

Premier Technology Public Company Limited
and its subsidiary
Report and consolidated financial statements
31 December 2010 and 2009

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 2010 and 2009 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 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 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

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 2010 and 2009, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

Siraporn Ouaanunkun

Certified Public Accountant (Thailand) No. 3844

Ernst & Young Office Limited

Bangkok: 17 February 2011

Premier Technology Public Company Limited and its subsidiary

Balance sheets

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Assets					
Current assets					
Cash and cash equivalents	6	61,961,038	93,085,136	25,261,718	72,709,326
Current investments - bond	7	50,008,876	8,794	50,008,876	8,794
Current investments - marketable securities	8	-	5,390,000	-	5,390,000
Trade accounts receivable					
Related parties	9	751,688	801,849	-	-
Unrelated parties		318,556,969	327,301,212	-	-
Less: Allowance for doubtful accounts		(22,250,789)	(15,282,442)	-	-
Trade accounts receivable - net	10	297,057,868	312,820,619	-	-
Inventories - net	11	163,447,291	51,164,280	-	-
Other current assets					
Withholding income tax deducted at source		30,015,111	21,915,471	772	716
Accrued income		10,565,557	4,164,305	-	-
Prepaid service cost		82,879,842	58,256,070	-	-
Others		19,056,829	13,063,902	897,160	737,667
Total current assets		714,992,412	559,868,577	76,168,526	78,846,503
Non-current assets					
Restricted fixed deposits with banks	25.4	36,385,115	36,860,843	-	-
Account receivable from transfer of rights					
of claim - related party - net	9	-	-	-	-
Investment in subsidiary - net	12	-	-	152,726,861	152,726,861
Investment in associated company	13	1,383,701	1,177,301	1,383,701	3,666,000
Equipment - net	14	112,839,471	101,405,164	17,221	23,556
Other non-current assets					
Intangible assets	15	8,803,822	-	-	-
Prepaid rental expenses		11,682,364	14,162,159	-	-
Others		4,206,043	4,066,582	-	-
Total non-current assets		175,300,516	157,672,049	154,127,783	156,416,417
Total assets		890,292,928	717,540,626	230,296,309	235,262,920

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 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable		319,970,830	228,278,567	-	-
Amounts due to related parties	9	1,615,973	87,412	-	-
Accounts payable - factoring company	10	44,068,351	24,726,257	-	-
Short-term loan	16	-	4,098,426	-	-
Current portion of long-term loans	17	2,140,000	3,537,889	-	-
Current portion of long-term liabilities	18	37,970,873	33,692,716	-	-
Current portion of long-term liabilities under rehabilitation plan	19	500,986	1,547,836	500,986	1,547,836
Other current liabilities					
Accrued expenses		92,528,092	68,628,615	395,957	226,233
Deferred service income		71,264,415	70,304,320	-	-
Others		16,394,033	16,121,081	16,706	11,087
Total current liabilities		586,453,553	451,023,119	913,649	1,785,156
Non-current liabilities					
Long-term loans - net of current portion	17	2,140,000	-	-	-
Long-term liabilities - net of current portion	18	32,178,111	27,691,974	-	-
Long-term liabilities under rehabilitation plan - net of current portion	19	-	500,986	-	500,986
Other non-current liabilities		252,000	252,000	-	-
Total non-current liabilities		34,570,111	28,444,960	-	500,986
Total liabilities		621,023,664	479,468,079	913,649	2,286,142

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 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Shareholders' equity					
Share capital					
Registered					
142,440,489 ordinary shares of Baht 1 each		<u>142,440,489</u>	<u>142,440,489</u>	<u>142,440,489</u>	<u>142,440,489</u>
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		(230,175)	(230,175)	-	-
Retained earnings					
Appropriated - statutory reserve	20	7,120,000	2,870,000	7,120,000	2,870,000
Unappropriated		<u>120,434,968</u>	<u>93,488,251</u>	<u>80,318,189</u>	<u>88,162,307</u>
Total shareholders' equity		<u>269,269,264</u>	<u>238,072,547</u>	<u>229,382,660</u>	<u>232,976,778</u>
Total liabilities and shareholders' equity		<u>890,292,928</u>	<u>717,540,626</u>	<u>230,296,309</u>	<u>235,262,920</u>
		-	-	-	-

