

PREMIER TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2007 AND 2006

Report of Independent Auditor

To the Shareholders of Premier Technology Public Company Limited

I have audited the accompanying consolidated balance sheets of Premier Technology Public Company Limited and its subsidiary as at 31 December 2007 and 2006 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Premier Technology Public Company Limited for the same years. 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 express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Premier Technology Public Company Limited and its subsidiary and of Premier Technology Public Company Limited as at 31 December 2007 and 2006, and the results of their operations, and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 4 to the financial statements whereby, effective 1 January 2007, the Company changed its accounting policy for recording investments in subsidiary in the separate financial statements from the equity method to the cost method. The Company has thus restated the separate financial statements as at 31 December 2006 and for the year then ended to reflect this accounting change.

Siraporn Ouaanunkun

Certified Public Accountant (Thailand) No. 3844

Ernst & Young Office Limited

Bangkok: 20 February 2008

PREMIER TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		14,453,859	79,680,020	1,476,069	64,004,104
Current investment - fixed deposits with banks		7,414,182	1,250	7,414,182	1,250
Trade accounts receivable					
Related parties	6	3,076,106	1,528,572	-	-
Unrelated parties		393,446,678	411,308,522	-	-
Less : Allowance for doubtful accounts		(7,916,172)	(4,962,841)	-	-
Trade accounts receivable - net	7	388,606,612	407,874,253	-	-
Inventories - net	8	58,177,350	101,212,104	-	-
Other current assets					
Withholding income tax deducted at source		10,521,159	20,705,217	643,541	637,688
Accrued service income		5,506,031	11,367,811	-	-
Prepaid service cost		37,519,984	17,519,534	-	-
Others		9,455,171	7,939,758	356,425	402,371
TOTAL CURRENT ASSETS		531,654,348	646,299,947	9,890,217	65,045,413
NON-CURRENT ASSETS					
Restricted fixed deposits with banks	23.2	35,483,590	24,953,224	-	-
Account receivable from transfer of rights					
of claim - related party - net	6	-	-	-	-
Investment in subsidiary	9	-	-	117,626,861	117,626,861
Other long-term investments - net	10	-	2,250,000	-	2,250,000
Leasehold right and equipment - net	11	137,201,857	151,650,506	2,012	-
Other non-current assets					
Prepaid rental expenses		6,022,634	6,442,634	-	-
Deposit on share - related party	6, 23.5	18,100,000	-	18,100,000	-
Others		3,634,563	5,095,509	-	521,673
TOTAL NON-CURRENT ASSETS		200,442,644	190,391,873	135,728,873	120,398,534
TOTAL ASSETS		732,096,992	836,691,820	145,619,090	185,443,947

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

PREMIER TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade accounts payable	11	242,070,730	350,843,741	-	-
Amounts due to related parties	6	513,749	3,018,898	-	3,018,898
Accounts payable - factoring company	7	21,393,453	45,420,169	-	-
Current portion of long-term loans	12	4,863,263	7,535,896	-	-
Current portion of long-term liabilities	13	38,974,427	33,327,865	-	-
Current portion of long-term liabilities under rehabilitation plan	14	2,274,521	2,393,699	2,274,521	2,393,699
Other current liabilities					
Accrued expenses		106,279,688	88,159,967	1,332,405	160,023
Deferred service income		62,520,489	29,250,043	-	-
Corporate income tax payable		-	14,451,422	-	14,451,422
Others		18,472,516	23,322,315	1,782	1,193,337
TOTAL CURRENT LIABILITIES		497,362,836	597,724,015	3,608,708	21,217,379
NON-CURRENT LIABILITIES					
Long-term loans - net current portion	12	1,686,543	6,251,630	-	-
Long-term liabilities - net of current portion	13	32,014,776	39,062,198	-	-
Long-term liabilities under rehabilitation plan - net of current portion	14	4,202,521	7,329,418	4,202,521	7,329,418
Other non-current liabilities		252,000	252,000	-	-
TOTAL NON-CURRENT LIABILITIES		38,155,840	52,895,246	4,202,521	7,329,418
TOTAL LIABILITIES		535,518,676	650,619,261	7,811,229	28,546,797

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

PREMIER TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
SHAREHOLDERS' EQUITY					
Share capital					
Registered					
142,440,489 ordinary shares of Baht 1 each		142,440,489	142,440,489	142,440,489	142,440,489
Issued and fully paid up					
141,944,471 ordinary shares of Baht 1 each		141,944,471	141,944,471	141,944,471	141,944,471
Company's shares held by subsidiary	16	(230,175)	(230,175)	-	-
Retained earnings					
Appropriated - statutory reserve	17	3,150,000	2,400,000	750,000	-
Unappropriated (Deficit)		16,389,427	12,552,679	(4,886,610)	14,952,679
Equity attributable to Company's shareholders		161,253,723	156,666,975	137,807,861	156,897,150
Minority interest - Equity attributable to minority shareholders of subsidiary					
		35,324,593	29,405,584	-	-
TOTAL SHAREHOLDERS' EQUITY		196,578,316	186,072,559	137,807,861	156,897,150
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		732,096,992	836,691,820	145,619,090	185,443,947
		-	-	-	-

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

.....

