

# ANNUAL REPORT 2010

JASMINE TELECOM SYSTEMS

รายงานประจำปี 2553



บริษัท จัสมิน เทเลคอม ซิสเต็มส์ จำกัด (มหาชน)  
Jasmine Telecom Systems Public Company Limited

**THE WAY  
FOR BETTER  
COMMUNICATION  
BETTER LIFE**







THE WAY  
FOR BETTER  
COMMUNICATION  
BETTER LIFE

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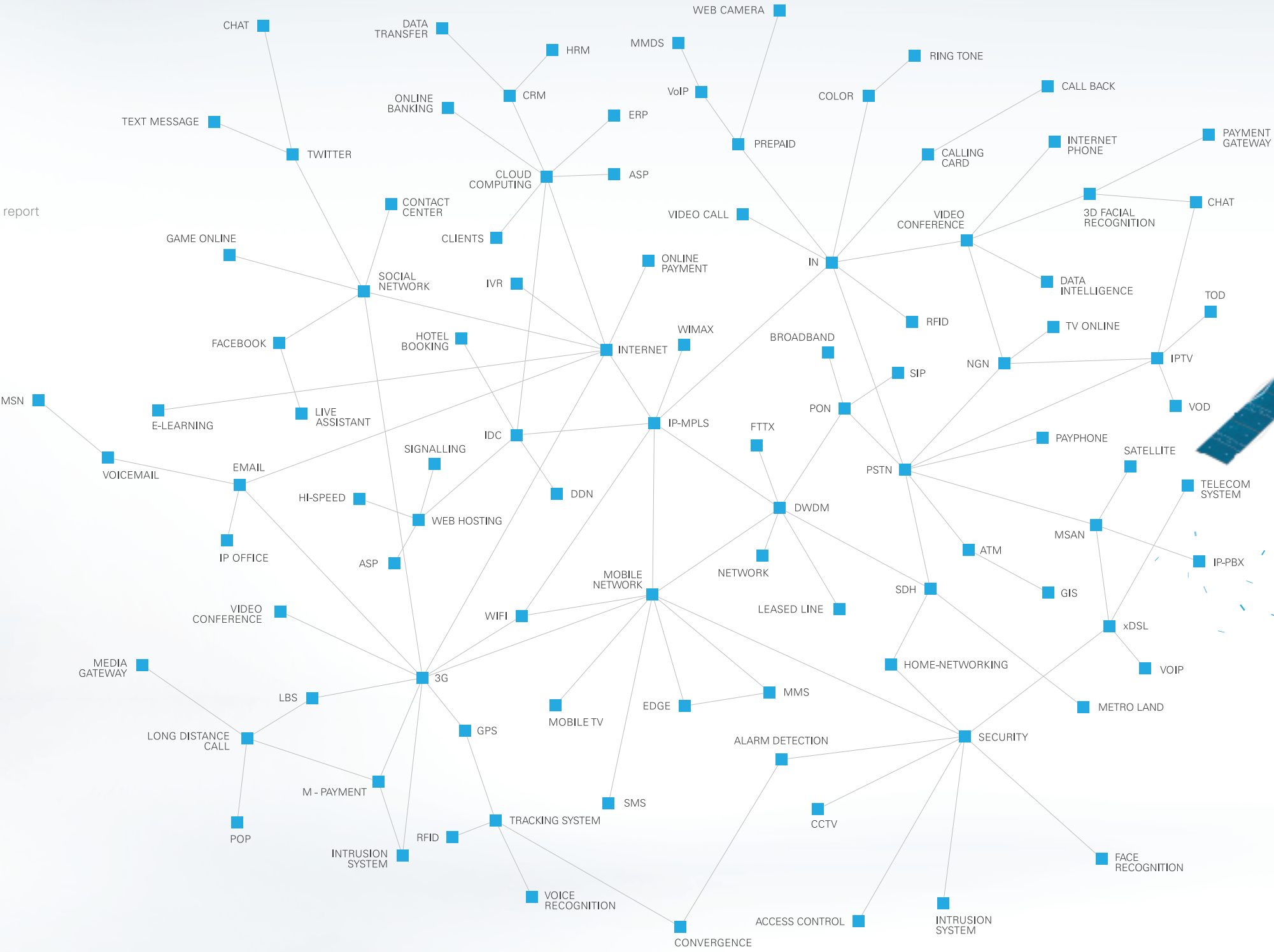
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MAKE LIFE  
CONNECTED





## FINANCIAL SUMMARY

### SECTION 01

#### Financial Summary

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#### Operating Results of Consolidated Financial Statement ( ' 000 Baht )

	2010	2009	2008
Sales and services	3,456,084	4,365,436	1,563,120
Total revenue	3,584,816	4,424,981	1,609,514
Cost of sales and services and Selling ,servicing and administrative	3,505,103	4,196,729	1,550,662
Gross profit *	373,386	405,811	217,962
Net profit	(100,860)	92,915	7,114
Total assets	5,911,221	6,301,915	3,253,312
Total liabilities	4,304,139	4,549,382	1,602,236
Shareholders' Equity	1,607,082	1,752,533	1,651,076

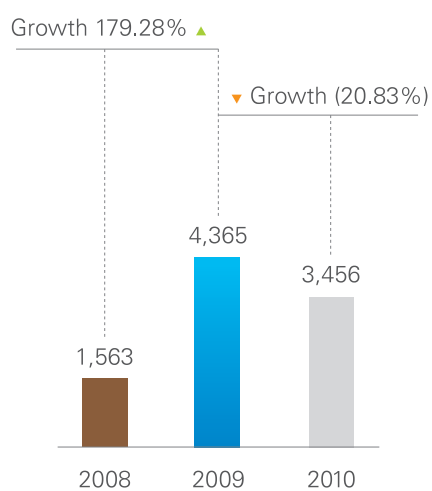
#### Financial Ratio

	2010	2009	2008
Current ratio ( times)	1.31	1.66	1.70
Debt to equity ( times )	2.68	2.6	0.97
Return on assets ( % )	-1.65%	1.94%	0.21%
Return on equity ( % )	-6.00%	5.46%	0.41%

#### Per Share Data ( Baht )

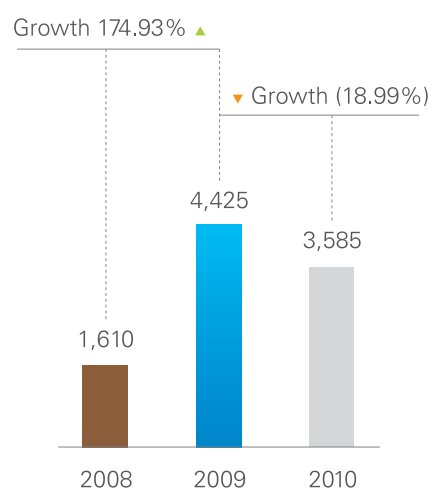
	2010	2009	2008
Net earning (loss) per share	(0.14)	0.13	0.01
Weighted average number of ordinary shares ( million shares )	702,950,000	702,950,000	702,622,951
Book value	2.29	2.49	2.35
Par value	1.00	1.00	1.00
Paid up capital shares ( million shares )	702,950,000	702,950,000	702,950,000

\* Gross profit is a result of sales and service income minus sales and service cost



Sale and Services

Unit : Million



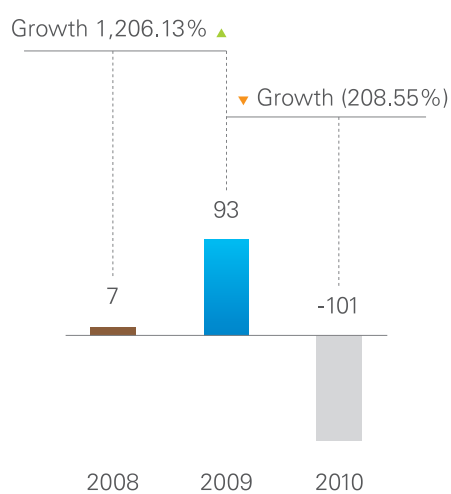
Total Revenue

Unit : Million

## SECTION 01

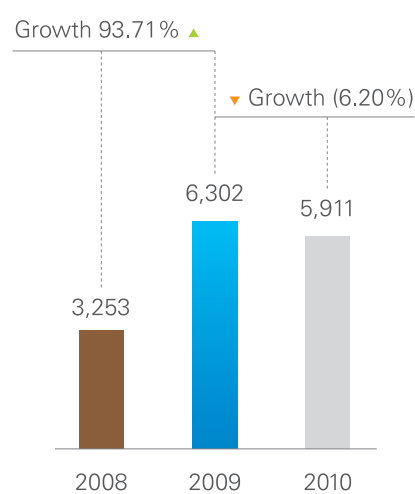
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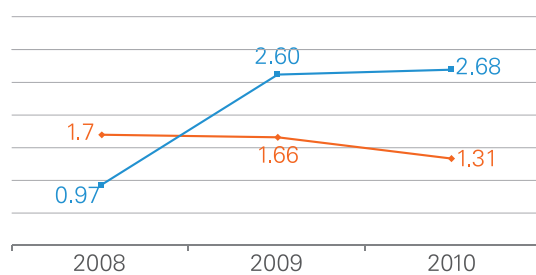
Net Profit

Unit : Million



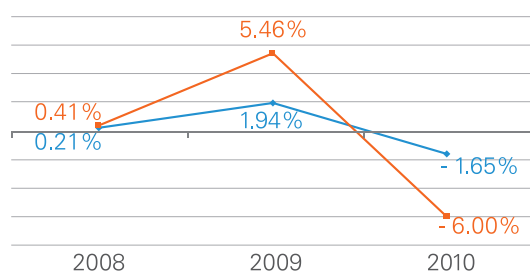
Total Assets

Unit : Million



— Debt to equity (times)

— Current ratio (times)



— Return on assets (%)

— Return on equity (%)



## GENERAL INFORMATION

### SECTION 02

General  
Information

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#### Detailed of Company

Company name	:	Jasmine Telecom Systems PCL.
Registration	:	0107547000109
Head office Address	:	200 Moo 4, 9 <sup>th</sup> Fl. Jasmine International Tower, Chaengwattana Road, Tambon Pakkret, Amphoe Pakkret, Nonthaburi, 11120 Tel. (66)-021008300 Fax. (66)-025023363 Home Page : <a href="http://www.jts.co.th">http://www.jts.co.th</a>
Nature of Business	:	Information & Communication Technology

#### Detailed of Subsidiary

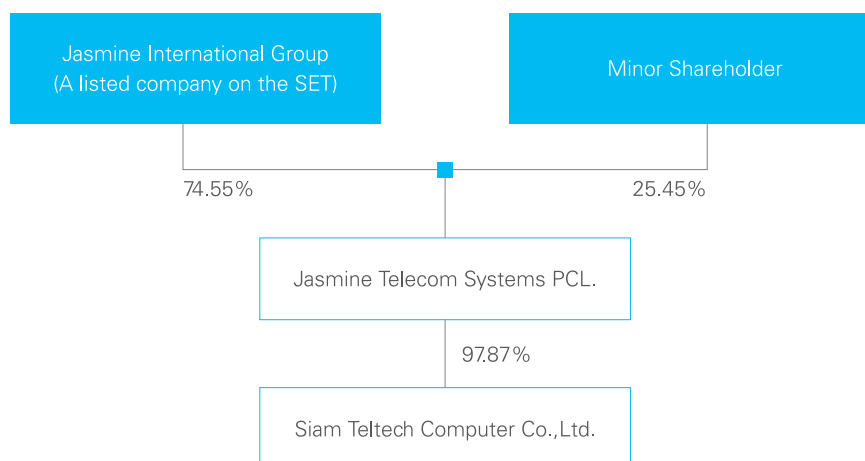
Company name	:	Siam Teltech Computer Ltd.*
Registration	:	010552701289
Head office Address	:	200 Moo 4, Chaengwattana Road, Tambon Pakkret, Amphoe Pakkret, Nonthaburi, 11120 Tel. (66)-021003500 Fax. (66)-025023511

Remarks \* The subsidiary, has changed its name to “Cloud Computing Solutions Company Limited” and registered the new name on February 9, 2011.

#### Total Amount and Type of issued share

Registered ordinary share	:	726,250,000	Shares
Paid up ordinary share	:	702,990,000	Shares
Par Value	:	1	Baht
Total	:	702,990,000	Baht

#### The Company Structure at December 31<sup>st</sup> 2010



## MESSAGE FROM BOARD OF DIRECTORS



### SECTION 03

Message from  
the Board of  
Directors

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Dear Shareholders,

In 2010, the Company and its subsidiary generated the total revenue of 3,585 million Baht, net operating profit of 140.51 million Baht and net loss after deducting potential losses on debt restructuring and loss on impairment of asset of 100.86 million Baht. The Company and its subsidiary have total assets of 5,911 million Baht, total liabilities of 4,304 million Baht and total shareholders' equity of 1,607 million Baht.

The Company has been making great effort in serving the needs of our existing customers and enticing new customers, who need to invest to upgrade and expand their telecommunications systems using modern and advanced technologies. This is particularly true in the area of high-speed data communications to serve the ever-increasing demand of high-speed internet. The Company also emphasizes creation of new business that will generate revenue stream in the future to compliment revenue from existing main business today.

The Company, the management and all employees would like to express our sincere gratitude to the shareholders, customers, business partners, and financial institutes for their trust and continuing support to us. The Board of Directors wishes to assure everyone that the Company shall perform its duty to the full capacity for the best interest and benefit of all parties, and shall continue to develop our capabilities to sustain growth and thrive in new businesses.

