht 477 million has been pledged to secure the accounts payable for equipment, as described in Note 15 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.

As at 31 March 2008, the equipment of approximately Baht 307 million (31 December 2007: Baht 329 million) represent costs of equipment and expenses incurred in the installation of the public telephones of Jasmine Telecom Systems Plc. (JTS), 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 will expire on 30 January 2011, and the second and the third contracts are dated 15 January 2004 and will expire on 14 January 2014. As at 31 March 2008, 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 in its letters dated 29 April 2004, 19 May 2006 and 22 May 2006, to extend the installation period until all telephone numbers have been allocated. In the meantime, JTS and TOT have been collaborating to resolve this issue.

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

## 12. Leasehold rights

Movement of leasehold rights account during the three-month period ended 31 March 2008 is summarised below.

	(Unit: Million Baht)
	Separate financial statements
<b>Net book value as at 31 December 2007</b>	285
Amortisation for the period	(4)
<b>Net book value as at 31 March 2008</b>	<u>281</u>

### 13. Deferred project costs

Movement of deferred project costs account during the three-month period ended 31 March 2008 is summarised below.

	(Unit: Million Baht)
	Consolidated financial statements
<b>Net book value as at 31 December 2007</b>	1,325
Amortisation for the period	(89)
<b>Net book value as at 31 March 2008</b>	<u>1,236</u>

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

### 14. Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions of its subsidiaries carry interest at rates of MLR to MOR+1 and are secured by the assignment of rights over collection of trade accounts receivable as described in Note 4 to the financial statements.

### 15. Accounts and notes payable for equipment

In 2006, 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, based on due dates, are as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	
	31 March 2008	31 December 2007
		(Audited)
Accounts and notes payable for equipment	560	681
Less: Deferred interest expenses	(30)	(41)
Total	530	640
Less: Current portion	(297)	(311)

Accounts and notes payable for equipment -  
net of current portion

233

329

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 11 to the financial statements and the assignment of rights over collection from a related company, in accordance with the conditions stipulated in the agreements with accounts payable for equipment as described in Note 22.8 to the financial statements.

## 16. Long-term loans

(Unit: Million Baht)

	Consolidated financial statements	
	31 March 2008	31 December 2007
		(Audited)
Long-term loans	1,904	2,095
Less: Current portion	(762)	(762)
Long-term loans - net of current portion	1,142	1,333

Movement in the long-term loans account during the three-month period ended 31 March 2008 is summarised below.

	(Unit: Million Baht)
	Consolidated financial statements
<b>Balance as at 31 December 2007</b>	2,095
Less: Repayment	(191)
<b>Balance as at 31 March 2008</b>	1,904

## 17. Long-term debts under rehabilitation plan

(Unit: Million Baht)

	Consolidated/Separate financial statements	
	31 March 2008	31 December 2007
		(Audited)
Long-term debts under rehabilitation plan	1,091	1,092
Less: Current portion	(28)	(28)

(Unit: Million Baht)

Consolidated/Separate  
financial statements

	<u>31 March 2008</u>	<u>31 December 2007</u>
Long-term debts under rehabilitation plan - net of current portion	<u>1,063</u>	<u>1,064</u>

Movement in the long-term debts under rehabilitation plan during the three-month period ended 31 March 2008 is summarised below.

	(Unit: Million Baht)
	Consolidated/Separate financial statements
	<hr/>
<b>Balance as at 31 December 2007</b>	1,092
Less: Repayment	(1)
<b>Balance as at 31 March 2008</b>	<hr/> <hr/>

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

## **18. Warrants**

### **18.1 Warrants offered to existing shareholders**

During the current period, 10,000 warrants were exercised to purchase 10,000 new ordinary shares which the Company registered as share capital with the Ministry of Commerce on 8 April 2008. As a result, the Company presented the cash received from the exercise of these warrants, amounting to Baht 5,000, under the caption of "Share subscription received in advance" in shareholder's equity. As at 31 March 2008, the Company had 6,191,581,050 warrants remaining unexercised.

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

As at 31 March 2008, the Company had 32,328,440 warrants remained unexercised. During the current period, 35,051,510 warrants were expired.

## **19. Corporate income tax**

The Company is not liable to corporate income tax on net income for the three-month period ended 31 March 2007 since it has tax loss brought forward from prior years in excess of net income for the period less dividend received from a subsidiary.

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

## 20. Earnings per share

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

Diluted earnings per share is calculated by dividing net income (loss) for the period by the weighted average number of ordinary shares held by outsiders in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

Reconciliation between basic earnings per share and diluted earnings per share for the three-month periods ended 31 March 2008 and 2007 is presented below.