DIRECTORS

.....

PREMIER TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
REVENUES					
Sales		1,092,367,620	1,156,547,716	-	-
Service income		306,810,556	283,533,932	-	-
Remuneration from transfer of right	18	-	23,173,009	-	23,173,009
Gain on sales of investment	19	-	43,388,052	-	43,388,052
Other income		20,689,583	26,025,486	2,842,419	642,854
TOTAL REVENUES		1,419,867,759	1,532,668,195	2,842,419	67,203,915
EXPENSES					
Cost of sales and services		1,028,420,215	1,110,032,135	-	-
Selling and administrative expenses		345,122,815	318,946,125	7,737,261	7,726,798
TOTAL EXPENSES		1,373,543,030	1,428,978,260	7,737,261	7,726,798
INCOME (LOSS) BEFORE INTEREST EXPENSES					
AND INCOME TAX		46,324,729	103,689,935	(4,894,842)	59,477,117
INTEREST EXPENSES		(5,914,525)	(9,075,636)	-	-
CORPORATE INCOME TAX		(15,710,000)	(24,877,564)	-	(15,281,673)
INCOME (LOSS) BEFORE MINORITY INTEREST		24,700,204	69,736,735	(4,894,842)	44,195,444
NET INCOME IN RESPECT OF MINORITY INTEREST		(5,919,009)	(5,108,258)	-	-
NET INCOME (LOSS) FOR THE YEAR		18,781,195	64,628,477	(4,894,842)	44,195,444
BASIC EARNINGS PER SHARE					
Net income (loss)	21	0.13	0.46	(0.03)	0.31

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

PREMIER TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u> (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	18,781,195	64,628,477	(4,894,842)	44,195,444
Adjustments to reconcile net income (loss) to net cash provided by (paid from) operating activities :				
Net income attributable to minority interest	5,919,009	5,108,258	-	-
Allowance for doubtful accounts	2,953,331	2,918,525	-	-
Allowance for diminution in value of inventories	624,253	120,623	-	-
Depreciation and amortisation	66,994,294	70,913,245	222	3,108,064
Gain on sales of investment in other company	(93,527)	(43,388,052)	(93,527)	(43,388,052)
Gain on sales of equipment	(2,105,625)	(862,066)	-	(351,719)
Written-off equipment	762,206	-	-	-
Decrease in Company's share held by subsidiary due to share capital reduction	-	2,071,575	-	-
Income (loss) from operating activities before changes in operating assets and liabilities	93,835,136	101,510,585	(4,988,147)	3,563,737
(Increase) decrease in operating assets				
Trade accounts receivable	16,314,310	(143,800,498)	-	-
Amounts due from related parties	-	682,606	-	682,606
Inventories	42,410,501	(78,566,393)	-	-
Other current assets	(5,470,025)	(8,361,308)	40,093	558,753
Other non-current assets	1,460,946	(248,392)	521,673	-
Increase (decrease) in operating liabilities				
Trade accounts payable	(108,773,011)	179,551,597	-	-
Amounts due to related parties	(2,505,149)	2,370,790	(3,018,898)	2,380,917
Other current liabilities	32,088,946	57,272,933	(14,470,595)	14,930,601
Net cash from (used in) operating activities	69,361,654	110,411,920	(21,915,874)	22,116,614