(Mr. Pleumjai Sinarkorn)  
Director

(Mr. Kriengsak Chalermtiragool)  
Director



## SECTION 04

Business of the  
Company and  
Subsidiary

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■ ■ ■ MAKE LIFE  
EASIER



## BUSINESS OF THE COMPANY AND SUBSIDIARY

The Company and its subsidiary provide turnkey telecommunications, IT systems integration and other related services. In addition, the Company distributes imported communication devices, leases public payphones and provides security systems. Followings are the details of each business of the Company.

### SECTION 04

Business of the  
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#### 1. Telecom Systems Integration

Telecom systems integration involves the distribution of telecommunications equipment and the provision of other related services, such as the design, supply, selection and tests and installation of telecom equipment for governmental and private sectors, for example TOT, CAT Telecom, Provincial Electricity Authority, Government Savings Bank, Office of the Higher Education Commission, TT&T, True Move and Triple T Broadband. Telecom systems integration is operated as a project with a purchase and installation agreement. The major distribution channels for the Company's System Integration business categorized into 2 channels. The first is bidding for projects of the government and private sector, and the second is being subcontracted from other winning bidders.

The Company engages in five types of telecom system services, as follows:

1. **Access Network** – the Company supplies and installs access network equipment which connect a central office to the premises of the customer. There are several solutions, such as Digital Data Network (DDN) offering leased line Internet connectivity, and Broadband Connections over Digital Subscriber Lines (xDSL) offering hi-speed Internet service.

In addition, the Company provides terminal equipment for hi-speed Internet or network connections, such as ADSL Modems, and other required network equipment.





**SECTION 04**Business of the  
Company and  
Subsidiary

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2. **Transmission Network** – the Company supplies and installs transmission network equipment which connects between the exchanges of the telecom providers. The networks link exchanges in the same province, among provinces or regions and transmit the data to the destination exchange based on the selected solution platform, such as Dense Wavelength Division Multiplexing (DWDM) or Synchronous Digital Hierarchy Multiplexer (SDH MUX) or Microwave Radio devices.
3. **Data Communication Network** – the Company supplies and installs data communication network equipment which supports the transmission of data or connects equipment to link various networks using the IP protocol and/or ATM. The Company offers various solutions, such as IP Core Routing Switches equipment (IP-MPLS), Asynchronous Transfer Mode Switch equipment (ATM) and Metro LAN Solution equipment.
4. **Next Generation Network** – the Company offers new generation solutions to fixed-line telephone operators who have already installed and launched networks. The Company develops, improves or adds some service features, such as voice, data and video in order to enhance the operating efficiency of these operators. Examples of these are intelligent network equipment (IN) and Next Generation Network equipment (NGN).
5. **Wireless Communication Network** - the communication channel transmitting via electromagnetic wave, which are divided into frequency bands or channels and assigned for various communication services, including Radio frequency band (RF), Microwave band, Infrared band and etc. The Company plans to propose the wireless communication network solutions for telecom operators and other customers, to meet their requirements, such as WiFi/ WiMAX Network, Mobile Telephone Network.

## 2. Outsourcing Business Unit (Previously Payphone Business Unit)

The Company has engaged in payphone business since 2001 by the agreement to rent 10,000 public payphone units in Bangkok metropolitan and central areas to TOT and later in 2004 by another two agreements to lease 20,000 public payphone units in Bangkok metropolitan and north-east areas and Bangkok metropolitan and south areas. However, the payphone business faces the revenue decrease in recent years due to various factors including the change in consumers's behaviour and popularity to use mobile phone instead because it is more convenient and cheaper price. Therefore, on November 16, 2009 TOT and the Company mutually signed the addendum to the agreement to terminate the rental agreements and sold the installed payphones and accessories to TOT within 2011 for TOT to go on the payphone service itself.

Meanwhile The Payphone Business Unit has been restructured to Outsourcing Business Unit, relevant with the business line expansion policy. In 2010, for the Universal Service Obligation: USO by the National Broadcasting and Telecommunications Commission of Thailand (NBTC),

subsidiary companies of Jasmine International group with telecom operator licenses had the NBTC orders to provide public services under USO obligation so the Company provides turnkey services for these licenses operators. Beside that, the company also offers this outsourcing service to other telecom operators in Thailand, e.g. CAT Telecom, TOT and Advanced Info Service Public Company Limited.

The USO project services by the Company including,

- USO Project implement Public Phone and Internet Services in 10 villages, project of NBTC
- USO Project implement Public Phone CDMA Type, project of CAT Telecom Public Company Limited
- USO Project by Triple T Broadband Public Company Limited, under implementation phase and plan for next year expansion
- USO Project by Jastel Network Company Limited, under implementation phase and plan for next year expansion

## SECTION 04

Business of the  
Company and  
Subsidiary

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### 3 Test Equipment Business

The Company is an authorize distributor of the Telecommunication Test Equipment in Thailand. The Company is a distribution agent for test equipment of the Anritsu Group, under the "Anritsu" brand, and also sourcing test equipment to support telecom market for non-product line of Anritsu, such as xDSL Tester, and Optical Splicer.

Test equipment is used to measure and maintainance telecommunications equipment, which includes devices to measure RF signals, incoming and outgoing signals, such as handheld antenna analysers, RF measuring instruments, mobile communication measuring instruments, or fibre optic measuring instruments, SDH, DWDM and IP Network measuring instruments. The Company distributes five types of test equipment categorised by communication mode, as follows:

1. measuring instruments for Wireless Network (Cellular Mobile 2G&3G&4G, WiFi and WiMAX)
2. Optical Network measuring instruments (WDM, SDH and FTTx network)
3. digital data measuring instruments (IP Network)
4. other measuring instruments, including RF Component and Optical Device
5. measuring instrument of Network Quality and Network Performance

The test equipment business supports the bidding of projects of the Telecom Systems Integration business in the sense that the Company can simultaneously offer systems integration services as well as test equipment in order to meet customer requirements.



**SECTION 04**Business of the  
Company and  
Subsidiary

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**4. Computer Systems Integration Business**

Computer Systems Integration Business is operated by Siam Teltech Computer Company Limited “STCC,” (the Company subsidiary). The business involves turnkey project for computer and related equipment, including the consulting services, system design and installation. The service range also entail the development of software applications and a maintenance service for computer hardware and other peripheral equipment to customers include state enterprises, government and private sectors.

STCC specialises in the telecom industry and infrastructure. It engages in three types of systems, as follows:

1. Customer Care Systems involve all customer service systems, which consist of several sub-systems, e.g. telephone service activation, billing and payment systems.
2. Data Intelligence Systems include data warehouse systems which accompany business intelligence systems, such as the development of applications for data storage of client information of commercial banks. The data is analysed for the purpose of developing marketing plans or plans to launch new products.
3. Enterprise Resource Planning Systems is a back office system which supports the internal operations of an organisation, such as an accounting system, inventory management system, and so on.

STCC has changed its name to “Cloud Computing Solutions Company Limited” and registered the new name on February 9, 2011.

**5 Security System Business**

The Security Business involves turnkey project for equipment procuring, system design and implementation for internal security system, ranging from CCTV system, Access Control System, Intrusion System, Fire Alarm System to the customers include state enterprises, government and private sectors. In addition, the Company also provides procuring, design and integrating the GIS System project for the Local Government Authorities.

The Security System Business Unit plan to provide solution of integrating subsystems including fire alarm system, intrusion system, access control system and related systems into unified security system in order for efficient management system.

The business strategy is focus on the clearcut information providing and suitable product selection by the team of certified engineers and selling representatives. The Company also emphasizes on convenient and shortcut After Sale Services, continually updates the product and technology for the customers. The Company also manages the customer relationship in order to retain the customers to be the represent of our premium services.

**SECTION 04**

Business of the  
Company and  
Subsidiary

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## REVENUE STRUCTURE THE COMPANY AND SUBSIDIARY

Revenue structure of the company and subsidiary was as follow:

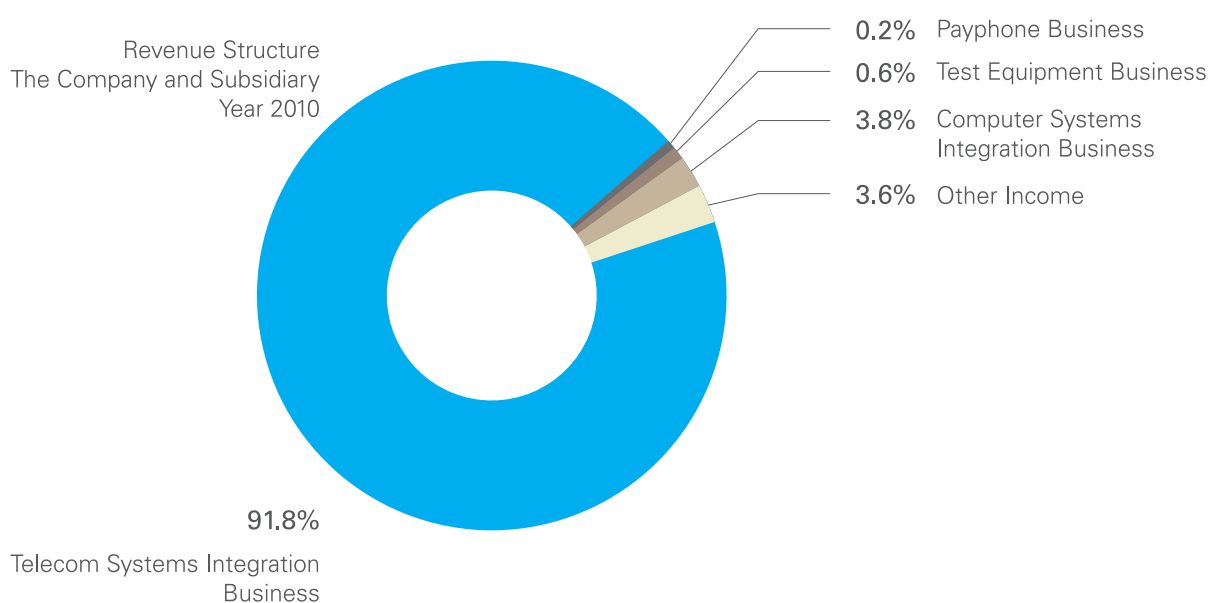
### SECTION 05

Revenue  
Structure of the  
Company and  
Subsidiary

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Business	Operated by	Consolidated statement of Revenue					
		2008		2009		2009	
		Million Baht	%	Million Baht	%	Million Baht	%
Telecom Systems Integration Business	Company	1,247.68	77.52	3,889.66	87.89	3,290.40	91.79
Payphone Business	Company	126.26	7.84	186.67	4.22	7.17	0.20
Test Equipment Business	Company	31.94	1.98	79.04	1.79	22.84	0.64
Computer Systems Integration Business	Subsidiary	157.24	9.77	210.07	4.75	135.68	3.78
<b>Net Sales</b>		<b>1,563.12</b>	<b>97.12</b>	<b>4,365.44</b>	<b>98.65</b>	<b>3,456.08</b>	<b>96.41</b>
Other Income	Company	46.39	2.88	59.54	1.35	128.73	3.59
<b>Total</b>		<b>1,609.51</b>	<b>100.00</b>	<b>4,424.98</b>	<b>100.00</b>	<b>3,584.82</b>	<b>100.00</b>

Note : Security Business Revenue was included in Telecom Systems Integration Business Revenue.





# MAJOR EVENTS IN YEAR 2010

- April 30, 2010, the Company obtained a turnkey contract for supply of Multi Service Access Node (MSAN), WDM equipment and associated services for 3,415 sites, 577,000 ports available for ADSL and FTTH. The Company signed the contract with TOT Public Company Limited for Zone 4 for 1,119 sites, 192,240 ports.
- September 1, 2010, the Company signed a maintenance contract with Government Savings Bank to provide maintenance services for CCTV systems at head office and branches for 48 months stated from the signing date.

**SECTION 06**

Major Event in  
Year 2010



## RISK FACTORS

### SECTION 07

#### Risk Factors

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- **Risk relating to reliance on major customers**

The Company's revenue are principally generated from sales and services mostly in form of projects from our main clients who engage in telecom business, namely, TT&T, Triple T Broadband, TOT, CAT Telecom, Provincial Electricity Authority, Government Savings Bank and Office of the Higher Education Commission having 97.75% of total sales and services. In case the mentioned clients slow their investment down or reduce their budget or do not have new projects, the Company's revenue would be directly affected. However, we have been seeking for another client in different field.

- **Risk relating to reliance on major suppliers**

Major suppliers are the Huawei and Alcatel-Lucent, both of which are well known in telecom area. In case where the Company cannot obtain equipment from these suppliers or where these suppliers engage in bidding themselves, the Company's operations would be affected. However, the Company believes there are still other suppliers with a similar quality. In order to mitigate the risk of a heavy reliance on any single supplier, the Company has established a good relationship with many leading world-class suppliers.

- **Risk relating to the delivery of projects**

The normal duration for project implementations are three months to two years, or an average of eight months, depending on the project size. In the event the Company is unable to complete and deliver its work in agreed time, the Company's credibility would be affected and/or would have to pay a penalty. Hence, the margin for the project might decline.

- **Risk relating to the change of technology**

Due to the rapid change in communications and telecommunications technologies, the Company must therefore closely monitor technological advancements and related information, as well as the development of equipment manufacturers so that it can provide needed services to customers in due time.

- **Risk relating to the exchange rate**

The Company imports equipment for its operations but does not store it as inventory. For the telecom systems integration and test equipment units, the Company purchases equipment only when a project is awarded or an order is received. The following policies shall be used to hedge against foreign exchange exposure that may arise from the purchase of imported equipment: 1) in a case in which a contract made with a customer is denominated in Baht, a forward contract shall be purchased from financial institutions to mitigate the risk; and 2) in a case in which a contract made with a customer is denominated in foreign currency, the company shall apply a back-to-back policy by using the same exchange rate used with its suppliers and customers in order to offset its position.