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

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 Directors

Premier Technology Public Company Limited and its subsidiary

Income statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Revenues					
Sales		1,036,338,394	818,012,987	-	-
Service income		504,102,803	394,533,783	-	-
Dividend income	12	-	-	-	23,999,520
Other income		27,046,465	18,136,369	992,623	508,185
Total revenues		1,567,487,662	1,230,683,139	992,623	24,507,705
Expenses					
Cost of sales and services		1,117,334,658	903,558,740	-	-
Selling expenses		142,974,934	68,780,272	-	-
Administrative expenses		241,381,160	236,197,465	2,755,995	4,609,338
Management benefit expenses		21,182,055	23,235,386	820,000	984,000
Loss on impairment of investment in associated company		-	-	3,816,299	-
Other expenses		51,051	640,406	-	639,761
Total expenses		1,522,923,858	1,232,412,269	7,392,294	6,233,099
Income (loss) before share of loss from investment in associated company, finance cost and corporate income tax					
		44,563,804	(1,729,130)	(6,399,671)	18,274,606
Share of loss from investment in associated company		(1,327,600)	(2,488,699)	-	-
Income (loss) before finance cost and income tax					
		43,236,204	(4,217,829)	(6,399,671)	18,274,606
Finance cost		(3,759,631)	(2,775,932)	-	-
Income (loss) before corporate income tax					
		39,476,573	(6,993,761)	(6,399,671)	18,274,606
Corporate income tax	22	(11,085,409)	-	-	-
Net income (loss) for the year					
		28,391,164	(6,993,761)	(6,399,671)	18,274,606
Basic earnings per share					
Net income (loss)	23	0.20	(0.05)	(0.05)	0.13

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 2010 and 2009

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from operating activities				
Net income (loss) before tax	39,476,573	(6,993,761)	(6,399,671)	18,274,606
Adjustments to reconcile net income (loss) before tax to net cash provided by (paid from) operating activities:				
Unrealised loss on current investments	-	18,306	-	18,306
Reversal of allowance for change in value of marketable securities	(18,000)	-	(18,000)	-
Gain on sale of marketable securities	(380,000)	-	(380,000)	-
Allowance for doubtful accounts	6,968,347	2,185,381	-	-
Increase (decrease) from allowance for diminution in value of inventories	376,969	(3,181,646)	-	-
Depreciation	54,931,639	61,706,204	6,335	6,334
(Gain) loss on sale of equipment	15,076	(571,679)	-	-
Loss on impairment of investment in associated company	-	-	3,816,299	-
Share of loss from investment in associated company	1,327,600	2,488,699	-	-
Amortisation of prepaid rental expenses	2,479,795	2,479,795	-	-
Income from investment - dividend received from investment in subsidiary	-	-	-	(23,999,520)
Interest expenses	3,759,631	2,775,932	-	-
Income (loss) from operating activities before changes in operating assets and liabilities	108,937,630	60,907,231	(2,975,037)	(5,700,274)
(Increase) decrease in operating assets				
Trade accounts receivable	8,794,404	45,425,477	-	-
Inventories	(112,659,980)	60,435,966	-	-
Other current assets	(37,017,951)	(18,172,264)	(159,548)	520,707
Other non-current assets	(139,461)	(674,726)	-	-
Increase (decrease) in operating liabilities				
Trade accounts payable	91,692,263	(36,753,888)	-	-
Amounts due to related parties	1,528,561	31,303	-	-
Other current liabilities	25,132,524	(38,929,522)	175,343	45,620
Cash from (used in) operating activities	86,267,990	72,269,577	(2,959,242)	(5,133,947)
Cash paid for interest expenses	(3,759,631)	(2,775,932)	-	-
Cash paid for corporate income tax	(19,185,049)	(17,910,505)	-	-
Net cash flows from (used in) operating activities	63,323,310	51,583,140	(2,959,242)	(5,133,947)