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

PREMIER TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

CASH FLOW STATEMENTS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in current investment	(7,412,932)	(18)	(7,412,932)	(18)
Increase in fixed deposits subject to encumbrance	(10,530,366)	(1,239,334)	-	-
Proceeds from sales of equipment	3,050,878	5,307,862	-	353,961
Acquisition of equipment	(29,310,714)	(21,160,806)	(2,234)	-
Cash receipt from sale of investment in other company	-	46,388,052	-	46,388,052
Cash return from investment in other company	2,343,527	-	2,343,527	-
Deposit on shares paid to related company	(18,100,000)	-	(18,100,000)	-
Net cash from (used in) investing activities	(59,959,607)	29,295,756	(23,171,639)	46,741,995
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of trust receipts	-	(55,250,252)	-	-
Increase (decrease) in accounts payable - factoring company	(24,026,716)	12,781,654	-	-
Repayment of long-term loans	(7,237,720)	(2,670,337)	-	-
Cash receipt from long-term loan	10,584,830	-	-	-
Repayment of long-term liabilities	(36,508,080)	(35,933,611)	-	-
Repayment of long-term liabilities under rehabilitation plan	(3,246,075)	(9,429,160)	(3,246,075)	(9,651,031)
Dividend paid	(14,194,447)	-	(14,194,447)	-
Net cash used in financing activities	(74,628,208)	(90,501,706)	(17,440,522)	(9,651,031)
Net increase (decrease) in cash and cash equivalents	(65,226,161)	49,205,970	(62,528,035)	59,207,578
Cash and cash equivalents at beginning of the year	79,680,020	30,474,050	64,004,104	4,796,526
Cash and cash equivalents at end of the year	14,453,859	79,680,020	1,476,069	64,004,104
	-	-	-	-
Supplementary disclosures of cash flows information :				
Cash paid during the year for				
Interest expenses	6,859,641	9,623,002	393,699	624,295
Corporate income tax and withholding income tax	16,411,609	14,804,592	5,853	830,251
Non-cash transactions				
Assets under finance lease agreements	24,522,390	73,633,381	-	-

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

PREMIER TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

Consolidated financial statements								
	Issued	Premium		Premium on sales	Retained earnings (deficit)		Minority interest-	
	and paid-up	(deficit)	Company's shares	of assets to	Appropriated -	Unappropriated	equity attributable	
Note	share capital	on ordinary shares	held by subsidiary	related company	statutory reserve	(deficit)	to minority shareholders	Total
							of subsidiary	
Balance as at 31 December 2005	1,419,444,710	(1,009,370,805)	(2,301,750)	58,596,310	6,947,801	(383,349,343)	24,297,326	114,264,249
Deficit offset against statutory reserve								
and premium on sales of assets to related company	15	-	-	(58,596,310)	(4,547,801)	63,144,111	-	-
Share capital reduction	15	(1,277,500,239)	-	-	-	-	-	-
Deficit offset against share premium	15	-	(268,129,434)	-	-	268,129,434	-	-
Decrease in Company's shares held by subsidiary								
due to share capital reduction		-	2,071,575	-	-	-	-	2,071,575
Net income for the year		-	-	-	-	64,628,477	-	64,628,477
Net income respect of minority interest		-	-	-	-	-	5,108,258	5,108,258
Balance as at 31 December 2006	141,944,471	-	(230,175)	-	2,400,000	12,552,679	29,405,584	186,072,559
Dividend paid	22	-	-	-	-	(14,194,447)	-	(14,194,447)
Transferred to legal reserve		-	-	-	750,000	(750,000)	-	-
Net income for the year		-	-	-	-	18,781,195	-	18,781,195
Net income in respect of minority interest		-	-	-	-	-	5,919,009	5,919,009
Balance as at 31 December 2007	141,944,471	-	(230,175)	-	3,150,000	16,389,427	35,324,593	196,578,316

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

PREMIER TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006
(Unit: Baht)

	Note	Separate financial statements						Total
		Issued	Premium (deficit) on ordinary shares	Company's shares held by subsidiary	Premium on sales of assets to related company	Retained earnings (deficit)		
		and paid-up share capital				Appropriated- statutory reserve	Unappropriated (deficit)	
Balance as at 31 December 2005 - as previously reported		1,419,444,710	(1,009,370,805)	(2,301,750)	58,596,310	4,547,801	(380,949,343)	89,966,923
Cumulative effect of the change in accounting policy for investments in subsidiary	4	-	-	2,301,750	-	-	20,433,033	22,734,783
Balance as at 31 December 2005 - as restated		1,419,444,710	(1,009,370,805)	-	58,596,310	4,547,801	(360,516,310)	112,701,706
Deficit offset against statutory reserve and premium on sales of assets to related company	15	-	-	-	(58,596,310)	(4,547,801)	63,144,111	-
Share capital reduction	15	(1,277,500,239)	1,277,500,239	-	-	-	-	-
Deficit offset against share premium	15	-	(268,129,434)	-	-	-	268,129,434	-
Net income for the year - restated		-	-	-	-	-	44,195,444	44,195,444
Balance as at 31 December 2006		141,944,471	-	-	-	-	14,952,679	156,897,150
Balance as at 31 December 2006 - as previously reported		141,944,471	-	(230,175)	-	-	14,952,679	156,666,975
Cumulative effect of the change in accounting policy for investments in subsidiary	4	-	-	230,175	-	-	-	230,175
Balance as at 31 December 2006 - as restated		141,944,471	-	-	-	-	14,952,679	156,897,150
Dividend paid	22	-	-	-	-	-	(14,194,447)	(14,194,447)
Transfer to legal reserve		-	-	-	-	750,000	(750,000)	-
Net loss for the year		-	-	-	-	-	(4,894,842)	(4,894,842)
Balance as at 31 December 2007		141,944,471	-	-	-	750,000	(4,886,610)	137,807,861