## INDUSTRY OVERVIEW

### 1. Telecom Regulation

Thailand Telecommunication industry are under the regulations of The National Telecommunication Commission (NTC) (changed to The National Broadcasting and Telecommunications Commission (NBTC). In 2010, The NBTC had several activities in Thailand Telecommunications regulations, important regulations that would affect the industry are as the followings:

- The Organization of Frequency Wave Allocation and Supervision of Radio Broadcasting, Television and Telecommunications Enterprises Act (2010) was enacted on December 19, 2011. The Act enforced that the formulation of the board of NBTC would be finished within 180 days and dismissed the board of NTC.
- The postponement of 3G license and frequency wave allocation, which are also affect the foreign investors confidence
- Approving the service plan of Universal Service Obligation (USO) year 2010 for Telecom Operators with Type 2 and Type 3 License.

#### SECTION 08

Industry  
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### 2. Industry Situation and Competition in 2010, and Trend 2011

The industry analyzed according to the Thailand ICT market research for 2010 and forecast in 2011 by National Electronics and Computer Technology Center (NECTEC), National Science and Technology Development Agency (NSTDA), Telecommunications Research and Industrial Development Institute (TRIDI) and Software Industry Promotion Agency (SIPA) with allied organizations. The survey research in 2010, according to Table 1, demonstrates Thailand expenditure in ICT products and services is totally Baht 607,385 million, increasing from year 2009 for 9.2 percent, The expenditure tendency are similar to previous year. The maximum portion expenditure was invested in Communication section for 63.1 percent, equals to Baht 382,999 million. The next expenditure portions were invested in Computer Hardware, Computer Software and Computer Services, equal to Baht 91,596 million, Baht 72,400 million, and Baht 60,390 million accordingly. The research also forecasts that, in 2011, the ICT market would grow up, compare to 2010, with positive growth rate, expected that would be 11.7 percent growth, or the market value expected to Baht 678,684 million. The ICT market expansion would come from the economic relief in both domestic and international, less political violence expected, technology investment in private sector for long term cost reduction, the popularity of mobile devices and the Thailand National Broadband Network project.

**SECTION 08**Industry  
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**Table 1 ICT Market value in Thailand, year 2009 – 2010 and forecast in 2011**

Value : mil baht

ICT Market	Market Value (mil baht)			ICT Market Portion (%)			Growth (%)	
	2009	2010	2011f	2009	2010	2011f	09/10	10/11f
1. Computer Hardware	80,869	91,596	100,511	14.5	15.1	14.8	8.9	9.7
2. Computer Software	64,365	72,400	84,233	11.6	11.9	12.4	5.5	16.3
3. Computer Services	48,372	60,390	75,560	8.7	9.9	11.1	18.6	25.1
4. Communications	362,698	382,999	418,344	65.2	63.1	61.7	5.6	9.2
<b>Total ICT Market</b>	<b>556,304</b>	<b>607,385</b>	<b>678,648</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>9.2</b>	<b>11.7</b>

Source : Thailand ICT Market 2010 &amp; Outlook 2011

Year 2010 according to Table 2, the market size of Communication equals to Baht 382,999 million, with the growth rate 5.6 percent compare to year 2009. The major driven factor came from Communication Services market which were 65.1 percent of total Communication market size, equals to Baht 249,219 million. The other section is Communication Equipment market which were 34.9 percent, equal to Baht 133,780 million. The research forecasts that in 2011 the Communication market size would expand 9.2 percent, or approximately Baht 418,344 million.

**Table 2 Market Value and Growth Rate of Communications Market year 2009 – 2010 and forecast in 2011**

Value : mil baht

Communications Market	2009	2010	2011f	Growth (%)	
				09/10	10/11f
Communication Equipment	126,530	133,780	149,452	5.7	11.7
Communication Services	236,168	249,219	268,892	5.5	7.9
<b>Total Communications Market</b>	<b>362,698</b>	<b>382,999</b>	<b>418,344</b>	<b>5.6</b>	<b>9.2</b>

Source : Thailand ICT Market 2010 &amp; Outlook 2011



### 3. Technology Trend in 2011

Important technologies that would encourage the ICT market in 2011 are

- Hi-speed Internet, including hi-speed Internet via Fiber Optic (FTTX) with PON technology which would expand the total market of Communication, Cabling Equipment section and also Interconnection Equipment support Fiber and Internet network.
- 3G Off Load Technology with 802.11n supported equipment, which would expand the market of Wireless Equipment section
- Broadband Applications, the bandwidth expansion of network would encourage new application development supporting business sector, life style and entertainment, e.g. application for Logistics, Security System, Music, Movies and On-line Game
- Mobile Applications support variety of mobile operating system, Social Networking service and application development on Cloud Computing via Internet, which would expand the market of Mobile Phone device
- Cloud Computing, the service of resource sharing include IT hardware, software, and applications (Software as a Service : SaaS) via Internet.

#### SECTION 08

Industry  
Overview

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## SHAREHOLDING STRUCTURE

List of top 10 major shareholders and shareholding structure as at November 1, 2010

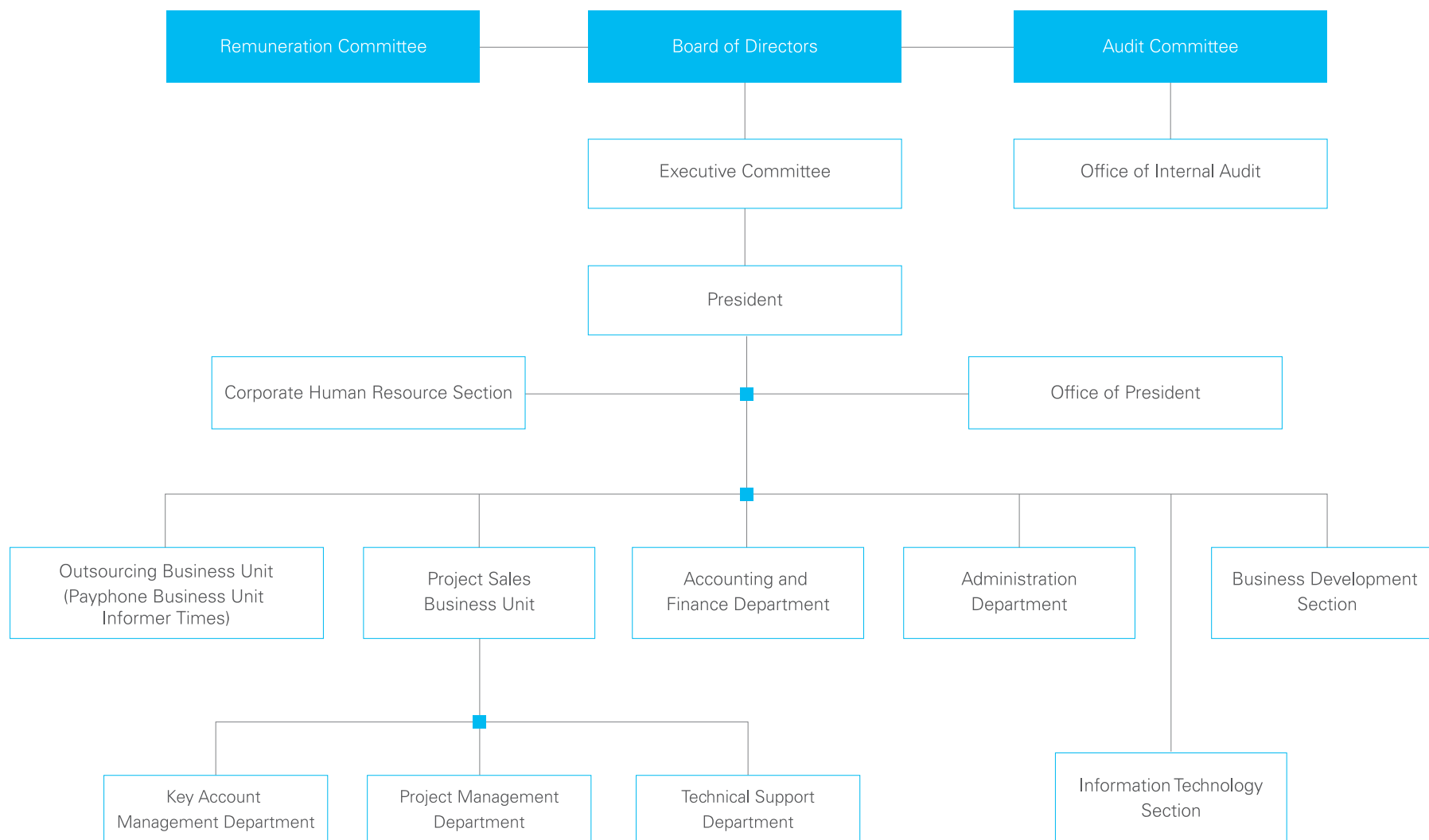
### SECTION 09

Shareholding  
Structure

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	Name of Shareholders	Number of Share	% of Total Shares
1.	Jasmine International Public Company Limited	399,997,200	56.90
2.	ACeS Regional Service Co., Ltd.	64,027,700	9.11
3.	T.J.P. Engineering Co., Ltd.	60,000,000	8.54
4.	Thai NVDR Co., Ltd.	8,894,900	1.27
5.	QUAM SECURITIES COMPANY LIMITED A/C CLIENT	7,971,200	1.13
6.	Miss Orathai Pongnumgool	5,400,000	0.73
7.	Mr. Thanit Ornlaaied	5,150,000	0.52
8.	Mr. Sukanate Chantharujanon	3,300,000	0.45
9.	Mr. Sutthiwat Rattanapanom	3,273,100	0.47
10.	Mr. Kirin Narular	2,700,000	0.38

# MANAGEMENT STRUCTURE



## MANAGEMENT

The Company has the Board of Directors and three committees i.e. Audit Committee, Executive Committee and the Remuneration Committee.

### SECTION 10

Management

#### The Board of Directors

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1.	Mr. Pleumjai	Sinarkorn	Director
2.	Mr. Kriengsak	Chalermtiragool	Director and President
3.	Mrs.Nonglug	Pongsrihadulchai	Director
4.	Mrs.Nitt	Visesphan	Director
5.	Mr. Arporn	Kengpol	Independent Director
6.	Mr. Annop	Suthakavatin	Independent Director
7.	Mr. Monton	Sudprasert	Independent Director
8.	Available (see Note)		

Note : On July 27, 2010, Mr. Subhoj Sunyabhisithkul resigned from the director of the Company and a new director to replace such available seat has been nominating.

#### Corporate Secretary

Mrs. Nonglug Pongsrihadulchai Corporate Secretary

#### Authorized Directors and Conditions

Mr. Pleumjai Sinarkorn, Mr. Kriengsak Chalermtiragool, Mrs. Nonglug Pongsrihadulchai and Mrs. Nitt Visesphan two of them affix their signatures together with the Company seal.

#### Scopes of Authority and Duties of the Board of Directors

The Directors shall honestly and prudently perform their duties in accordance with the laws of Thailand, the objectives and the Articles of Association of the Company as well as the legal resolutions or the recommendations of the shareholders' meetings. The scopes of authority and duties of the Board of Directors are summarized as per the followings.

1. Convene an annual general shareholders' meeting within four months of the last day of the fiscal year of the Company
2. Convene a meeting of the Board of Directors at least once every three months
3. Provide the preparation of the audited balance sheet and the profit and loss statement of the fiscal year of the Company for submission to the shareholders' meeting for consideration and approval



4. May delegate their authority to any director or directors or other person to take any action on behalf of and under the supervision of the Board, or empower such person as the Board considers appropriate and within the time the Board considers appropriate. The Board may cancel, withdraw, change or amend the said authority whenever it deems appropriate.

**SECTION 10**

## Management

The Board of Directors may grant the Executive Committee the authority to supervise the normal operations of the Company, which was already described in the duties and authorities of the Executive Committee. However, such authorization shall not include transactions in which any director or member of management has a material interest, directly or indirectly, or has a conflict of interest with the Company or its subsidiary, except where the transactions are in accordance with policies and measures which were already approved by the Board or where guidelines have already been established.

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5. Determine the Company's objective, policy, business plan and budget, as well as supervise and monitor the management of the Executive Directors to ensure that they conform to the Company's policy, with the exception of the following matters which require the approval of a shareholders' meeting: a capital increase, capital reduction, debenture issuance, the entire disposal or transfer of the business or a significant part thereof to other parties, the purchase or transfer of other businesses, and an amendment of the Memorandum of Association or Articles of Association.

Furthermore, the Board of Directors shall supervise and monitor the Company to ensure it complies with the regulations of the SEC and SET, i.e. connected transactions, the disposal or acquisition of assets, or other related legislation, etc.

6. Determine the management structure, appointment of the Executive Committee, the President and other committees as appropriate
7. Monitor the Company's performance so as to compare with the overall business plan and budget
8. No director shall engage in any business which has the same nature as and is in competition with the business of the Company or become a partner in an ordinary partnership or become a director of a private Company or any other Company operating a business which has the same nature as and is in competition with the business of the Company, either for his or her own benefit or for the benefit of other persons, unless he or she notifies the shareholders' meeting prior to the resolution of his or her appointment.
9. A director shall notify the Company without delay when he has a direct or indirect interest in any contract which is made by the Company, or when he or she holds shares or debentures of the Company or an affiliated company, and shall indicate any increase or decrease in the number of the director's total number of shares.