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 2010 and 2009

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows from investing activities				
Increase in current investment	(50,000,082)	(151)	(50,000,083)	(151)
Proceeds from sales of marketable securities	5,788,000	-	5,788,000	-
Acquisition of marketable securities	-	(5,408,306)	-	(5,408,306)
Decrease in restricted fixed deposits with banks	475,728	13,073,978	-	-
Acquisition of equipment	(17,874,448)	(21,579,230)	-	-
Proceeds from sales of equipment	904,324	1,267,095	-	-
Cash paid for investment in associated company	(1,534,000)	(1,716,000)	(1,534,000)	(1,716,000)
Proceed from sales of other long-term investment	-	10,000,000	-	10,000,000
Cash paid for acquisition of intangible assets	(8,803,822)	-	-	-
Cash receipt from remuneration	17,000,000	17,000,000	17,000,000	17,000,000
Dividend received from investment in subsidiary	-	-	-	23,999,520
Net cash flows from (used in) investing activities	<u>(54,044,300)</u>	<u>12,637,386</u>	<u>(28,746,083)</u>	<u>43,875,063</u>
Cash flows from financing activities				
Decrease in short-term loans from financial institution	-	(10,000,000)	-	-
Increase (decrease) in accounts payable - factoring company	19,342,094	24,726,257	-	-
Increase in short-term loan	(4,098,426)	4,098,426	-	-
Repayment of long-term loans	(5,677,889)	(4,821,093)	-	-
Cash receipt from long-term loan	6,420,000	-	-	-
Repayment of long-term liabilities	(40,646,604)	(43,938,512)	-	-
Repayment of long-term liabilities under rehabilitation plan	(1,547,836)	(2,153,699)	(1,547,836)	(2,153,699)
Dividend paid	(14,194,447)	(14,194,447)	(14,194,447)	(14,194,447)
Net cash flows used in financing activities	<u>(40,403,108)</u>	<u>(46,283,068)</u>	<u>(15,742,283)</u>	<u>(16,348,146)</u>
Net increase (decrease) in cash and cash equivalents	<u>(31,124,098)</u>	<u>17,937,458</u>	<u>(47,447,608)</u>	<u>22,392,970</u>
Cash and cash equivalents at beginning of the year	<u>93,085,136</u>	<u>75,147,678</u>	<u>72,709,326</u>	<u>50,316,356</u>
Cash and cash equivalents at end of the year	<u>61,961,038</u>	<u>93,085,136</u>	<u>25,261,718</u>	<u>72,709,326</u>
	-	-	-	-
Supplementary disclosures of cash flows information:				
Non-cash transactions				
Assets acquired under finance lease agreements	49,410,898	30,910,612	-	-

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 2010 and 2009

(Unit: Baht)

Consolidated financial statements							
	Note	Issued	Gain on sale of	Retained earnings		Total	
		and paid-up		Company's shares	investment to		Appropriated -
		share capital	held by subsidiary	related company	statutory reserve	Unappropriated	
Balance as at 31 December 2008		141,944,471	(230,175)	51,000,000	1,950,000	47,596,459	242,260,755
Net loss for the year		-	-	-	-	(6,993,761)	(6,993,761)
Gain on sale of investment to related company	9	-	-	17,000,000	-	-	17,000,000
Dividend paid	24	-	-	-	-	(14,194,447)	(14,194,447)
Unappropriated retained earnings transferred to statutory reserve	20	-	-	-	920,000	(920,000)	-
Balance as at 31 December 2009 - as previous reported		141,944,471	(230,175)	68,000,000	2,870,000	25,488,251	238,072,547
Transferred of gain on sale of investment to related company to retained earnings	9	-	-	(68,000,000)	-	68,000,000	-
Balance as at 31 December 2009 - as restated		<u>141,944,471</u>	<u>(230,175)</u>	<u>-</u>	<u>2,870,000</u>	<u>93,488,251</u>	<u>238,072,547</u>
						-	-
Balance as at 31 December 2009 - as previous reported		141,944,471	(230,175)	68,000,000	2,870,000	25,488,251	238,072,547
Transferred of gain on sale of investment to related company to retained earnings	9	-	-	(68,000,000)	-	68,000,000	-
Balance as at 31 December 2009 - as restated		<u>141,944,471</u>	<u>(230,175)</u>	<u>-</u>	<u>2,870,000</u>	<u>93,488,251</u>	<u>238,072,547</u>
Net income for the year		-	-	-	-	28,391,164	28,391,164
Gain on sale of investment to related company	9	-	-	17,000,000	-	-	17,000,000
Transferred of gain on sale of investment to related company to retained earnings	9	-	-	(17,000,000)	-	17,000,000	-
Dividend paid	24	-	-	-	-	(14,194,447)	(14,194,447)
Unappropriated retained earnings transferred to statutory reserve	9, 20	-	-	-	4,250,000	(4,250,000)	-
Balance as at 31 December 2010		<u>141,944,471</u>	<u>(230,175)</u>	<u>-</u>	<u>7,120,000</u>	<u>120,434,968</u>	<u>269,269,264</u>
						-	-