The accompanying notes are an integral part of the financial statements

PREMIER TECHNOLOGY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

1. GENERAL INFORMATION

Premier Technology Public Company Limited (“the Company”) is a public company incorporate and domiciled in Thailand. The Company is principally engaged in a holding company, with a registered office located at One Premier Corporate Park, Soi Premier 2, Srinakarin Road, Nongbon, Prawet, Bangkok.

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. The presentation of the financial statements 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 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 Premeir Technology Public Company Limited and the following subsidiary:

Company's name	Country of incorporation	Nature of business	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
			<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
			Percent	Percent	Percent	Percent	Percent	Percent
Datapro Computer Systems Company Limited	Thailand	Distributor of computer software and hardware	80	80	96	92	100	96

b) Material balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements. Investments in the subsidiary as recorded in the Company's books of account are eliminated against the equity of the subsidiary.

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

3. ADOPTION OF NEW ACCOUNTING STANDARDS

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550, 38/2550 and 62/2550 regarding Accounting Standards. The notifications mandate the use of the following new Accounting Standards.

a) Thai Accounting Standards which are effective for the current year

TAS 44 (revised 2007)	Consolidated Financial Statements and Separate Financial Statements
TAS 45 (revised 2007)	Investments in Associates
TAS 46 (revised 2007)	Interests in Joint Ventures

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiary in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44 as discussed in Note 4.

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

4. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENTS IN SUBSIDIARY IN THE SEPARATE FINANCIAL STATEMENTS

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

In this regard, the Company has restated the previous period’s separate financial statements as though the investments in the subsidiary had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the year ended 31 December 2007 by Baht 23.7 million (Baht 0.17 per share) (2006: decreasing net income by Baht 20.4 million (Baht 0.14 per share). The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiary” in the separate statements of changes in shareholders’ equity.

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

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Revenue recognition

Sale of goods

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

Rendering of service

Service revenue is recognised when services have been rendered taking into account the stage of completion. The Company assessed the stage of completion in accordance with the services rendered in proportion to the total services to be rendered.

5.2 Cash and cash equivalents

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

5.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated collection losses that may occur from the collection of receivables. The allowance is based on collection experience and analysis of debtor aging.

5.4 Inventories

Inventories are valued at the lower of cost (under the first-in, first-out method and the specific identification method) and net realisable value.

5.5 Investments

- a) Investments in subsidiary are accounted for in the separate financial statements using the cost method.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

5.6 Leasehold rights and equipment and depreciation

Leasehold rights and equipment are stated at cost less accumulated amortisation and depreciation and allowance for loss on impairment of assets (if any).

Amortisation of leasehold rights and depreciation of equipment are calculated by reference to their costs using the straight-line basis, over the following estimated useful lives:-

Leasehold rights and leasehold improvements	-	lease period, 5 years
Furniture and office equipment	-	3, 5 years

Depreciation and amortisation are included in determining income.

No depreciation has been provided on assets under installation.

5.7 Related party transactions

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

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

5.8 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period in case of the Company expects not to purchase such assets at the end of lease period.

5.9 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date.

Gains and losses on exchange are included in determining income.

5.10 Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

5.11 Employee benefits

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

5.12 Provisions

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

5.13 Income tax

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

5.14 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

6. RELATED PARTY TRANSACTIONS

During the years, the Company and its subsidiary had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those companies. Below is a summary of those transactions.

(Unit : Million Baht)

	Consolidated		Separate		Pricing policy
	financial statements	financial statements	financial statements	financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
<u>Transactions with related companies</u>					
Sales and service income	58.5	67.5	-	-	Note 6.1
Remuneration from transfer of rights	-	7.5	-	7.5	Note 6.2
Selling and administrative expenses	19.8	16.1	2.6	2.4	Contract price, which is price in the ordinary course of business
Commission	-	2.3	-	2.3	Market price

6.1 Sales prices are determined based on cost plus a margin is approximately 3 to 7 percent while price of service are based on the contract price, which is price in the ordinary course of business. However pricing depends on the type of product or service and the pricing policy may change according to the type of business and the market situation at the time of the transaction.