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### Authorized Financial Operating Duties of the Chairman of the Board of Directors

The Chairman of the Board of Directors shall approve expenditures, purchases, procurements, rentals and leasing related to the Company's normal business operations and investments within a credit limit of Baht 30 million or equivalent or an amount the Company's Board of Directors assigned for each transaction. Also, the Chairman of the Executive Committee shall approve bidding for projects and/or a consortium with a partner within a project value limit of Baht 200 million or an equivalent amount for each project.

The authority of the Chairman of the Board of Directors shall not include empowering and/or delegating authority for the approval of transactions which may cause a conflict of interest with the Company according to the SET's regulations. The approval of said transactions is required to be proposed to the Board of Directors and/or Shareholders of the Company for their consideration and approval in accordance with the Company's Articles of Association or relevant laws, except for the approval of transactions in the normal course of business which is already covered by existing guidelines approved by the Board.

Besides, the Board of Directors has granted the Executive Committee, the Chairman of the Executive Committee and the President their authorities to supervise the normal operations and investments of the Company. The scopes of authority and credit limit of each of these three levels of management are clearly determined. No authority is granted without a credit limit determined.

### Audit Committee

- |    |            |              |                                 |
|----|------------|--------------|---------------------------------|
| 1. | Mr. Arporn | Kengpol      | Chairman of the Audit Committee |
| 2. | Mr. Annop  | Suthakavatin | Audit Committee                 |
| 3. | Mr. Monton | Sudprasert   | Audit Committee                 |

### Scopes of Authority and Duties of the Audit Committee

1. To verify the Company's financial statements for accuracy and adequacy
2. To oversee both the Company's internal control system and internal audit system to ensure their appropriateness and efficiency aside from considering independence of the internal audit department, approving the appointment, the transfer, and the dismissal of the head of the internal audit department as well as the heads of any other departments responsible for internal auditing
3. To oversee and ensure the Company's conformity to the law regarding securities and stock exchange in addition to the regulations of the Stock Exchange of Thailand and the laws relevant to the Company's business

4. To consider, select and appoint persons who are independent to be the Company's external auditors and propose their remuneration in addition to having a meeting with such auditors at least once a year without the presence of the management
5. To consider the related transactions as well as the transactions which may cause conflicts of interest and make sure that such transactions are reasonable and in compliant with the related law and the regulations of the Stock Exchange of Thailand for the maximum benefit of the Company
6. To prepare the Audit Committee report which is disclosed in the Annual Report of the Company; the report must be certified by the signature of the Chairman of the Audit Committee and must include at least the following information :
  - 6.1 The opinion on accuracy, completion, and creditability of the Company's financial report
  - 6.2 The opinion on adequacy of the Company's internal control system
  - 6.3 The opinion on compliance with the law regarding securities and stock exchange in addition to the regulations of the Stock Exchange of Thailand and the laws relevant to the Company's business
  - 6.4 The opinion on appropriateness of the external auditors
  - 6.5 The opinion on the transactions which may have conflicts of interest
  - 6.6 The number of Audit committee meetings and the attendance of each Audit Committee member
  - 6.7 The opinion or overall remarks the Audit Committee obtains during performing duties in line with the charter
  - 6.8 Other information deemed appropriate for the acknowledgement of the shareholders and investors under the scope of duties and responsibilities authorized by the Board of Directors
7. To oversee the Company's risk management to ensure their appropriateness and efficiency
8. Any other tasks assigned by the Board of Directors with the consent of the Audit Committee

The Audit Committee has a 3-year term in the office. In case of vacancy for any reason other than at the expiry of his term, the Board of Directors shall, to fulfill the Audit Committee as stipulated, elect and appoint a qualified person to fill in the vacancy. Such new member of the Audit committee shall retain his office only for the remaining term of the office of the Audit Committee member whom he replaces.

### Executive Committee

The selection of a new executive committee is under consideration. The executive committee's jurisdiction is exercised by the Board of Directors.

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**SECTION 10**

## Management

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**Scopes of Authority and Duties of the Executive Committee**

1. Determine the Company's business policies and strategy, and propose this to the Board of Directors for its consideration and approval
2. Determine the Company's business plan, delegate management authority and prepare an annual expenditure budget and annual business investment budget, and propose these to the Board of Directors of the Company for its consideration and approval
3. Determine the organisation structure and management system, which shall be suitable for the current business environment to ensure that the Company's business operations are efficient
4. Determine the salary and wage structure, and prepare regulations in regard to remuneration on a cash and non-cash basis and a regulation concerning increases in salary and bonuses which are suitable for the Company's situation each year
5. Evaluate, appoint, remove and relieve Company's employees who have a position lower than President down to Assistant Vice President
6. Audit the Company's operating results to ensure they comply with the business plan approved by the Company's Board of Directors
7. Approve expenditures, purchasing, procurements, rent and leasing related to the Company's normal business operations and investments within a credit limit of Baht 200 million or an equivalent amount the Company's Board of Directors assigned for each transaction
8. Approve loans and credit lines for the Company's normal business operations within a credit limit of Baht 200 million or an equivalent or any amount that the Company's Board of Directors assigned for each transaction
9. Approve the opening of bank accounts for all types of accounts and determine the Company's signing conditions for bank account payments
10. Perform other duties which are assigned by the Company's Board of Directors in each time period
11. Approve expenditures, purchasing, procurements, rent and leasing related to the Company's business operations and investments which are not normal within a credit limit of Baht 50 million or an equivalent amount for each transaction. In case the credit limit is exceeded, the Executive Committee is required to propose this to the Board of Directors of the Company for its consideration.



12. Approve the bidding for projects and/or a consortium with a partner within a project value limit of Baht 500 million or an equivalent amount for each project. In case the credit limit is exceeded, the Executive Committee is required to propose this to the Board of Directors of the Company for its consideration.

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**Authorized Financial Operating Duties of the Chairman of the Executive Committee**

The Chairman of the Executive Committee shall approve expenditures, purchases, procurements, rentals and leasing related to the Company's normal business operations and investments within a credit limit of Baht 30 million or equivalent or an amount the Company's Board of Directors assigned for each transaction. Also, the Chairman of the Executive Committee shall approve bidding for projects and/or a consortium with a partner within a project value limit of Baht 200 million or an equivalent amount for each project.

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The authority of the Executive Committee and the Chairman of the Executive Committee shall not include empowering and/or delegating authority for the approval of transactions which may cause a conflict of interest with the Company according to the SET's regulations. The approval of said transactions is required to be proposed to the Board of Directors and/or Shareholders of the Company for their consideration and approval in accordance with the Company's Articles of Association or relevant laws, except for the approval of transactions in the normal course of business which is already covered by existing guidelines approved by the Board.

**Remuneration Committee**

- |    |              |              |  |
|----|--------------|--------------|--|
| 1. | Mr. Arporn   | Kengpol      | Chairman of the Remuneration Committee |
| 2. | Mr. Pleumjai | Sinarkorn    | Remuneration Committee                 |
| 3. | Mr. Annop    | Suthakavatin | Remuneration Committee                 |

**Scopes of Authority and Duties of the Remuneration Committee**

1. Determine the remuneration policy for the Board of Directors, President, and any committees appointed by the Board of Directors
2. Determine the annual remuneration and other benefits for the Board of Directors and any committees appointed by the Board of Directors
3. Evaluate the performance and determine the annual remuneration and other benefits for the President
4. Consider the allocation of the Employee Securities Option Plan adhere to regulations and conditions relating to the issuance of related securities

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The Remuneration Committee is directly responsible to the Board of Directors. In addition, the Chairman and members of the Remuneration Committee have a term of three years. However, the Chairman and members of the Remuneration Committee may be re-appointed to their positions after the expiration of their terms.

The authority of the Remuneration Committee shall not include the authority to approve transactions which may cause a conflict of interest with the Company or any transaction in which members of the Remuneration Committee or their connected persons have an interest or benefit that causes a conflict of interest according to the SET's regulations. The approval of said transactions is required to be proposed to the Board of Directors and/or Shareholders of the Company for their consideration and approval in accordance with the Company's Articles of Association or relevant laws, except for the approval of transactions in the normal course of business which are already covered by existing guidelines approved by the Board.

**Executives**

1.	Mr. Kriengsak	Chalermtiragool	President
2.	Mr. Prasert	Towiwat	Vice President - Payphone Business Unit and Outsourcing Business Unit
3.	Mr. Wichai	Tanjariyaporn	Vice President - Project Sales Business Unit
4.	Mr. Sukawat	Nachaiyasit	Vice President - Key Account Department
5.	Mrs. Busakorn	Jongsaksawat	Vice President - Accounting and Finance Department

**Scopes of Authority and Duties of the President**

1. To manage and control the Company's normal business operations and act pursuant to assignments by the Board of Directors and the Board of Executive Directors as well as assign a suitable person to manage and perform as the representative of the President in necessary and suitable issues under the consideration of the President in accordance with the Company's Articles of Association or relevant laws
2. To approve expenditures, purchasing, procurement, rent and leasing according to the annual budget which is approved by the Board of Directors, as well as expenditures, purchasing, procurement, rent and leasing related to the Company's normal business operations and investments within a credit limit of Baht 5 million or equivalent or complies with the Company's Board of Directors assigned for each transaction
3. To evaluate, appoint, remove and relieve the Company's employees which have a position lower than the Assistant Vice President

4. Approve bidding for projects or consortium with a partner within a project value limit of Baht 100 million or an equivalent amount for each project

The delegation of authority to the President as well as the assigning of a suitable person to act as a representative under the consideration of the President does not include the authority to approve a transaction which may have a conflict of interest with the Company or any transactions which may have a conflict of interest according to the SET's regulations. The approval of said transactions will be required to be proposed to a Board of Directors' meeting and/or Shareholders' meeting in accordance with the Company's Articles of Association or relevant laws, except for normal business transactions already covered by existing guidelines approved by the Board.

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### Selection of Directors and Executives

The Company has not appointed the Nominating Committee; therefore, the Board of Directors is responsible for selecting persons with proper qualifications, experiences and sufficient time to contribute their roles to the Company. The selected persons shall be proposed to the shareholders' meeting for election which shall be supported by no less than the total shareholders present and eligible for the voting. Each shareholder shall exercise all of his votes to elect either one or several persons as a director or directors. The persons who receive the highest number of votes in their respective order of the votes in a number not exceeding the number of directors to be elected at the meeting shall be elected as the director(s). At an annual ordinary shareholders' meeting, one-third of the directors must retire from the office by rotation.

For the executives at the assistant vice president level to the level lower than the President, the Executive Committee is responsible for.

### Directors and Executives Remuneration

The Company has remunerated the directors and executives base on the industry standard and reflect level. The remuneration for the Board of Directors shall be considered by the Remuneration Committee to be proposed to the Board of Director then to the shareholders for approval. A remuneration for an executive shall be consider from the Company's operation results and accountability of an executive including his qualifications, knowledge, experience and his contribution.

For the year 2010, the Board of Directors and the executives received money remuneration and other remuneration as follows.

## Money Remuneration

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The remuneration for the Board of Directors	The remunerations per month (Baht) 2010
Chairman of the Board	40,000
Vice Chairman of the Board	20,000
Independent Director	30,000
Director as non Executive	30,000
Executive Director	10,000
Chairman of the Audit Committee	10,000
Audit Committee	5,000
Chairman of the Executive Committee	10,000
Executive Committee	5,000
Chairman of the Remuneration Committee	Attendance Remuneration per times 5,000
Remuneration Committee	Attendance Remuneration per times 5,000
Gratuity	Yes

The remunerations for the Executive at total of Baht 16.38 million as salary, bonus and provident fund

## Other Remuneration

With respect to the Employee Securities Option Plan (ESOP Scheme) approved by the Company's extraordinary general shareholders' meeting No. 1/2005 convened on March 9, 2005, the ESOP share at the amount of 300,000 common shares from one million shares were allotted to the directors of the Company, except the three independent directors, and the ESOP warrant at the amount of 5.10 million units were issued and offered to every director. For the executives, the ESOP share at 97,000 common shares and the ESOP warrant at 1,958,500 units were allocated to the executives.