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 (continued)
For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Note	Separate financial statements				Total
		Issued and paid-up share capital	Gain on sale of investment to related company	Retained earnings		
				Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2008		141,944,471	51,000,000	1,950,000	17,002,148	211,896,619
Net income for the year		-	-	-	18,274,606	18,274,606
Gain on sale of investment to related company	9	-	17,000,000	-	-	17,000,000
Dividend paid	24	-	-	-	(14,194,447)	(14,194,447)
Unappropriated retained earnings transferred to statutory reserve	20	-	-	920,000	(920,000)	-
Balance as at 31 December 2009 - as previous reported		141,944,471	68,000,000	2,870,000	20,162,307	232,976,778
Transferred of gain on sale of investment to related company to retained earnings	9	-	(68,000,000)	-	68,000,000	-
Balance as at 31 December 2009 - as restated		141,944,471	-	2,870,000	88,162,307	232,976,778
					-	-
Balance as at 31 December 2009 - as previous reported		141,944,471	68,000,000	2,870,000	20,162,307	232,976,778
Transferred of gain on sale of investment to related company to retained earnings	9	-	(68,000,000)	-	68,000,000	-
Balance as at 31 December 2009 - as restated		141,944,471	-	2,870,000	88,162,307	232,976,778
Net loss for the year		-	-	-	(6,399,671)	(6,399,671)
Gain on sale of investment to related company	9	-	17,000,000	-	-	17,000,000
Transferred of gain on sale of investment to related company to retained earnings	9	-	(17,000,000)	-	17,000,000	-
Dividend paid	24	-	-	-	(14,194,447)	(14,194,447)
Unappropriated retained earnings transferred to statutory reserve	9, 20	-	-	4,250,000	(4,250,000)	-
Balance as at 31 December 2010		141,944,471	-	7,120,000	80,318,189	229,382,660
					-	-

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

Premier Technology Public Company Limited and its subsidiary
Notes to consolidated financial statements
For the years ended 31 December 2010 and 2009

1. General information

Premier Technology Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in a holding company and its registered address is 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 Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Premier Technology Public Company Limited (“the Company”) and the following subsidiary (“the subsidiary”):

Company's name	Nature of business	Country of incorporation	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	
			2010	2009	2010	2009	2010	2009
			Percent	Percent	Percent	Percent	Percent	Percent
Datapro Computer Systems Company Limited	Distributor of computer software and hardware	Thailand	100	100	91	88	100	100

- b) Subsidiary is fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - c) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.
 - d) Material balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements, which present investments in subsidiary and associated company under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- 3.1 Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements
(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies

TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

3.2 Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. Currently, the Company accounts for such employee benefits when they are incurred.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

4. Significant accounting policies

4.1 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.

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 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.

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded as gains or losses in the income statement.
- b) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiary and associate are accounted for in the separate financial statements using the cost method.
- d) 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).

The fair value of marketable securities is based on the latest bid price of the last working day of the year.

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

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded as gains or losses in the income statement or recorded as surplus (deficit) from changes in the value of investments in shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as income or expenses in the income statement.

4.6 Equipment and depreciation

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

Depreciation of equipment is calculated by reference to its costs using the straight-line basis, over the following estimated useful lives:-

Leasehold improvements	-	5 years
Furniture and office equipment	-	3, 5 years

Depreciation is included in determining income.

No depreciation has been provided on assets under installation.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

4.7 Intangible assets

Intangible assets are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

The Company amortises intangible assets, which comprise product design and development costs on the straight-line basis, with the periods of economic benefit being approximately 10 years.

4.8 Related party transactions

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

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

4.9 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.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

4.10 Foreign currencies

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

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

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

An impairment loss is recognised in the income statement.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.12 Employee benefits

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

4.13 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.