6.2 On 10 March 2006, the Company entered into an agreement to transfer to a related company the option to purchase certain land and construction thereon which had been transferred to a bank in settlement of indebtedness under a debt restructuring agreement (the debt restructuring agreement granted the Company the option to buy back the land and construction thereon within one year from the date they were transferred to the bank). The Company received related remuneration amounting to Baht 7.5 million.

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

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Trade accounts receivable - related parties</u>				
Premier Motors Company Limited	1,353,008	-	-	-
Premier Resort Krabi Limited	601,084	-	-	-
IQA Laboratory Company Limited	379,088	658,078	-	-
Premier CE Company Limited	-	425,188	-	-
Premier Fission Capital Company Limited	210,761	208,289	-	-
Seri Premier Company Limited	218,986	139,851	-	-
Premier Marketing Company Limited	183,259	15,515	-	-
Premier Manufacturing Company Limited	114,404	-	-	-
Others	15,516	81,651	-	-
Total trade accounts receivable - related parties	3,076,106	1,528,572	-	-
<u>Deposit on share - related party</u>				
Premier Fission Capital Company Limited	18,100,000	-	18,100,000	-
<u>Account receivable from transfer of rights of claim - related party</u>				
Premier Manufacturing Company Limited	85,000,000	85,000,000	85,000,000	85,000,000
Less : Deferred gain from sales of investments	(85,000,000)	(85,000,000)	(85,000,000)	(85,000,000)
Total account receivable from transfer of rights of claim - related party - net	-	-	-	-
<u>Amounts due to related parties</u>				
Seri Premier Company Limited	-	2,483,898	-	2,483,898
Seri Center Management Company Limited	468,078	-	-	-
Others	45,671	535,000	-	535,000
Total amounts due to related parties	513,749	3,018,898	-	3,018,898

Accounts receivable from transfer of rights of claim - related party

During the fourth quarter of 2005, the Company sold investments in two subsidiaries to Premier Manufacturing Company Limited with a gain on the sale of the investments amounting to Baht 143.6 million. The Company also transferred to the related company rights of claim in loans and receivable of Premier CE Company Limited and Premier Home Appliance Company Limited, with balances as at 30 November 2005, amounting to Baht 70 million and Baht 20 million, respectively, for which it is to receive remuneration amounting to Baht 90 million. The Company has received partial remuneration of Baht 5 million, and as at 31 December 2007 the balance of Baht 85 million was recorded as account receivable from transfer of rights of claim - related party. Such remuneration, on which no interest is charged, is to be paid in 5 annual installments of Baht 17 million each, commencing from 1 December 2006. However, for reasons of prudence, the Company has deferred the recognition of the gains on sale of the Baht 85 million of the investments until the payment is received.

Directors and management's remuneration

In 2007 the Company and its subsidiary paid salaries, meeting allowances and gratuities to their directors and management totaling Baht 28.7 million (The Company only: Baht 0.4 million) (2006: Baht 20.3 million, The Company only: Baht 0.3 million).

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 23.1 to the financial statements.

7. TRADE ACCOUNTS RECEIVABLE

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

	(Unit: Baht)	
	<u>Consolidated</u>	
	<u>2007</u>	<u>2006</u>
<u>Ages of receivable</u>		
<u>Trade accounts receivable - related parties</u>		
Not yet due	1,936,759	1,150,907
Past due		
Within 3 months	1,139,347	377,665
3 - 6 months	-	-
6 - 12 months	-	-
Longer than 12 months	-	-
Total	<u>3,076,106</u>	<u>1,528,572</u>
Less : Allowance for doubtful accounts	-	(425,188)
Net	<u>3,076,106</u>	<u>1,103,384</u>
<u>Unrelated parties</u>		
Not yet due	339,945,634	373,673,314
Past due		
Within 3 months	33,909,061	17,535,997
3 - 6 months	9,625,271	12,694,976
6 - 12 months	2,140,108	5,871,557
Longer than 12 months	<u>7,826,604</u>	<u>1,532,678</u>
Total	393,446,678	411,308,522
Less : Allowance for doubtful accounts	<u>(7,916,172)</u>	<u>(4,537,653)</u>
Net	<u>385,530,506</u>	<u>406,770,869</u>
Trade accounts receivable - net	<u><u>388,606,612</u></u>	<u><u>407,874,253</u></u>

The balance of trade accounts receivable as at 31 December 2007 included trade receivables amounting to Baht 23.7 million (2006: Baht 52.3 million) which the subsidiary has assigned its rights over collection to factoring company in accordance with the factoring agreements with interest as stipulated in the agreements. If the assignee is unable to make collection from the subsidiary's debtors, the subsidiary agrees to pay the outstanding debt balances to the assignee.