## BOARD OF DIRECTORS



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### Mr. Pleumjai Sinarkorn

Position	Director
Age	77 years
Education	<ul style="list-style-type: none"> <li>• MMP Chulalongkorn University</li> <li>• Bachelor of Electrical Engineering, Rajamongkol University</li> <li>• Directors Certification Program (DCP) Class No. 41/2004, Thai Institutions of Directors Association (IOD)</li> </ul>
Shareholder (shares)	150,000
ESOP Warrant (units)	600,000

### Working Experience

2004 - Present	Director	JTS
2010 - Present	Director	Siam Teltech Computer Co., Ltd.
2009 - Present	Advisor	Jastel Network Co., Ltd.
2008 - Present	Director	Jasmine International Pcl.
	Director	Triple T Global Net Co., Ltd.
	Director	Triple T Telecom Co., Ltd.
2007 - 2009	Advisor	Thai Long Distance Telecommunications Co., Ltd
2007 - Present	Director	TT&T Subscriber Services Co., Ltd.
1998 - 2006	Advisor to Executive Committee	Jasmine International Pcl.
2002 - 2006	Executive Director	TT&T Pcl.
1994 - Present	Director	TT&T Pcl.
1992 - 1998	Deputy Managing Director	Thai Telephone and Telecommunication Pcl.
1960 - 1992	Assistant Vice President, Project	TOT



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**Mr. Kriengsak Chalermtiragool****Position** Director and President**Age** 58 years

**Education**

- Philosophiae Doctor of Electrical Engineering, University of Notre Dame
- Master of Electrical Engineering, University of Notre Dame
- Bachelor of Electrical Engineering , Auckland University

**Shareholder (shares)** -**ESOP Warrant (units)** -**Working Experience**

2010 - Present	Director and President	JTS
2010 - Present	Director	Siam Teltech Computer Co., Ltd.
2008 - Present	Advisor	Jasmine International Pcl.
2007 - Present	Advisor	Triple T Broadband Pcl.
2006 - 2007	Advisor	JTS
2003 - 2006	Vice President, Human Resource Department	Nation Multimedia Group Pcl.
1994 - 2003	Senior Vice President, Human Resource Department and IT Department	Jasmine International Pcl.
1992 - 1994	General Manager	Radio Phone Co., Ltd.
1976 - 1992	Assistant Professor	Electrical Engineering, Faculty of Engineering, Chulalongkorn University

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**Mrs. Nonglug Pongsrihadulchai**

<b>Position</b>	Director
<b>Age</b>	55 years
<b>Education</b>	<ul style="list-style-type: none"> <li>• Master of Agricultural Economics, Kasetsart University</li> <li>• Master of Environmental Management, Mahidol University</li> <li>• Bachelor of Education, Chulalongkorn University</li> </ul>
<b>Shareholder (shares)</b>	-
<b>ESOP Warrant (units)</b>	-

**Working Experience**

2010 - Present	Director	JTS
2010 - Present	Director	Siam Teltech Computer Co., Ltd.
2010 - Present	General Manager	Acumen Co., Ltd.
2009 - Present	Director	Triple T Broadband Pcl.
2008 - 2009	Assistant Vice President Administration Department	Acumen Co., Ltd.
2007 - Present	Director	Triple T Internet Co., Ltd.
2004 - 2007	Senior Manager, Administration Department	Acumen Co., Ltd.
1996 - 2004	Manager and Senior Manager	Jasmine International Pcl.
1994 - 1996	Assistant Manager and Manager, Administration Department	Acumen Co., Ltd.
1992 - 1994	Executive Secretary	Postal Training Centre of Asia and Pacific
1981 - 1992	Assistant Researcher and Economist	Center for Agricultural Development Plan of ASEAN

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Mrs. Nitt Visesphan

Position	Director
Age	50 years
Education	• Bachelor of Arts, Chiang Mai University
Shareholder (shares)	-
ESOP Warrant (units)	-

Working Experience

2010 - Present	Director	JTS
2010 - Present	Director	Siam Teltech Computer Co., Ltd.
1994 - Present	Vice President, Financial Department	Jasmine International Pcl.
1993 - 1994	Vice President, Administration Department	Ban Chang Group
1987 - 1993	Assistant Manager, Patent Department	Tilleke and Gibbins Law Firm
1982 - 1987	Teacher	Assumption Commercial College

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**Mr. Arporn Kengpol****Position** Independent Director and Chairman of Audit Committee**Age** 81 years

**Education**

- M.S. in E.E. (Texas)
- Bachelor of Electrical Engineering, Chulalongkorn University
- Directors Accreditation Program (DAP) Class No. 28/2004, and Director Certification Program (DCP) Class No. 101/2008, Thai Institute of Directors Association (IOD)
- Audit Committee Program (ACP) Class No. 7/2005, Thai Institute of Directors Association (IOD)

**Shareholder (shares)** -**ESOP Warrant (units)** 200,000**Working Experience**

2004 - Present	Independent Director, Chairman of Audit Committee and Chairman of Remuneration Committee	JTS
2006 - Present	Advisor	Council of Engineers
2002 - 2006	Subcommittee	Council of Engineers
1997 - 2002	Board Member and Subcommittee	Member of the Professional Engineer Control Board , Ministry of Interior
1977 - 1990	Director, Broadcasting Station, Chulalongkorn University	Office the President, Chulalongkorn University
1953 - 1990	Professor	Engineering Faculty, Chulalongkorn University

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**Mr. Annop Suthakavatin**

<b>Position</b>	Independent Director and Member of Audit Committee
<b>Age</b>	68 years
<b>Education</b>	<ul style="list-style-type: none"> <li>• Bachelor of Accounting, Thammasat University</li> <li>• Directors Accreditation Program (DAP) Class No. 1/2003 and Director Certification Program (DCP) Class No. 51/2004, Thai Institute of Directors Association (IOD)</li> <li>• Audit Committee Program (ACP) Class No. 7/2005, MFR, MIR and MIA, Thai Institute of Directors Association (IOD)</li> <li>• National Defence Collage (Government and Private Sector 388)</li> </ul>

<b>Shareholder (shares)</b>	-
<b>ESOP Warrant (units)</b>	200,000

**Working Experience**

2010 - Present	Remuneration Committee	JTS
2004 - Present	Independent Director and Audit Committee	JTS
2004 - Present	Independent Director and Chairman of Audit Committee	Chao Praya Insurance Plc.
2003 - 2010	Independent Director and Chairman of Audit Committee	Professional West Technology (1999) Plc.
2003 - Present	Director	Rent A-V Co., Ltd.
2001 - Present	Independent Director and Audit Committee	Royal Orchid Hotel (Thailand) Plc.
2000 - Present	Advisor	Krung Thai Tractor Co., Ltd.
1998	Acting for Managing Director	Bangkok Asian Finance Ltd.
1997	Vice President, Audit and Analysis Department	Bangkok Motor Works Co, Ltd.
1993 - 1997	Director and Deputy Managing Director	Bangkok Asian Finance Ltd.
1971 - 1993	Auditor C.P.A. (Thailand), Shareholders, Director	Bancheekij Auditing Co, Ltd.
1971 - Present	Auditor C.P.A. (Thailand)	Freelance





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## Mr. Monton Sudprasert

Position	Independent Director and Member of Audit Committee
Age	50 years
Education	<ul style="list-style-type: none"> <li>• Master of Public Administration, Chulalongkorn University</li> <li>• Master of Engineering Chulalongkorn University</li> <li>• Directors Accreditation Program (DAP) Class No. 28/2004, and Director Certification Program (DCP) Class No. 101/2008 Thai Institute of Directors Association (IOD)</li> <li>• Audit Committee Program (ACP) Class No. 11/2006, Thai Institute of Directors Association (IOD)</li> </ul>
Shareholder (shares)	-
ESOP Warrant (units)	200,000

## Working Experience

2004 - Present	Independent Director and Audit Committee	JTS
2010 - Present	Deputy Director General	Department of Public Works and Town & Country Planning, Ministry of Interior
2009 - 2010	Director of Town and Country Development Bureau	Department of Public Works and Town & Country Planning, Ministry of Interior
2005 - 2009	Professional Engineer Level 9	Department of Public Works and Town & Country Planning, Ministry of Interior
2003 - 2005	Secretary, Engineer Level 8	Department of Public Works and Town & Country Planning, Ministry of Interior
2001 - 2003	Professional Engineer Level 8	Department of Public Works and Town & Country Planning, Ministry of Interior
2000	Professional Engineer Level 7	Department of Public Works and Town & Country Planning, Ministry of Interior
1998 - 2000	Engineer Level 7	Public Works, Ministry of Interior
1995 - 1998	Engineer Level 6	Public Works, Ministry of Interior
1992 - 1994	Engineer Level 5	Public Works, Ministry of Interior
1987 - 1992	Engineer Level 4	Public Works, Ministry of Interior
1985 - 1986	Engineer Level 3	Public Works, Ministry of Interior



## CORPORATE GOVERNANCE

The Company's Board of Directors is entitled to set up Corporate Governance which encompasses 5 major principles to be in line with the guideline of the Stock Exchange of Thailand, the details of which are as the followings.

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#### Corporate Governance

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### 1. The Rights of Shareholders

The Company is well aware that all the fundamental rights of the shareholders both as investors and company owners must be significantly recognized. Such rights include the right to sell, purchase or transfer the securities they hold, the right to receive the Company's profits sharing, the right to adequately receive the Company's information, the right to attend the shareholders' meeting wherein they can express their opinions and vote on resolutions on the Company's significant matters; for instance, the dividend payment, the appointment or dismissal of a director, the appointment of the external auditors, the approval of any crucial transaction which might affect the directions of the Company's operation, the amendment on Memorandum of Association or Articles of Association and so on.

Moreover, to support and facilitate the shareholders in exercising their rights as follows;

1. The Company manages to arrange the Shareholders' Annual General Meeting within the first 4 months of the Company's fiscal year. As for the so called "Extraordinary Shareholders' Meeting," each will be called for only when it is deemed appropriate.

Invitation letters together with the meeting agenda and related documents with adequate fact(s), reason(s) and opinion(s) of the Board of Directors will be distributed for the shareholders to consider 7 or 14 days prior to the meeting date, depending on the subjects. The Company will also advertise the Meeting notice in the press 3 days consecutively before the date of meeting.

2. Provided that a shareholder is unable to attend the meeting in person, the Company allows him/her to assign an independent director or any person to attend and vote on his/her behalf. To this regard, the shareholder as the Proxy Grantor must inform the Company in writing by filling in one of the proxy forms attached with the meeting invitation letter or downloaded from the Company's website.
3. During the meeting, the Company provides equal opportunities for the shareholders to make enquiries or to express their views. Therein, all the Company's directors and relevant management are present to be acknowledged of the shareholders' opinions as well as to answer the questions raised. Every question-and-answer issue and all the significant opinions are recorded in the minutes of meeting to facilitate the shareholders' scrutiny.
4. After the meeting finished, the Company shall arrange the minutes that present the complete and accurate information for the shareholders to review.

## 2. The Equitable Treatment of Shareholders

The Company has a policy to treat all the shareholders equally whether the major shareholders, minor shareholders, institutional investors or foreign investors. Independent directors are assigned by the Company to be responsible for looking after the minor shareholders.

The shareholders' meeting is properly conducted according to the scheduled agenda in respect of the Company's Articles of Association. Related information is clearly presented. No un-informed agenda is introduced to the meeting neither is an important agenda which the shareholders need some time to make a prudent study before making a decision. In case that a shareholder is unable to attend the meeting in person, the Company allows him/her to assign an independent director or any person to attend and vote on his/her behalf. To this regard, the shareholder as the Proxy Grantor must inform the Company in writing by filling in one of the proxy forms attached with the meeting invitation letter or downloaded from the Company's website.

Voting process is transparent with regard to the order of agenda items. During the meeting, the shareholders are entitled to cast the vote to express their agreement or disagreement or even to abstain from voting on such issues as related transactions, the acquisition or the disposal of the Company's assets and so on. The agenda on director election provides the shareholders with the chance to elect the directors as individual persons to replace the ones who retire by rotation.

The Company has business ethics for the employees, stipulating the importance of keeping the information of both the Company and its subsidiaries in confidence. It has also set up penalty for any staff who makes use of the inside information for his/her own benefits or implement the same in the manner that may damage the Company's reputation. Additionally, the trading or transferring of the Company's securities by using confidential information and / or inside information is prohibited in the like manner as the conduct of juristic act, using the Company's confidential information and / or inside information since such doing may cause damage to the Company either directly or indirectly. The Company has set up a measure to prevent the improper "Insider Trading" by relevant persons who are directors, executives, and staff working in the department related to the inside information (including their spouses and minors). According to the measure, such relevant persons are not allowed to trade the Company's securities a month before the disclosure of the quarterly and annual financial statements. The Company has informed its directors and executives not only of their duty to report their holding of the Company's securities but also the penalty according to the Securities and Exchange Act of B.E.2535 and the regulations of the Stock Exchange of Thailand. In case that the directors or executives trade the Company's securities which they hold, they are obliged to report changes in the possession of their own securities, spouses and minors to the Office of Securities Exchange Commission to comply with Section 59 of the Securities and Exchange Act of B.E.2535 within 3 working days so that it is further disclosed to the public.

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Pertaining to this matter, the Company has set up the disciplinary penalty to apply to any relevant person who discloses or makes use of the Company's inside information for seeking his / her own personal interests. The degree of penalty varies, according to the case, from verbal warning, written warning to probation or dismissal.

**3. The Role of Stakeholders**

The Company equally respects the rights of all the stakeholders whether they are the inside stakeholders such as the Company's employees and management or outside-party stakeholders such as creditors and customers, etc. It also realizes that the support and suggestions from every group of its stakeholders are valuable and beneficial to both the operation and business development. Therefore, it will perform the duty to comply with the law and other related regulations to ensure that all the rights of the stakeholders are handled with proper care. Moreover, for the Company's stability, the cooperation between the Company and all the groups of stakeholders are strongly supported. With respect to this, the Company follows the directions below to appropriately treat each stakeholder group.

Shareholders	: With the aim to bring about the highest satisfaction to its shareholders, the Company intends to be their ever efficient and trustworthy business representatives, taking into account the long term growth of its value and the emphasis on transparent and honest information disclosure.
Employees	: The Company regards employees as its precious resources. So, it focuses on supporting human resources development which consequently leads to its maximum benefit. Besides, it encourages the employees to play a part in creating a good organization culture, strong teamwork and safe and pleasant working atmosphere.
Competitors	: The Company commercially contends with other trade competitors on the fair and ethical competition basis.
Customers	: The Company is committed to responding and providing quality services for the highest satisfaction and confidence of the customers.
Trade Counterparts and Creditors	: The Company has the policy to treat both the counterparts and the creditors fairly in compliance with trading conditions and / or terms in the mutual contracts to enhance good business relationship, beneficial to all parties.
Community and Public	: On the regular basis, the Company joins and sponsors socially constructive projects and activities as exemplified by financial and material donations to several foundations and organizations.
Environment	: The Company recognizes the importance of environment is concerned about the impact of pollutions on communities. However, the Company's nature of business does not jeopardize the environment.

The Company will conduct its business to be in line with the law and other related regulations to assure the shareholders of the best protection of their rights.