4.14 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

5. Significant accounting judgments and estimates

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

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

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

Equipment/Depreciation

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

In addition, the management is required to review equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

6. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash	90,000	90,000	5,000	5,000
Bank deposits	61,871,038	62,995,136	25,256,718	42,704,326
Bank of Thailand Bond	-	30,000,000	-	30,000,000
Total	60,961,038	93,085,136	25,261,718	72,709,326

As at 31 December 2010, bank deposits in saving accounts carried interests between 0.25 and 0.75 percent per annum (2009: bank deposit in saving accounts and Bank of Thailand bond carried interest between 0.25 and 1.16 percent per annum).

7. Current investment - bond

As at 31 December 2010, the Company had an investment in Bank of Thailand interest-free bond with the face value of Baht 50 million. The bond matured in March 2011.

8. Current investments - marketable securities

(Unit: Baht)

	Consolidated financial statements / Separate financial statements			
	2010		2009	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Marketable securities	-	-	5,408,306	5,390,000
Less: Allowance for change in value	-	-	(18,306)	-
Current investments - net	-	-	5,390,000	5,390,000

During the year 2009, the Company acquired marketable securities that are shares of a related company in the normal course of its trading on the Stock Exchange of Thailand. The purpose of such acquisitions was short-term working capital management, by means of stock market investments in securities that are liquid and provide an acceptable return.

9. 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		
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
<u>Transactions with related companies</u>					
Sales and service income	41.5	46.0	-	-	Note 9.1
Purchase of goods	-	1.6	-	-	Cost plus certain margin.
Selling and administrative expenses	26.3	25.7	2.0	2.6	Contract price, which is price in the ordinary course of business
Purchase of assets	1.5	-	-	-	Contract price, which is price in the ordinary course of business

9.1 Sales prices are determined based on cost plus a margin 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.

The balances of the accounts as at 31 December 2010 and 2009 between the Company and those related companies are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Trade accounts receivable - related parties</u>				
Broad Band Technology Service Company Limited	-	195,223	-	-
Professional Training Services Company Limited	361,352	168,525	-	-
Seri Premier Company Limited	-	142,159	-	-
Premier Fission Capital Company Limited	20,052	115,206	-	-
Premier Metrobus Company Limited	278,500	-	-	-
Others	91,784	180,736	-	-
Total trade accounts receivable - related parties	751,688	801,849	-	-

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Account receivable from transfer of rights of claim - related party</u>				
Premier Manufacturing Company Limited	-	17,000,000	-	17,000,000
Less: Deferred gain from sales of investments	-	(17,000,000)	-	(17,000,000)
Total account receivable from transfer of rights of claim - related party - net	-	-	-	-
<u>Amounts due to related parties</u>				
Premier Professional Training Service Company Limited	1,615,973	-	-	-
Others	-	87,412	-	-
Total amounts due to related parties	1,615,973	87,412	-	-

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 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.

During the year 2008, the Company transferred Baht 17 million of accounts receivable from transfer of rights of claim to net it with the amount payable to a related company for a share purchase. And the Company received remuneration of Baht 34 million from the above related company and thus recognised a deferred gain of Baht 51 million as gain on sale of investment to related company in shareholders' equity in the balance sheet.

During the years 2010 and 2009 the Company received remuneration from the related company totaling Baht 34 million and has therefore received the full amount payable under the agreement.

On 17 February 2011, Meeting of the Company's Board of Directors No. 1/2554 approved the transfer of gain on the sale of the investments, which was recorded as gain on sale of investment to related company in shareholders' equity in the balance sheet, totaling to Baht 85 million (the year 2010 amounting to Baht 17 million and the year 2009 amounting to Baht 68 million) to retained earnings and this approval was retroactively effective to the year 2009. The meeting also approved the Company setting aside 5 percent of the gain on sale of investment to the related company, Baht 4.25 million, to the statutory reserve.

Directors and management's remuneration

In 2010 the Company and its subsidiary had salaries, meeting allowances and gratuities of their directors and management recognised as expenses totaling Baht 21.2 million (The Company only: Baht 0.8 million) (2009: Baht 23.2 million, The Company only: Baht 1.0 million).

10. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2010 and 2009 aged on basis of due dates, are summarised below.