8. INVENTORIES

	(Unit: Baht)	
	<u>Consolidated financial statements</u>	
	<u>2007</u>	<u>2006</u>
Finished goods	50,603,448	58,910,007
Goods in transit	8,773,179	42,877,121
Total	59,376,627	101,787,128
Less : Allowance for diminution in value of inventories	(1,199,277)	(575,024)
Inventories - net	<u>58,177,350</u>	<u>101,212,104</u>

9. INVESTMENT IN SUBSIDIARY

	(Unit: Baht)					
	<u>Separate financial statements</u>					
<u>Company's name</u>	<u>Paid-up capital</u>		<u>Shareholding</u>		<u>Cost</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	Thousand Baht	Thousand Baht	(%)	(%)		(Restated)
Datapro Computer Systems Company Limited	30,000	30,000	80	80	220,787,200	220,787,200
Less : Provision for loss in value of investments in subsidiary					(103,160,339)	(103,160,339)
Investments in subsidiary - net					<u>117,626,861</u>	<u>117,626,861</u>

10. LEASEHOLD RIGHT AND EQUIPMENT

(Unit: Baht)

	Consolidated financial statements			Total
	Leasehold right	Furniture and office equipment	Assets under installation	
Cost				
31 December 2006	47,400,000	331,403,801	299,708	379,103,509
Additions	-	45,375,760	8,457,344	53,833,104
Disposals	-	(18,792,487)	-	(18,792,487)
Transfer in	-	8,686,852	-	8,686,852
Transfer out	-	-	(8,686,852)	(8,686,852)
31 December 2007	47,400,000	366,673,926	70,200	414,144,126
Accumulated depreciation				
31 December 2006	30,286,337	195,213,510	-	225,499,847
Depreciation for the year	2,059,795	64,514,499	-	66,574,294
Depreciation disposals	-	(17,085,028)	-	(17,085,028)
31 December 2007	32,346,132	242,642,981	-	274,989,113
Allowance for impairment loss				
31 December 2006	1,953,156	-	-	1,953,156
31 December 2007	1,953,156	-	-	1,953,156
Net book value				
31 December 2006	15,160,507	136,190,291	299,708	151,650,506
31 December 2007	13,100,712	124,030,945	70,200	137,201,857
Depreciation for the year				
2006 (Baht 39 million included in service cost, and the balance in selling and administrative expenses)				70,485,463
2007 (Baht 37 million included in service cost, and the balance in selling and administrative expenses)				66,574,294

	(Unit: Baht)	
	Separate financial statements	
	Furniture and office equipment	Total
Cost		
31 December 2006	-	-
Disposals	2,234	2,234
31 December 2007	2,234	2,234
Accumulated depreciation		
31 December 2006	-	-
Depreciation for the year	222	222
31 December 2007	222	222
Net book value		
31 December 2006	-	-
31 December 2007	2,012	2,012
Depreciation for the year (include in selling and administrative expenses)		
2006		3,100,281
2007		222

Equipment leased by a subsidiary under financial leases, which are included in the above is as follows:

	(Unit: Baht)	
	Consolidated financial statements	
	<u>2007</u>	<u>2006</u>
Cost - finance leased assets	130,189,420	118,665,415
Less : Accumulated depreciation	(70,566,789)	(45,668,925)
Net book value	59,622,631	72,996,490

As at 31 December 2007, certain equipment items of the Company and its subsidiary have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 126.6 million (2006: Baht 85.6 million). The Company only: Nil.

11. ACCOUNTS PAYABLE - TRADE

As at 31 December 2006, the balance of accounts payable - trade of a subsidiary included a creditor with a balance of Baht 43.9 million, with which the subsidiary has entered into a loan agreement to provide funds to make payment for goods purchased of the subsidiary. The loans are to be repaid within 120 days from the due date for payment for the goods, with interest charged as stipulated in the agreement.

12. LONG-TERM LOANS

Long-term loans (including current portion) of a subsidiary consist of the followings:

	(Unit: Baht)	
	<u>Consolidated financial statements</u>	
	<u>2007</u>	<u>2006</u>
Long-term loans from banks	3,000,000	9,000,000
Other long-term loans	3,549,806	4,787,526
Total	6,549,806	13,787,526
Less: Current portion	(4,863,263)	(7,535,896)
Long-term loans - net of current portion	<u>1,686,543</u>	<u>6,251,630</u>

Long-term loan from bank of the subsidiary is a long-term loan under a composition agreement with a local commercial bank, dated 11 April 2001, under which the terms of repayment of a defaulted bank overdraft were relaxed. The principal of Baht 40 million is to be repaid in quarterly installments within 7 years from July 2001, together with interest charged at MLR per annum. The above loan is guaranteed by the Company and if the bank exercises its right of claim in this respect the Company will settle the debt with its shares, in accordance with the business rehabilitation plan.