#### 4. Disclosure and Transparency

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The Company's Board of Directors takes as its obligation the disclosure of the Company's financial and other Company-related information to be complete, accurate, and transparent in compliant with the regulations of the Office of Securities Exchange Commission and the Stock Exchange of Thailand. Additionally, it discloses other significant information which may affect the price of the Company's securities which in turn impacts on the decision of the Company's investors and stakeholders. Such information is accessible to the Company's shareholders, investors and the public via the channels and media of the Stock Exchange of Thailand as well as the Company's website.

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For Investor Relations, the Company has an IR Team to represent the Company in communicating with institutional investors, shareholders, analysts and relevant state organizations; whereas, the Corporate Secretary Administration Section is accountable for corporate reports.

The Company's Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries as well as any financial-related information presented in the Company's Annual Report. Such financial statements are prudently prepared pursuant to the accounting principles generally accepted country-wide based on the appropriate accounting policy to which the Company regularly conforms. The Audit Committee is obliged to verify the quality of the Company's financial reports and internal control system, including the adequacy of the disclosure of important information in notes to the financial statements prior to submitting all to the Board of Directors' and the Shareholders' meetings respectively.

#### 5. Responsibilities of the Board of Directors

##### 1. Structure of the Board of Directors

The Board of Directors of the Company is made up of individuals recognized for their knowledge and capabilities. It plays the vital role in setting up the corporate policy and image besides independently overseeing, auditing, and assessing the Company's performance to be in accordance with the Business Plan.

The Board of Directors totally comprises 8 directors, 3 of whom are independent directors. The appointment of the independent directors in such adequate and proper proportion enables the balance of power in the Board of Directors. The Company's administration is finally examined by the Audit Committee which consists of 3 accredited independent members.

According to the Company's Articles of Association, at every Shareholders' Annual General Meeting, one-third of the directors who have the longest terms shall retire. Nevertheless,

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provided that the number of the directors is not a multiple of three, then the number nearest to one-third shall retire from office. The retirement of the directors in the first and the second year after the listing of the Company on the Stock Exchange of Thailand is based on the method of lot-drawing. As for the later years, the directors who serve the longest terms shall retire. The Company's Articles of Association also prescribes that the retired directors are eligible for the re-election. Furthermore, whether a director or a committee member can continuously remain in office without break for the longest period will be determined by the Company by taking into account his / her individual qualifications and appropriateness.

The Board of Directors has approved to embrace the disclosure of the number of other companies in which each director has his / her position as a significant criterion for the Board of Directors election. The Company; thus, discloses the information of all the directors who also are directors of other companies in details. At present, 2 directors of the Company's Board of Directors are holding the positions of director in other companies. However, since those directors have sufficiently devoted their time carrying out the Company's tasks with all their efforts, the holding of their positions in other companies does not affect their performance at all ; moreover, they regularly join the Board of Directors' meetings of the Company and always provide practical opinions for the Company therein.

**2. Committee**

To bring about efficiency in corporate governance, the Company established 3 sets of committee, namely the Audit Committee, the Executive Committee and the Remuneration Committee. It has also set up distinct scopes of authority, duty and responsibility for the members of such committees.

**3. Role, Duty, and Responsibility of the Board of Directors**

The Company's Board of Directors is made up of individuals who are knowledgeable, proficient, expert and well equipped with beneficial experiences in various fields apart from distinguished leadership. They collectively set visions, missions, strategies and business directions in addition to providing efficacious oversight of the Company's operation to fully comply with all the relevant laws and to correspond to the objectives and regulations of the Company as well as the resolutions of the shareholders' meeting. They also set up committees to monitor and supervise the Company's operation.

**Business Ethics**

The Company has the business ethics as an essential guideline for the Board of Directors, the management and employees of all levels to adhere so as to conduct their missions and serve all the groups of stakeholders fairly and honestly. Besides, the Company has announced such business ethics including punishment, and acknowledged them to the employees for strict compliance.

### Conflict of Interest

The Company's Board of Directors has set up the policy on conflicts of interest based on the principle that any decision on business conduct must be made with respect to the highest interests of the Company only. Any action which might lead to conflicts of interest must be avoided. It is specified that any person relevant or related to the subject to be considered is obliged to acknowledge the Company of his / her relationship or relevance to the matter. He / She is not permitted to join the party which judges the case and does not have the power to authorize that particular case and others. No conditions or regulations are specially set for such case. It is also stipulated that the Office of Internal Audit and the Audit Committee are responsible for taking care of and solving the conflicts of interest. However, to date, the Company has not experienced the problem related to the conflict of interest.

The Audit Committee will report the carefully considered related party transaction and the matter containing a conflict of interest to the Board of Directors in compliance with the regulations of the Stock Exchange of Thailand. Such information is disclosed in the Company's Annual Report and the Updated Registration Statement (56-1 Form).

Whenever changes in the securities holding of the Board of Directors and the management of the Company, including their spouses and minors occur, they must be informed to the Company and reported to the Office of Securities Exchange Commission, respectively according to Section 59 of the Securities and Exchange Act of B.E.2535 within 3 working days after the date of purchase, sale or transfer. Besides, to prevent the improper usage of the Company's inside information, the directors, executives and departments having an access to the Company's inside information are forbidden from disclosing such information to the outside parties and anyone who does not involve in the Company's securities trading a month prior to the disclosure of the Company's financial statements.

### Internal Control System

Realizing the importance of the efficient internal control system of both the management and the operation levels, the Company has specified the scopes of the duty and the authority for its executives and employees clearly in writing. It also conducts the control of assets usage. In addition, the duties of the staff and those of the monitoring and assessment officers are segregated from each other. The Audit Committee has been set up by the Company to oversee and monitor such control system to be appropriate and efficient segregated from each other. The Audit Committee has been set up by the Company to oversee and monitor such control system to be appropriate and efficient.

### Risks Management

The Company evaluates the adequacy of its internal control system on a yearly basis in order to find the way to properly improve the task operation to be increasingly effective.

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**Report of the Board of Directors**

Audit Committee is accountable for the review of the financial report. Quarterly, such report will be presented to the Board of Directors by the Accounting and Finance Department. The joint meeting between the relevant staff and the management of the Accounting and Finance Department and the Company's auditors is scheduled at least once a year. The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries as well as the financial information (the report on the Board of Directors' responsibilities for financial matters) presented in the Annual Report. Such financial statements are prepared in accordance with the accounting principles certified and verified with prudence by the Company's auditors. The disclosure of significant financial-related or non-financial related information is completely and regularly done on the factual basis.

**4. Board of Directors' Meeting**

The Company's Board of Directors' meeting is scheduled to be convened once every 3 months. However, a special meeting can be called if it is deemed necessary. The agenda items for each meeting are clear and specific. Documents concerned are sent to the directors prior to the meeting date in order to provide them with sufficient time of study, except for the emergency case. The meeting is recorded in writing. The minutes as well as other certified documents are kept for references and all must be examinable in the following meeting. The Chairman and the President of the Company jointly consider the issues to be included in the meeting agenda. To this regard, each director can also suggest issues for the Chairman and the President to consider for agenda preparation.

During the meeting, the Company's Chairman, as the Chairman of the Board of Directors' meeting, will provide opportunities for the directors to independently express their opinions. Sometimes, the Company's senior executives are invited to join the meeting for the provision of additional useful information for some particular agendas. On this occasion also that they can be directly acknowledged of the policy and put it into practice accordingly and efficiently. Decisions are based on a majority vote of the Board members attending the meeting; one director is eligible for one vote. However, a director who has some interests in the matter under consideration shall not join the meeting and / or abstain from voting for it. In case of tie, the Chairman has the casting vote.

In Board of Directors' meeting, the President shall be the Secretary to the Board of Directors and shall take the minutes. The minutes shall be proposed to the chairman of the meeting to be considered and signed for certification and shall be submitted for verification as the first agenda in the following meeting of the Board of Directors.

The meeting documents and minutes are kept with respect to the related law by the Corporate Secretary Administration Section.

## CONNECTED TRANSACTIONS

As at 31<sup>st</sup> December 2010, the Company had connected transactions with persons who might have a conflict of interest, as follows:

### A The Company and persons who might have a conflict of interest

Parties having a potential conflict of interest	Relationship	Description of the transaction	Amount (Baht Millions) 31 Dec 2010	Audit Committee's comment and the importance and reasonableness of the transactions
1. Jasmine International PCL. ("JAS")	1. JAS is a major shareholder of the Company holding 56.90 per cent of total paid-up capital.  2. The Company and JAS have 1 common directors, as follows: 1. Mr. Pleumjai Sinarkorn	1. The Company entered into rental and service contracts with JAS to lease office space on the 9 <sup>th</sup> floor of Jasmine International Tower totalling 1,417 square metres. The monthly rental rate is Baht 105 per square metre and service rate is Baht 245 per square metre. The tenure is 3 years from 1 <sup>st</sup> August 2010 to 31 <sup>st</sup> July 2013 at the same rate. The contract is further extendable upon its expiration at the same rental rate. - Rental and service fee	5.97	The Company rents office space on the 9 <sup>th</sup> floor from JAS based in the normal course of business in which the rental terms and conditions and service fee are the same as those charged to other companies in the group and comparable to those charged to other companies. Compared to other office buildings situated in the same area, the rate is lower than the market rate.
		2. Other expenses and service fee charged between JAS and the Company, such as warehouse rental, staff training, advertising expense, Internet service and travel expense. - Other expenses - Accrued expenses	0.17 0.07	The transactions are considered to be a normal course of business in which expenses or fees charged between JAS and the Company are equivalent to those charged to other companies in the group and are lower than the Company could obtain, such as arranging its own training programmes and job vacancy advertisements. The Company normally settles payment within the same quarter or in the following quarter.

Parties having a potential conflict of interest	Relationship	Description of the transaction	Amount (Baht Millions) 31 Dec 2010	Audit Committee's comment and the importance and reasonableness of the transactions
2. Premium Assets Co., Ltd. ("Premium Assets")	<p>1. JAS is the parent company of Acumen and JSTC holding 100 per cent stake. Acumen and JSTC holds a 53.85 per cent and 46.15 per cent stake of Premium Assets.</p> <p>2. Premium and the Company have no director sharing his seat</p>	<p>2. The Company entered into the following rental and service agreements:</p> <ul style="list-style-type: none"> <li>- 450 square metres of office space on the 5<sup>th</sup> floor (Room 513) of Jasmine International Tower at a monthly rental rate and service rate of Baht 83.49 and Baht 194.81 per square metre, respectively. The contract period is from 16<sup>th</sup> June 2006 to 15<sup>th</sup> June 2008 but on 10<sup>th</sup> March 2008 decreased space from 450 square metres to 105.52 square metres and extended the contract to 15<sup>th</sup> June 2010 after that continued period contract to 31<sup>st</sup> December 2010 by monthly rental rate and service rate of Baht 96 and Baht 224 per square metre.</li> <li>- 35 square metres of space on the 5<sup>th</sup> floor (Room 517) at a monthly rental rate and service rate of Baht 96.20 and Baht 224.45 per square metre, respectively. The contract period is from 16<sup>th</sup> October 2008 to 15<sup>th</sup> October 2010.. After the expiration date, the Company may extend the contract further.</li> <li>- 100 square metres of space on the 5<sup>th</sup> floor (Room 505) at a monthly rental rate and service of Baht 96.41 and Baht 224.97 per square metre, respectively. The contract period is from 1<sup>st</sup> October 2008 to 30<sup>th</sup> September 2010, and the company terminated contract date 1<sup>st</sup> September 2010.</li> </ul>		The Company rents office space from Premium Assets based in the normal course of business in which the rental terms and conditions and service fee are the same as those charged to other companies in the group and are comparable to those charged to other companies. Compared to other office buildings situated in the same area, the rate is lower than the market rate.