	(Unit: Baht)	
	Consolidated	
	financial statements	
	<u>2010</u>	<u>2009</u>
<u>Age of receivables</u>		
<u>Related parties</u>		
Not yet due	42,287	631,217
Past due		
Up to 3 months	634,501	170,632
3 - 6 months	-	-
6 - 12 months	74,900	-
Over 12 months	-	-
Total	<u>751,688</u>	<u>801,849</u>
Less: Allowance for doubtful accounts	-	-
Net	<u>751,688</u>	<u>801,849</u>

	(Unit: Baht)	
	Consolidated	
	financial statements	
	<u>2010</u>	<u>2009</u>
<u>Unrelated parties</u>		
Not yet due	187,897,139	175,761,748
Past due		
Up to 3 months	80,527,490	82,575,700
3 - 6 months	4,923,731	31,029,562
6 - 12 months	12,324,411	22,848,511
Over 12 months	32,884,198	15,085,691
Total	318,556,969	327,301,212
Less: Allowance for doubtful accounts	(22,250,789)	(15,282,442)
Net	296,306,180	312,018,770
Trade accounts receivable - net	<u>297,057,868</u>	<u>312,820,619</u>

The balance of trade accounts receivable as at 31 December 2010 included trade receivables amounting to Baht 49.0 million (2009: Baht 27.5 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.

11. Inventories

	(Unit: Baht)					
	Consolidated financial statements					
	Cost		Allowance of diminution in value of inventories		Inventories - net	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Finished goods	158,314,888	52,011,502	(1,961,230)	(1,584,261)	156,353,658	50,427,241
Goods in transit	7,093,633	737,039	-	-	7,093,633	737,039
Total	<u>165,408,521</u>	<u>52,748,541</u>	<u>(1,961,230)</u>	<u>(1,584,261)</u>	<u>163,447,291</u>	<u>51,164,280</u>

12. Investment in subsidiary

Details of investment in subsidiary as presented in separate financial statements are as follows:

(Unit: Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	Thousand Baht	Thousand Baht	(%)	(%)		
Datapro Computer Systems Company Limited	30,000	30,000	100	100	255,887,200	255,887,200
Less: Allowance for impairment of investment in subsidiary					(103,160,339)	(103,160,339)
Investment in subsidiary - net					<u>152,726,861</u>	<u>152,726,861</u>

On 30 November 2009, a meeting of subsidiary's Board of Directors approved the payment of interim dividend for 2009 of Baht 24 million to the shareholders at Baht 80 per share. The subsidiary paid such dividend in December 2009.

13. Investment in associated company

13.1 Details of associate:

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements						
			Shareholding percentage		Cost		Carrying amounts based on equity method		
			<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
			(%)	(%)					
Advance Cyber Technology Company Limited	Service	Thailand	26	26	5,200,000	3,666,000	1,383,701	1,177,301	

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
			(%)	(%)						
Advance Cyber Technology Company Limited	Service	Thailand	26	26	5,200,000	3,666,000	(3,816,299)	-	1,383,701	3,666,000

During the year 2010, Advance Cyber Technology Company Limited called up 29.5 percent of the registered value of its share capital. The Company paid in additional share capital of Baht 1.5 million.

13.2 Share of income/loss and dividend received

During the year, the Company has recognised its share of net loss from investment in associated company in the consolidated financial statements as follows:

(Unit: Baht)		
Consolidated financial statements		
Share of loss from investment in associate during the year		
Company's name	<u>2010</u>	<u>2009</u>
Advance Cyber Technology Company Limited	(1,327,600)	(2,488,699)

During the years 2010 and 2009, the associated company has not paid dividend.

13.3 Summarised financial information of associate

Financial information of the associated company is summarised below.

(Unit: Million Baht)										
Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues		Net income (loss)	
	as at		as at		as at		for the year ended		for the year ended	
	31 December		31 December		31 December		31 December		31 December	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Advance Cyber Technology Company Limited	20.0	14.1	8.7	4.9	3.2	0.4	5.6	1.8	(5.1)	(7.4)

Financial information and share of loss of associate were determined based on the financial statements prepared by its managements and were not audited by its auditors. The Company believes that the value of the investment would not significantly differ if the financial statements had been audited by auditor.