Other long-term loans of the subsidiary represent loans obtained from a company for use in the purchase of assets of the subsidiary. The loans are to be repaid in monthly installments within 3 years from the dates specified in the agreements, together with interest as stipulated in the agreements.

13. LONG-TERM LIABILITIES

Long-term liabilities (including current portion) of the subsidiary consist of the followings:

	(Unit: Baht)	
	Consolidated	
	financial statements	
	<u>2007</u>	<u>2006</u>
Liabilities under finance lease agreements - net of deferred interest	70,923,596	72,127,633
Hire purchase payable	65,607	262,430
Total	70,989,203	72,390,063
Less : Current portion	(38,974,427)	(33,327,865)
Long-term liabilities - net of current portion	<u>32,014,776</u>	<u>39,062,198</u>

A subsidiary has entered into the finance lease agreements with leasing companies for rental of the equipment for operation and committed to pay rental fee on a monthly basis. As at 31 December 2007, there were the following commitments payable under the finance lease agreements:

<u>Year</u>	<u>Million Baht</u>
2008	42.6
2009	23.5
2010	10.2
2011	0.2

14. LONG-TERM LIABILITIES UNDER REHABILITATION PLAN

As at 31 December 2007 and 2006, the outstanding long-term liabilities restructured under the rehabilitation plan are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Senior creditors of loans and financial instruments :				
- Principal is to be repaid in semi-annual installments within 10 years from the date the court issues its final order approving the plan, with a grace period of 3 years (repayment as from the year 2004). Interest is charged at the lower of 6 percent per annum or MLR.	6,000,000	8,000,000	6,000,000	8,000,000
Add : Interest expenses pending recognition in future year	477,042	1,723,117	477,042	1,723,117
Long-term liabilities under rehabilitation plan	6,477,042	9,723,117	6,477,042	9,723,117
Less : Current portion	(2,274,521)	(2,393,699)	(2,274,521)	(2,393,699)
Long-term liabilities under rehabilitation plan - net of current portion	4,202,521	7,329,418	4,202,521	7,329,418

15. SHARE CAPITAL

On 4 October 2006, the Company's Extraordinary General Meeting of Shareholders passed resolutions approving the offset of legal reserve of Baht 4.5 million and premium on sales of assets to related company of Baht 58.6 million with the deficit in retained earnings and, approving the reduction of the Company's share capital through the following process:

- The cancellation of the 4,189,817 unissued shares with a par value of Baht 10 per share, reducing the registered share capital of the Company to Baht 1,424,404,890, comprising 142,440,489 shares with a par value of Baht 10 each.
- A reduction in the Company's registered capital to Baht 142,440,489 (142,440,489 shares with a par value of Baht 1 each) and paid up capital to Baht 141,944,471 (141,944,471 shares with a par value of Baht 1 each) by reducing the par value of the shares from Baht 10 to Baht 1, in order to eliminate the ordinary share deficit and reduce the retained loss.

The Company registered the above reduction of shares with the Ministry of Commerce.

16. COMPANY'S SHARE HELD BY SUBSIDIARY

At 31 December 2007, 230,175 shares with a par value of Baht 1 each (2006 : 230,175 shares with a par value of Baht 10 each) of the Company were held by subsidiary. They are presented as a deduction in shareholders' equity and are stated at cost.

17. STATUTORY RESERVE

According to the Public Limited Company Act B.E. 2535, the Company is required to set aside a statutory reserve of at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered share capital.

18. REMUNERATION FROM TRANSFER OF RIGHTS

Remuneration from transfer of rights is income received from the transfer to a related company (as discussed in note 6.2 to the financial statements) and another company options to purchase certain land and construction thereon which had been transferred to a bank in settlement of indebtedness under a debt restructuring agreement (the debt restructuring agreement granted the Company the option to buy back the land and construction thereon within one year from the date they were transferred to the bank). The Company recorded the related remuneration received, totaling Baht 23.2 million, as a separate item in the income statements for the year ended 31 December 2006.

19. GAIN ON SALES OF LONG-TERM INVESTMENTS

On 29 September 2007, the Company sold all 533,196 ordinary shares of its investment in Kulthorn Premier Company Limited, to Kulthorn Kirby Public Company Limited, at a price of Baht 46.4 million. The Company recorded the gain of Baht 43.4 million from the sale of this investment as a separate item in the income statements for the year ended 31 December 2006.

20. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Number of employees at end of year (Persons)	319	295	-	-
Employee costs for the year (Million Baht)	184.5	170.0	-	-

21. BASIC EARNINGS PER SHARE

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

22. DIVIDEND PAID

On 26 April 2007, the Annual General Meeting of the Company's shareholders passed a resolution approving the payment of a dividend of Baht 0.10 per share to the Company's shareholders from the Company's income for the year 2006, a total of Baht 14.2 million. The dividend was paid in May 2007.

23. COMMITMENTS

As at 31 December 2007, the Company and its subsidiary have commitments as follows:

23.1 The Company has commitment from guarantee on the loan facility of its subsidiary totaling approximately Baht 40 million (2006: Baht 40 million) as described in Note 12 to the financial statements.

23.2 The subsidiary has commitments of Baht 33.3 million (2006: Baht 24.0 million) in respect of letters of guarantee issued by banks on its behalf.

A Baht 35.5 million (2006: Baht 24.9 million) fixed bank deposits of subsidiary have been pledged with banks to secure those bank guarantees and credit facilities as described in Note 24 to the financial statements.

23.3 The subsidiary had several long-term lease agreements in respect of rental building, office space and related services. Expenses which shall be payable in the futures, are as follows:

<u>Year</u>	<u>Million Baht</u>
2008	11.8
2009	11.6
20010 -2023	14.0

23.4 The Company and the subsidiary have entered into management service agreements with a related company, whereby management fees totaling Baht 0.7 million per month are payable in the future, with Baht 0.2 million per month payable by the Company. The agreements end in December 2008 but they automatically renew for periods of one year each time until terminated.

23.5 The Company has a commitment in respect of the share payment amounting to Baht 17.0 million, under a share purchase and sale agreement with Premier Fission Capital Company Limited whereby it agreed to purchase 60,000 ordinary shares of Datapro Computer Systems Company Limited, or equivalent to 20 percent of its registered capital, at a price of Baht 585 per share, for a total of Baht 35.1 million. The Company and the seller may proceed with the transfer of the shares and payment thereof when the seller fully complies with certain conditions or is freed from the restrictions stipulated under a related company's rehabilitation plan. During the third quarter of current year, the Company paid Baht 18.1 million for the share purchase.

24. FACILITIES FROM FINANCIAL INSTITUTION

The subsidiary has been granted various types of credit facilities, by a financial institution of which Baht 64.8 million has not been utilised. Most of the facilities have been guaranteed by a part of fixed deposits with bank of the subsidiary.

25. PROVIDENT FUND

The subsidiary and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the subsidiary contributed to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by TISCO Assets Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2007, the subsidiary contributed Baht 6.7 million (2006: Baht 6.3 million) to the fund.

26. FINANCIAL INSTRUMENTS

26.1 Financial risk management

The Company's 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, and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The subsidiary is exposed to credit risk primarily with respect to trade accounts receivable. The subsidiary manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the subsidiary does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the balance sheet.

Interest rate risk

The Company and its subsidiary's exposure to interest rate risk relates primarily to their cash at banks, bank overdrafts, factoring, long-term loans, long-term liabilities and interest bearing liabilities under rehabilitation plan. However, since most of the Company and its subsidiary's 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.

Significant financial assets and liabilities as at 31 December 2007 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing		
	(Million Baht)						
<u>Financial Assets</u>							
Cash and cash equivalent	-	-	-	14	-	14	0.5
Current investment	-	-	-	7	-	7	2.75
Trade accounts receivable	-	-	-	-	397	397	-
Deposits at financial institutions with restrictions	-	-	-	35	-	35	2.0
	-	-	-	56	397	453	
<u>Financial liabilities</u>							
Trade accounts payable	1	-	-	-	241	242	7.0
Account payable - factoring company	21	-	-	-	-	21	8.1
Long-term loans from bank	-	-	-	3	-	3	MLR
Other long - term loans	4	-	-	-	-	4	13.84
Long-term liabilities	39	32	-	-	-	71	3.00-13.00
Long-term liabilities under rehabilitation plan	-	-	-	6	-	6	Note 14
	65	32	-	9	241	347	

Foreign currency risk

The subsidiary's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. As at 31 December 2007, the subsidiary had the net foreign currency - denominated liabilities, amounting to USD 0.7 million (2006: USD 1.9 million) which had not been hedged against foreign exchange rate risk.

26.2 Fair values of financial instruments

As the majority of financial assets are short-term and long-term financial liabilities carry interest rates which close to or lower than market rates, the management of the Company and its subsidiary believe that fair value of their financial assets and liabilities does not materially differ from their carrying value.

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.

27. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiary's operations involve a single industry segment, information and communications technology, and are carried on in the single geographic area of Thailand. As a result, all of the revenues, operating income (loss) and assets reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

28. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2008.