	Consolidated financial statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(Million Baht)	(Million Baht)	(Million shares)	(Million shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Net income attributable to equity holders of the parent	214	2	8,320	8,313	0.0258	0.0002
<b>Effect of dilutive potential ordinary shares</b>						
Warrants offered to existing shareholders	-	-	-	248		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>214</u>	<u>2</u>	<u>8,320</u>	<u>8,561</u>	0.0258	0.0002
	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)
<b>Basic earnings per share</b>						
Net income (loss) attributable to equity holders of the parent	(12)	1,806	8,320	8,313	(0.0014)	0.2173
<b>Effect of dilutive potential ordinary shares</b>						
Warrants offered to existing shareholders	-	-	-	248		
<b>Diluted earnings per share</b>						
Net income (loss) of ordinary shareholders assuming the conversion of warrants to						

ordinary shares	<u>(12)</u>	<u>1,806</u>	<u>8,320</u>	<u>8,561</u>	(0.0014)	0.2110
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Warrants offered to existing shareholders and ESOP were not included in calculation of diluted earning per share for the three-month period ended 31 March 2008 and ESOP were not included in calculation of diluted earning per share for the three-month period ended 31 March 2007 since the exercise prices to purchase ordinary shares are higher than the average market price.

## 21. 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 three-month periods ended 31 March 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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
		<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>
Sales and services income										
Revenue from external customers	973	777	219	272	63	74	-	-	1,255	1,123
Inter - segment revenues	5	4	30	526	9	8	(44)	(538)	-	-
Total revenues	<u>978</u>	<u>781</u>	<u>249</u>	<u>798</u>	<u>72</u>	<u>82</u>	<u>(44)</u>	<u>(538)</u>	<u>1,255</u>	<u>1,123</u>
Segment operating profit (loss)	324	270	24	22	(17)	(14)	-	-	331	278
Unallocated income and expenses:										
Other income									74	91
Share of income (loss) from investments in associates									5	(148)
Interest expenses									(70)	(109)
Corporate income tax									(104)	(98)
Minority interests									(22)	(12)
Net income attributable to equity holders of the parent									<u>214</u>	<u>2</u>

Transfer prices between business segments are as set out as described in Note 5 to the financial statements.

## 22. Commitments and contingent liabilities

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

- 22.1 The Company and its subsidiaries had outstanding commitments of approximately Baht 987 million in respect of performance bonds and bid bonds issued by banks on behalf of the Company and its subsidiaries (the Company only: Baht 96 million).
- 22.2 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 the subsidiaries, totaling Baht 4 million.
- 22.3 The subsidiaries had outstanding commitments under the letters of credit amounting to approximately USD 3 million, SGD 2 million and Baht 234 million.
- 22.4 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, the subsidiary 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.
- 22.5 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 5 years	0.5

- 22.6 Jasmine Internet Co., Ltd., 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.

22.7 Compunet Corporation Limited (CPN), 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. CPN is obliged to comply with certain provisions, including a commitment to transfer the ownership of communications equipment used in the provision of provide satellite data communications services to NTC free of charge and to pay a fee to NTC in accordance with the agreement, based on the greater of a minimum annual payment and a percentage of revenues from the services. However, during the year 2002 CPN requested NTC to amend such provision, and NTC made the following amendments:

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

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

22.8 Triple T Broadband Plc. (TTT), a subsidiary, had entered into a leased line service agreement with TT&T Plc. (TT&T), an associate, 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 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 the 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 15 to the financial statements.

22.9 T.J.P. Engineering Co., Ltd. (TJP), a subsidiary, had entered into two turn-key agreements with TOT Plc. (TOT). 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 and 450 days from the beginning date (due on 23 September 2006) under the second contract. TJP has been unable to make delivery within the stipulated period. TOT is therefore entitled to charge a penalty to TJP at a rate of 0.1 percent of the contract value per each day of delay (Baht 87 million and Baht 34 million, respectively). 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 areas by related government agencies, and no penalty will be imposed.

## 22.10 Telecommunications licenses

The National Telecommunications Commission granted licenses to seven subsidiaries as follows:

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

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

## 23 Foreign currency risk

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

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

Average exchange rate

Foreign currency	Financial assets	Financial liabilities	as at 31 March 2008
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	8	23	31.5079
Singapore dollar	-	2	22.8237
Euro	-	1	49.7267

Forward exchange contracts of a subsidiary outstanding as at 31 March 2008 are summarised below.

Foreign currency	Bought amount	Contractual exchange rate	Maturity date
	(Million)	(Baht per unit of foreign currency)	
US dollar	0.8	31.6000 - 37.3835	5 December 2007 - 17 June 2008
Euro	0.4	47.0050 - 48.6000	21 December 2007 - 20 June 2008

## 24. Subsequent events

### 24.1 Dividend payments of subsidiaries

On 28 April 2008, the Annual General Meeting of Jasmine Telecom Systems Plc., a subsidiary, passed a resolution approving the payment of dividend of Baht 0.087 per share from the 2007 earnings, a total approximately Baht 61.10 million.

On 1 April 2008, the Annual General Meeting of Jasmine Internet Co., Ltd., a subsidiary, passed a resolution approving the payment of dividend of Baht 2.24 per share from the 2007 earnings, a total of approximately Baht 3.36 million.

### 24.2 Investments from the excess cash of subsidiaries

On 2 May 2008, the Board of Directors' Meeting of Jasmine Submarine Telecommunications Co., Ltd., Thai Long Distance Telecommunications Co., Ltd., ACeS Regional Services Co., Ltd. and Premium Assets Co., Ltd. passed the resolution to utilise the excess cash in the amount not more than Baht 1,038 million to invest in debt instruments and/or other debts, including the assignment of claims from the creditors under the Company's group.

## 25. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 15 May 2008.