Parties having a potential conflict of interest	Relationship	Description of the transaction	Amount (Baht Millions) 31 Dec 2010	Audit Committee's comment and the importance and reasonableness of the transactions
		<ul style="list-style-type: none"> <li>- 61.37 square metres of space on the 5<sup>th</sup> floor (Room 504) at a monthly rental rate and service rate of Baht 87.66 and Baht 204.55 per square metre, respectively. The contract period is from 16<sup>th</sup> June 2008 to 15<sup>th</sup> June 2010. and continued period contract started 16<sup>th</sup> June 2010 to 31<sup>st</sup> December 2010 by monthly rental rate and service rate of Baht 96 and Baht 224 per squaremetre.</li> <li>- 68 square metres of space on the 5<sup>th</sup> floor (Room 503) at a monthly rental rate and service rate of Baht 87.66 and Baht 204.55 per square metre, respectively. The contract period is from 1<sup>st</sup> September 2008 to 31<sup>st</sup> August 2010 and continued contract period started 1<sup>st</sup> September 2010 to 31<sup>st</sup> August 2012. by monthly rental rate and service rate of Baht 96 and Baht 224 per squaremetre.</li> </ul> <p>2. The Company rents warehouse space on G floor in Jasmine International Tower. The total area is 33 square metres at a monthly rental rate of Baht 280 per square metre. The contract started from 1<sup>st</sup> April 2006 to 31<sup>st</sup> March 2007. The Company continued to extended the contract to 31<sup>st</sup> March 2010 and continued contract started 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011 at the rate. of Baht 300 per square metre</p>		

Parties having a potential conflict of interest	Relationship	Description of the transaction	Amount (Baht Millions) 31 Dec 2010	Audit Committee's comment and the importance and reasonableness of the transactions
		<p>3. The Company rents warehouse space on P10 floor in Jasmine International Tower. The total area is 13.40 square metres at a monthly rental rate of Baht 390 per square metre. The contract started from 1<sup>st</sup> October 2008 to 5<sup>th</sup> October 2010. After the expiration date, the Company may extend the contract further.</p> <ul style="list-style-type: none"> <li>- Rental fee</li> <li>- Other expenses, such as electricity and telephone</li> <li>- Accrued utility expense</li> </ul>	<p>1.16</p> <p>2.05</p> <p>0.02</p>	
		<p>4. The Company rented an advertisement signboard 0.95 x 1.65 metres for Baht 18,691.59 per board per year. The contract was from 1<sup>st</sup> August 2007 to 31<sup>st</sup> July 2008 The Company continued contract to 31<sup>st</sup> July 2010 and extended contract started 1<sup>st</sup> August 2010 to 31<sup>st</sup> July 2012 by Baht 20,560.75 per board per year. After the expiration date, the Company may extend the contract further.</p> <ul style="list-style-type: none"> <li>- Advertising expense</li> </ul>	<p>0.01</p>	<p>The Company rents the signboard located at the entrance of Jasmine International Tower from Premium Assets. The rental fee is considered to be a normal operating expense in which the terms and conditions of the rental fee are the same as those charged to other companies in the group and are comparable to those charged to other companies.</p>
		<p>5. The Company entered into a cleaning service contract with a monthly fee of Baht 17,400. The contract period was from 1<sup>st</sup> January 2010 to 31<sup>st</sup> December 2010 and a security service with a monthly fee of Baht 27,825. The contract period was from 1<sup>st</sup> February 2009 to 31<sup>st</sup> January 2010 and the company extened the contract effective from 1<sup>st</sup> February 2010 to 31<sup>st</sup> January 2011. have increased serviced fee from 27,825 to Baht 28,100 After the expiration date, the Company may extend these contracts.</p> <ul style="list-style-type: none"> <li>- Service Fee</li> </ul>	<p>0.55</p>	<p>The Company appointed Premium Assets to render cleaning and security services Premium Assets provides these services to all tenants in Jasmine International Tower with the same service fee. Hence, such transaction is considered to be a normal business transaction.</p>

Parties having a potential conflict of interest	Relationship	Description of the transaction	Amount (Baht Millions) 31 Dec 2010	Audit Committee's comment and the importance and reasonableness of the transactions
3. Jasmine Submarine Telecommunications Co., Ltd. ("JSTC")	<ol style="list-style-type: none"> <li>JAS, the parent company, holds a 100 per cent stake of Jasmine Submarine.</li> <li>JSTC and the Company have no director sharing his seat</li> </ol>	<ol style="list-style-type: none"> <li>The Company sells telecom equipment to JSTC. <ul style="list-style-type: none"> <li>Sales and services 0.56</li> <li>Trade accounts receivable 2.90</li> </ul> </li> </ol>		This is considered to be a normal business transaction with the price stated at the market price.
4. Acumen Co., Ltd. ("Acumen")	<ol style="list-style-type: none"> <li>JAS, the parent company, holds a 100 per cent stake of Acumen.</li> <li>Acumen and the Company have no director sharing his seat</li> </ol>	<ol style="list-style-type: none"> <li>Acumen purchases telecom equipment from the Company. <ul style="list-style-type: none"> <li>Sales and services 1.24</li> <li>Trade accounts receivable 0.48</li> </ul> </li> <li>The company appointed Acumen to provide consultant and shipping service for import goods and equipment <ul style="list-style-type: none"> <li>Services 0.60</li> <li>Accrued expense 0.05</li> </ul> </li> <li>The company charged training expense and others expense <ul style="list-style-type: none"> <li>Other Income 0.07</li> </ul> </li> </ol>		This is a normal business transaction with the price stated at the market price.
5. TT&T Plc. ("TT&T")	<ol style="list-style-type: none"> <li>JAS, the parent company, holds a 6.54 per cent stake of TT&amp;T.</li> <li>The Company and TT&amp;T have 1 common directors, namely: <ol style="list-style-type: none"> <li>Mr. Pleumjai Sinarkorn</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>Interest of delay payment from TT&amp;T <ul style="list-style-type: none"> <li>Interest Income 4.53</li> </ul> </li> </ol>		This is considered to be a normal business transaction in which the price is stated at the market price or bid price.



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Parties having a potential conflict of interest	Relationship	Description of the transaction	Amount (Baht Millions) 31 Dec 2010	Audit Committee's comment and the importance and reasonableness of the transactions
6. Aces Regional Services Co., Ltd. ("ARS")	<ol style="list-style-type: none"> <li>JAS, the parent company, holds a 43.52 percent stake of ARS which held indirectly through JO a 75.44 per cent and Aces Thailand a 98.04 percent stake, respectively. And ARS holds a 9.11 percent stake of JTS.</li> <li>ARS and the Company have no director sharing his seat.</li> </ol>	<ol style="list-style-type: none"> <li>The Company purchased IP Phone from ARS. <ul style="list-style-type: none"> <li>Rent of LCD</li> </ul> </li> <li>The company opened service of Biz Link IP for security service business. <ul style="list-style-type: none"> <li>Cost of sales and service</li> </ul> </li> </ol>	<p>0.0003</p> <p>0.003</p>	This is a normal business transaction in which the rental/service rate is charged at the same rate as that charged to all companies in the group.
7. Siam Teltech Co., Ltd. ("STCC")	<ol style="list-style-type: none"> <li>JTS is a major shareholder of the STCC holding 97.87 per cent of total paid-up capital.</li> <li>The Company and STCC have 4 common directors, as follows: <ol style="list-style-type: none"> <li>Mr. Pleumjai sinarkorn</li> <li>Mr. Kriengsak Chalermtiragool</li> <li>Mrs. Nonglug Pongsrihadulchai</li> <li>Mrs. Nitt Visesphan</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>The Company had give some loan to STCC <ul style="list-style-type: none"> <li>Account receivable</li> <li>Interest received</li> </ul> </li> </ol>	<p>8.00</p> <p>0.006</p>	This is a normal business transaction with the price stated at the market price, and cost of finance from financial institution at the market rate also.

Parties having a potential conflict of interest	Relationship	Description of the transaction	Amount (Baht Millions) 31 Dec 2010	Audit Committee's comment and the importance and reasonableness of the transactions
8. Triple T Broadband Co.,Ltd ( "TTTBB " )	1. JAS the parent company of Acumen and TT&T holds a 100 percent and 6.54 percent stake, respectively, which Acumen and TT&T holds a 99.20 percent and 0.80 percent stake, respectively of TTTBB  2. The Company and TTTBB have 1 common directors, namely: 1. Mrs. Nonglug Pongsrihadulchai	1. The Company sold a Broadband equipment. - Sales of equipment 904.83 - Trade account receivable 's period receive within 1 year 1,273.37 - Long term trade account receivable 1,134.59 - Interest received from supplier credit period 3 Years. 116.94 - Advance receivable 0.02  2. The Company used 200 number of the fixed line phones. - Telephone expense 0.30 - Accured expense 0.03		This is a normal business transaction with the price stated at market price.
9. TT&T Subscriber Services Co.,Ltd. ( "TT&TSS" ) ( hold by TT&T a 100 percent )	1. JAS, the parent company, holds 6.54 per cent stake of TT&T.  2. The Company and TT&T have 1 common directors, namely: 1. Mr. Pleumjai Sinarkorn	1. The Company sells telecom equipment to TT&TSS, and joined in and won the bid for TT&TSS projects. - Sales and services. 0.28  2. The company purchase equipment and software for Wi-Max system - Trade accounts payable 17.70 - Advance receivable 0.11		This is considered to be a normal business transaction in which the price is stated at the market price or bid price.

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Parties having a potential conflict of interest	Relationship	Description of the transaction	Amount (Baht Millions) 31 Dec 2010	Audit Committee's comment and the importance and reasonableness of the transactions
10. Jastel Network Co., Ltd. ("JASTEL")	1. Jasmine Submarine, the Subsidiary of JAS, holds a 100 per cent stake of JASTEL.  2. JASTEL and the Company have no director sharing his seat	1. The Company sells and installed of SDH equipment to JASTEL. - Sales and services. - Trade accounts receivable - Advance receivable	6.54 4.85 1.23	This is considered to be a normal business transaction in which the price is stated at the market price or bid price.
11. Triple T Internet Co.,Ltd. ("TTTI")	1. JAS the parent company of Acumen and TT&T holds a 100 percent and 6.54 percent stake, respectively, which Acumen and TT&T holds a 99.20 percent and 0.80 percent stake, respectively of TTTBB  2. TTTBB holds a 100 percent of TTTI  3. The Company and TTTI have 1 common directors, namely: 1. Mrs. Nonglug Pongsrihadulchai	1. The Company sales equipment of ADSL to TTTI - Sales & Service - Trade accounts receivable  2. The Company used internet with TTTI - Service charge	0.28 2.05          0 .30	

## B The subsidiary and persons who might have a conflict of interest

Parties having a potential conflict of interest	Relationship	Description of the transaction	Amount (Baht Millions) 31 Dec 2010	Audit Committee's comment and the importance and reasonableness of the transactions
1. Jasmine Telecom Systems Plc. ("JTS")	1. JTS is a major shareholder of STCC who holds 97.87 per cent.  2. JTS and STCC have 4 common directors, namely: 1. Mr. Pleumjai sinarkorn 2. Mr. Kriengsak Chalermtiragool 3. Mrs. Nonglug Pongsrihadulchai 4. Mrs. Nitt Visesphan	1. STCC had some loan from JTS - Loan payable - Interest expense	8.00 0.006	This is considered to be a normal business transaction in which the price is stated at the market price.
2. Jasmine International Plc. ("JAS")	1. JAS is a major shareholder in JTS who holds 56.90 per cent, while JTS is a major shareholder of STCC who holds 97.87 percent.  2. STCC and JAS have 1 common directors, namely: 1. Mr. Pleumjai sinarkorn	1. The Company entered into rental and service contracts with JAS to lease office space on the 10 <sup>th</sup> floor of Jasmine International Tower totalling 1,162 square metres. The monthly rental rate is Baht 105 per square metre and service rate is Baht 245 per square metre. The tenure is 2 years 7 mths from 1 <sup>st</sup> January 2008 to 31 <sup>st</sup> July 2010. The contract is further extendable upon its expiration at the same rental rate, but the service rate will increase by at least 5 per cent per extension. - Rental and service expense - Accrued Payable	3.06 12.64	STCC rents office space on the 10 <sup>th</sup> floor from JAS based on the normal course of business in which the rental terms and conditions and service fee are the same as those charged to other companies in the group and comparable to those charged to other companies. Compared to other office buildings situated in the same area, the rate are lower than the market rate.

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Parties having a potential conflict of interest	Relationship	Description of the transaction	Amount (Baht Millions) 31 Dec 2010	Audit Committee's comment and the importance and reasonableness of the transactions
2. Jasmine International Plc. ("JAS")		<p>2. Other expenses and service fee charged between JAS and STCC, such as staff training, advertising expense, internet service and travel expense.</p> <ul style="list-style-type: none"> <li>- Other expenses 0.76</li> <li>- Accrued expense 0.33</li> </ul> <p>3. Management fee, consultant fee and others service charged started 1<sup>st</sup> January 2009 to 31<sup>st</sup> December 2010. charged per monthly in amount of 30,000 Baht</p> <ul style="list-style-type: none"> <li>- Management fee 0.36</li> <li>- Accrued expense 0.77</li> </ul>		The transactions are considered to be a normal course of business in which expenses or fees charged between JAS and STCC are equivalent to those charged to other companies in the group and are lower than STCC could obtain such as arranging its own training programmes. STCC normally settles payment within the accounting period or in the following period. All expenses are charged at the market rate.
3. Premium Assets Co., Ltd. ("Premium Assets")	<p>1. JAS is the parent company of Acumen and JSTC holding 100 per cent stake. Acumen and JSTC holds a 53.85 per cent and 46.15 per cent stake of Premium Assets.</p> <p>2. Premium and the Company have no director sharing his seat</p>	<p>1. Service Charge as follow:</p> <ul style="list-style-type: none"> <li>- Cleaning Contract amount of 8,700 Baht per month started 1<sup>st</sup> January 2010 to 31<sup>st</sup> December 2010</li> <li>- Security Contract amount of 14,050 Baht per month started 1<sup>st</sup> January 2010 to 31<sup>st</sup> December 2010.</li> <li>- Service expense 1.38</li> <li>- Accrued expense 2.18</li> </ul>		This is considered to be a normal business transaction in which the price is stated at the market price or the bid price.

Parties having a potential conflict of interest	Relationship	Description of the transaction	Amount (Baht Millions) 31 Dec 2010	Audit Committee's comment and the importance and reasonableness of the transactions
4. Triple T Broadband Co.,Ltd. ("TTTBB")	<ol style="list-style-type: none"> <li>JAS the parent company of Acumen and TT&amp;T holds a 100 percent and 6.54 percent stake, respectively, which Acumen and TT&amp;T holds a 99.20 percent and 0.80 percent stake, respectively of TTTBB</li> <li>The Company and TTTBB have 1 common directors, namely: <ol style="list-style-type: none"> <li>Mrs. Nonglug Pongsrihadulchai</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>STCC take and service for development Broadband Customer System <ul style="list-style-type: none"> <li>Sales and Services 32.10</li> <li>Trade accounts receivable 0.14</li> <li>Unbilled receivable 3.23</li> </ul> </li> <li>The Company sold License Software and others equipment <ul style="list-style-type: none"> <li>Sales and Services 8.95</li> </ul> </li> </ol>		This is considered to be a normal business transaction in which the price is stated at the market price.
5. Triple T Global Net Company Limited ("TTTGN")	<ol style="list-style-type: none"> <li>JAS is a major shareholder in TT&amp;T who holds 6.54 per cent of TTTGN</li> <li>STCC and TTTGN have 1 common directors, namely: <ol style="list-style-type: none"> <li>Mr. Pleumjai sinarkorn</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>The company sales Cisco Network to TTTGN <ul style="list-style-type: none"> <li>Trade accounts receivable 1.85</li> </ul> </li> </ol>		This is considered to be a normal business transaction in which the price is stated at the market price or the bid price.
6. Triple T Internet Co.,Ltd ("TTTI")	<ol style="list-style-type: none"> <li>JAS the parent company of Acumen and TT&amp;T holds a 100 percent and 6.54 percent stake, respectively, which Acumen and TT&amp;T holds a 99.20 percent and 0.80 percent stake, respectively of TTTBB</li> <li>TTTBB holds a 100 percent of TTTI</li> <li>The Company and TTTI have 1 common directors, namely: <ol style="list-style-type: none"> <li>Mrs. Nonglug Pongsrihadulchai</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>Service charged from internet service <ul style="list-style-type: none"> <li>Service fee 0.13</li> </ul> </li> <li>The Company sold New Radius System Phase I <ul style="list-style-type: none"> <li>Sales &amp; Service 11.70</li> <li>Trade accounts receivable 1.31</li> </ul> </li> </ol>		This is considered to be a normal business transaction in which the price is stated at the market price or the bid price.