14. Equipment

(Unit: Baht)

	Consolidated financial statements		
	Furniture and office equipment	Assets under installation	Total
Cost			
31 December 2009	374,816,216	68,938	374,885,154
Additions	34,693,940	32,591,406	67,285,346
Disposals	(27,940,372)	-	(27,940,372)
Transfer in	2,177,086	-	2,177,086
Transfer out	-	(2,177,086)	(2,177,086)
31 December 2010	383,746,870	30,483,258	414,230,128
Accumulated depreciation			
31 December 2009	273,479,990	-	273,479,990
Depreciation for the year	54,931,639	-	54,931,639
Depreciation on disposals	(27,020,972)	-	(27,020,972)
31 December 2010	301,390,657	-	301,390,657
Net book value			
31 December 2009	101,336,226	68,938	101,405,164
31 December 2010	82,356,213	30,483,258	112,839,471
Depreciation for the year			
2009 (Baht 32 million included in service cost, and the balance in administrative expenses)			61,706,204
2010 (Baht 28 million included in service cost, and the balance in administrative expenses)			54,931,639

	(Unit: Baht)
	Separate financial statements
	Furniture and office equipment
Cost	
31 December 2009	31,673
31 December 2010	31,673
Accumulated depreciation	
31 December 2009	8,117
Depreciation for the year	6,335
31 December 2010	14,452
Net book value	
31 December 2009	23,556
31 December 2010	17,221
Depreciation for the year (include in administrative expenses)	
2009	6,334
2010	6,335

As at 31 December 2010, the subsidiary had equipment under finance lease agreements with net book values amounting to Baht 42.7 million (2009: Baht 53.4 million).

As at 31 December 2010, certain equipment items of the subsidiary have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 199.6 million (2009: Baht 165.4 million).

15. Intangible assets

Details of intangible assets which are the products' design and development cost are as follows:

	(Unit: Baht)	
	Consolidated financial statements	
	<u>2010</u>	<u>2009</u>
Cost	8,803,822	-
Accumulated amortisation	-	-
Net book value	8,803,822	-
Amortisation expenses included in the income statements for the year	-	-

16. Short-term loan

As at 31 December 2009, the balance of short-term loan of a subsidiary is Baht 4.1 million, with which the subsidiary has entered into a loan agreement with a company to provide funds to make payment for goods purchased of the subsidiary. The loan is to be repaid in quarterly installments within one year from the due date for payment for the goods, with interest charged as stipulated in the agreement.

17. Long-term loans

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

	(Unit: Baht)	
	Consolidated financial statements	
	<u>2010</u>	<u>2009</u>
Other long-term loans	4,280,000	3,537,889
Less: Current portion	<u>(2,140,000)</u>	<u>(3,537,889)</u>
Long-term loans - net of current portion	<u>2,140,000</u>	<u>-</u>

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.

18. Long-term liabilities

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

	(Unit: Baht)	
	Consolidated financial statements	
	<u>2010</u>	<u>2009</u>
Liabilities under finance lease		
agreements - net of deferred interest	70,148,984	61,384,690
Less : Current portion	<u>(37,970,873)</u>	<u>(33,692,716)</u>
Long-term liabilities - net of current portion	<u>32,178,111</u>	<u>27,691,974</u>

A subsidiary has entered into the finance lease agreements with leasing companies for rental of equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 3 years.

As at 31 December 2010, Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Million Baht)		
	Less than		
	1 year	1-3 years	Total
Present value of future minimum lease payments	38.0	32.1	70.1

19. Long-term liabilities under rehabilitation plan

As at 31 December 2010 and 2009, the outstanding long-term liabilities restructured under the rehabilitation plan are as follows:

	(Unit: Baht)	
	Consolidated	
	financial statements/	
	Separate	
	financial statements	
	<u>2010</u>	<u>2009</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.	500,000	2,000,000
Add: Interest expenses pending recognition in future year	986	48,822
Long-term liabilities under rehabilitation plan	500,986	2,048,822
Less: Current portion	(500,986)	(1,547,836)
Long-term liabilities under rehabilitation plan - net of current portion	-	500,986

20. Statutory reserve

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

21. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Salary and other employee benefits	368,276,604	286,885,480	820,000	984,000
Depreciation	54,931,639	61,706,204	6,335	6,334
Rental expenses from operating lease agreements	18,502,496	17,764,483	-	-
Purchase of goods	1,117,746,719	746,820,507	-	-
Changes in finished goods	(106,303,386)	49,932,025	-	-

22. Corporate income tax

No corporate income tax was payable for the year 2009 since dividend income is exempted from income tax under section 65 bis (10) of the Revenue Code.

23. 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.

24. Dividends

(Unit: Baht)

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
Final dividends for 2008	Annual General Meeting of the shareholders on 23 April 2009	14,194,447	0.10
Final dividends for 2009	Annual General Meeting of the shareholders on 22 April 2010	14,194,447	0.10

25. Commitments

As at 31 December 2010, the Company and its subsidiary have commitments as follows:

25.1 Capital commitment

As at 31 December 2010, the subsidiary had capital commitments of Baht 0.2 million in respect of purchases of equipment.

25.2 Operating lease commitments

The subsidiary has entered into several lease agreements in respect of the lease of building, office space and related services. The terms of the agreements are generally between 1 and 13 years.

As at 31 December 2010, future minimum lease payments required under these operating leases contracts were as follows:

	<u>Million Baht</u>
Payable within:	
Less than 1 year	13.9
1 to 5 years	20.7
More than 5 years	11.2

25.3 Long-term service commitments

The Company and its subsidiary have entered into management service agreements with a related company, whereby management fees totaling Baht 0.5 million per month are payable in the future, with Baht 0.1 million per month payable by the Company. The agreements end in December 2011 but they automatically renew for periods of one year each time until terminated.

25.4 Guarantee

The subsidiary has commitments of Baht 35.3 million (2009: Baht 36.2 million) in respect of bank guarantee issued by banks on behalf of the subsidiary in respect of certain performance bonds as required in the normal course of business. All of letters of guarantee relate to guarantee contractual performance.

A Baht 36.4 million (2009: Baht 36.9 million) fixed bank deposits of the subsidiary have been pledged with banks to secure those bank guarantees and the facilities as discuss in note 26.

25.5 Licensing fee agreement

The subsidiary has entered into a memorandum of agreement with a local company, granting it the right to install advertising media systems, whereby the subsidiary will install and provide advertising media system services on buses. Under the conditions of the agreement, the subsidiary is required to pay an annual licensing fee from 2009 until 2012, totaling approximately Baht 13.1 million. During the year 2010, the subsidiary recorded the licensing costs amounting to approximately Baht 2.6 million (2009: Baht 1.2 million) under such agreement.

26. Facilities from financial institution

The subsidiary has been granted various types of credit facilities, by a financial institution of which Baht 37.5 million has not been utilised. Most of the facilities have been guaranteed by a part of fixed deposits with bank of the subsidiary.

27. 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 2010, the subsidiary contributed Baht 7.8 million (2009: Baht 7.6 million) to the fund.

28. Financial instruments

28.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, short-term 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, long-term loans, long-term liabilities and 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. The Company and its subsidiary do not use derivative to hedge such risk.

Significant financial assets and liabilities as at 31 December 2010 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.

	Consolidated financial statements					Interest rate (% p.a.)
	Fixed interest rates				Total	
	Within 1 year	1-3 Years	Floating interest rate	Non- interest bearing		
	(Million Baht)					
Financial Assets						
Cash and cash equivalent	-	-	62	-	62	0.25 - 0.75
Current investments- bond	50	-	-	-	50	1.75
Trade accounts receivable	-	-	-	319	319	-
Restricted fixed deposits with banks	-	-	36	-	36	0.70 - 1.25
	<u>50</u>	<u>-</u>	<u>98</u>	<u>319</u>	<u>467</u>	
Financial liabilities						
Trade accounts payable	-	-	-	320	320	-
Account payable - factoring company	44	-	-	-	44	6.15 - 6.40
Long-term loans	2	2	-	-	4	6.25 - 7.98
Long-term liabilities	38	32	-	-	70	4.7 - 6.50
Long-term liabilities under rehabilitation plan	-	-	1	-	1	Note 19
	<u>84</u>	<u>34</u>	<u>1</u>	<u>320</u>	<u>439</u>	

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 2010, the subsidiary had the net foreign currency - denominated liabilities, amounting to USD 1.9 million (2009: USD 1.8 million) which had not been hedged against foreign exchange rate risk.

28.2 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.

29. 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.

30. Capital management

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

According to the balance sheet as at 31 December 2010, the Group's debt-to-equity ratio was 2.3:1 (2009: 2.0:1).

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 17 February 2011.