**SECTION 13**Connected  
Transactions

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**Necessity and rationality of the transactions**

The related transactions have been undertaken in the Company's normal course of business or follow normal practices of other businesses in the same industry. Therefore, the transactions were reasonable. The price, compensation, fee or expenses were charged at the market price or fair price. The Audit Committee has reviewed these transactions and rendered their opinion as aforementioned.

**Rules and procedures for approving connected transactions**

In the past, related transactions represented normal business activities of the Company with standard terms and conditions and were engaged in for the best interests of the Company. Thus, all related transactions were to be approved by the Company's Board of Directors, management or authorised persons according to their respective authority.

After the Company lists on the SET, it shall comply with the rules and regulations of the SEC and SET in regard to approving connected transactions. Related persons, such as Directors or persons who might have a conflict of interest with the Company through a particular transaction, must abstain from voting on such transactions except where there is an exemption according to the rules and regulations of the SEC or SET.

**Policy in regard to possible future connected transactions**

1. The Company established a policy in regard to present and possible future connected transactions in which the terms and conditions shall be based on a fair and normal course of business, prevent the transfer of benefits, and comply with rules and regulations. The Company is likely to continue engaging in related transactions in the future, which are normal businesses, such as sales and services, office rental, issuance of corporate guarantees, and other expenses. In this regard, the Company has appointed an Audit Committee which will monitor, render the opinion in regards to reasonableness of transactions and disclose the connected transactions or transactions which may cause a conflict of interest to ensure that they are complete and accurate and comply with the rules and regulations of the SEC and SET Re: Connected Transactions and Acquisitions and the Disposal of Assets, and accounting principles of the Institute of Certified Accountants and Auditors of Thailand. In the case where the Audit Committee does not have experience in a particular connected transaction, the Company shall appoint an independent professional, such as the Company's Auditor, independent appraiser, legal advisor or an independent expert to provide an opinion on the transaction.

However, the Company shall not engage in other transactions that are not normal business

transactions, such as the issuance of corporate guarantees to other companies, in which case the Company shall propose to the Board of the Audit Committee approval indicating the reasons and necessity of the transactions.

In addition, for related transactions that might occur in the future, the Board of Directors shall strictly follow the rules and regulations of the SET as well as the regulation Re: Disclosure of Connected Transactions and Acquisitions and the Disposal of Assets. In this regard, the Audit Committee and the Auditor of the Company or an independent professional (if any) shall examine and render their opinion on the necessity and reasonableness of the transactions and disclose complete and correct information in respect to such related transactions or any transactions that might create a conflict of interest as required by the regulations.

2. To date, the Company has entered into the following subcontract agreements with companies in JAS group:

The construction of an optical fibre cable system between TJP and the Company, since TJP, which was awarded the construction project of an optical fibre cable system from TOT, already ceased operations, the project was subcontracted to the Company. The project must be completed in 2010.

3. JAS has established a policy in respect to conducting connected transactions with companies in the JAS group and JTS group Re: Subcontract for Installation and Trading of Equipment in order to prevent a potential conflict of interest and create transparency. The policy is summarised below:

- 1) The nature of the transactions are normal business activities between the JAS group and the JTS Group (which comprises JTS and STCC), which relates to the installation or trading of goods.
- 2) Buyer's Code of Conduct
  - a. The employer or buyer shall arrange an open bid in the same manner as a purchase from other suppliers and sellers. At least 3 short-listed bidders must be selected.
  - b. Selection criteria
    - In case where all bidders are equally qualified: the bidder who passes the technical aspects and offers the lowest bid will be selected.
    - In case some bidders are more qualified: the bidder who passes the technical aspects whose offer is close to the average bid price of all bidders who pass the technical aspects will be selected.

## SECTION 13

### Connected Transactions

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- 3) The seller's code of conduct specifies that a company which wishes to sell or provide a service must submit its bid in an open bidding. Based on normal practices, the bid price must derive from its cost plus the target margin.

**SECTION 13**

Connected  
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**Investor protective measures**

It is stated clearly in the Articles of Association of the Company regarding connected transactions, acquisitions and the disposal of assets that Directors or persons who might have a conflict of interest with the Company must abstain from voting on such connected transactions. In addition, the Audit Committee will provide an opinion regarding the necessity and reasonableness of the transactions, and such transactions will be disclosed in the annual report of the Company.

In the case the Audit Committee does not have experience in a particular connected transaction, the Company shall appoint an independent professional or the Company's Auditor to provide an opinion on that particular transaction in order to support the decision-making of the Board and/or the shareholders of the Company, as the case may be.

## FINANCIAL STATUS AND OPERATING RESULTS

### Overall Operating Results

In 2010, the company and its subsidiary have the total revenue of Baht 3,585 million and net loss of Baht 101 million.

The company and its subsidiary have the total revenue of Baht 3,585 million and decreased by Baht 840 million or 18.99% from 2009 and have net loss of Baht 101 million and decreased by Baht 194 million or 208.55% from 2009

### SECTION 14

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### Revenue Structure and Operating Results

Unit : Million Baht

Type of Business	Consolidated		Changed	% Changed
	2010	2009		
Telecom Systems Integration	3,290.40	3,889.66	(599.26)	(15.41)
Payphone	7.17	186.67	(179.50)	(96.16)
Test Equipment	22.84	79.03	(56.20)	(71.11)
Computer Systems Integration	135.68	210.07	(74.39)	(35.41)
<b>Total Sales and Services</b>	<b>3,456.08</b>	<b>4,365.44</b>	<b>(909.35)</b>	<b>(20.83)</b>
Other Income	128.73	59.54	69.19	116.19
<b>Total Revenue</b>	<b>3,584.82</b>	<b>4,424.98</b>	<b>(840.16)</b>	<b>(18.99)</b>
Gross Profit *	373.39	405.81	(32.42)	(7.99)
<b>Net Profit &amp; (Loss)</b>	<b>(100.86)</b>	<b>92.91</b>	<b>(193.77)</b>	<b>(208.55)</b>
weighted average number of ordinary shares (million shares)	702.95	702.95	0.00	0.00
<b>Earning per Share (Baht / Share)</b>	<b>(0.14)</b>	<b>0.13</b>	<b>(0.28)</b>	<b>(208.55)</b>

Remarks: \* Security Business Revenue was included in Telecom Systems Integration Business Revenue.

\*\* Gross Profit is a result of sales and service income minus sales and service cost.

### Revenue Structure

In 2010, the company and its subsidiary have the total revenue of Baht 3,585 million and decreased by Baht 840 million or 18.99% from 2009. This comprised from sales and services telecom systems integration of Baht 3,290 million or 91.79%, payphones and others project of Baht 7 million or 0.20%, test equipment of Baht 23 million or 0.64%, computer systems integration of Baht 136 million or 3.78%, other revenue Baht 129 million or 3.59% almost of that 's interest received Baht 116 million.

The most of totaling of revenue generated from sales and services of telecom systems integration by 95% of totaling sales and services.

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### Operating Results

In 2010, the company and its subsidiary have net loss at Baht 101 million decreased from that of the previous year by Baht 194 million or 208.55%

### Expenses

Unit : Million Baht

Items	Consolidated		Changed	% Changed
	2010	2009		
Cost of sales and services	3,082.70	3,959.63	(876.93)	(22.15)
Selling and service expense	28.87	29.69	(0.81)	(2.74)
Administrative expense	122.35	100.77	21.58	21.42
Management's remuneration	28.66	28.90	(0.24)	(0.84)
Potential losses on debt restructuring	223.58	-	223.58	100.00
Loss on exchange	1.15	0.27	0.88	321.59
Loss on impairment of asset	17.79	71.11	(53.32)	(74.98)
Loss on impairment of investment in available-for-sale securities	-	6.36	(6.36)	(100.00)
<b>Total expenses</b>	<b>3,505.10</b>	<b>4,196.73</b>	<b>(691.63)</b>	<b>(16.48)</b>

### Cost of Sales and Services

In 2010, the company and its subsidiary have cost of sales and services amounted to Baht 3,083 million, decreased from that of the previous year by Baht 877 million or 22.15% due to decreased of sales and services telecom systems integration and some projects are during bidding stage.

### Selling, Servicing and Administrative Expense

In 2010, the company and its subsidiary have selling and service expense amounted to Baht 180 million increased from that of the previous year by Baht 21 million or 12.88%

## Finance Cost

In 2010, the company and its subsidiary have finance expense Baht 172 million increasing from that of the previous year by Baht 88 million or 103.75% due to used some loan for project finance, overdraft for working capital and bank charge.

## Gain and Loss on Exchange Rate

In 2010, the company and its subsidiary have gain on exchange rate Baht 1.15 million.

## Financial Status

### Assets as at 31 December 2010 and 2009

Unit : Million Baht

Items	Consolidated		Changed	% Changed
	2010	2009		
Current Assets	4,355.01	5,016.33	(661.32)	(13.18)
Non-Current Assets	1,556.21	1,285.59	270.62	21.05
<i>Long- term trade accounts and notes receivable from related company</i>	1,134.59	1,164.45	(29.86)	(2.56)
<i>Accounts receivable under troubled debt restructuring</i>	305.27	0.00	305.27	100.00
<i>Property, plant and equipment – net</i>	29.47	37.69	(8.22)	(21.82)
<i>Others non-current assets</i>	86.89	83.45	3.44	4.12
<b>Total Assets</b>	<b>5,911.22</b>	<b>6,301.91</b>	<b>(390.69)</b>	<b>(6.20)</b>

As at the end of the fiscal year 2010, the Company and its subsidiary have total assets of Baht 5,911 million decreased by Baht 391 million or 6.20%. This is mainly due to the decreasing of account receivable by Baht 532 million or 19.08%, decreasing of inventory by Baht 537 million or 66.90%, decreasing of other current assets by Baht 36 million or 3.83% and the increasing of accounts receivable under troubled debt restructuring recorded under the rehabilitation plan of a related company approved by the Central Bankruptcy Court on 28 December 2010. Under the rehabilitation plan, the outstanding claims filed by the Company and its subsidiary are considered for restructuring on 29 October 2009 totaling Baht 544 million which 25% will be settled in cash and 75% including all interest receivable will be settled by conversion to ordinary shares of that company. The Company and its subsidiary, then, recorded potential losses on debt restructuring in the income statement totaling Baht 224 million calculated from outstanding claim filed by the Company and its subsidiary and rehabilitation plan which mentioned above and using the fair value of ordinary share of that company on 30 December 2010 as

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standard for recording and other items adjustments. The outstanding balance net of accounts receivable under troubled debt restructuring was reduced to Baht 305 million and recorded in non-current assets making non-current assets increased by Baht 271 million or 21.50%. (In year 2009, the totaling Baht 544 million was recorded in current assets)

**Liabilities as at 31 December 2010 and 2009**

Unit : Million Baht

Items	Consolidated		Changed	% Changed
	2010	2009		
<b>Current Liabilities</b>	<b>3,316.19</b>	<b>3,029.99</b>	<b>286.20</b>	<b>9.45</b>
<b>Non-Current Liabilities</b>	<b>987.95</b>	<b>1,519.39</b>	<b>(531.44)</b>	<b>(34.98)</b>
<i>Long Term Loans</i>	<i>60.86</i>	<i>131.87</i>	<i>(71.01)</i>	<i>(53.85)</i>
<i>Long-term trade accounted and notes payable – unrelated parties</i>	<i>927.09</i>	<i>1,387.53</i>	<i>(460.43)</i>	<i>(33.18)</i>
<b>Total liabilities</b>	<b>4,304.14</b>	<b>4,549.38</b>	<b>(245.24)</b>	<b>(5.39)</b>

As at the end of the fiscal year 2010, the company and its subsidiary have total liabilities amount to Baht 4,304 million decreased by Baht 245 million or 5.39%. This was mainly due to increasing of current liabilities by Baht 286 million, this comprised from trade account payable increased by Baht 429 million, overdraft and short term loan decreased by Baht 253 million, trust receipts decreased by Baht 339 million, accrued project cost increased by Baht 382 million, non current assets decreased by Baht 531 million, this comprised from long term trade accounts and notes payable – unrated parties decreased by Baht 460 million or 33.18%, long term loan decreased by Baht 71 million or 53.85%

## Shareholders' Equity as at 31 December 2010 and 2009

Unit : Million Baht

Items	Consolidated		Changed	% Changed
	2010	2009		
Paid up Capital Shares	702.95	702.95	0.00	0.00
Share Premium	418.81	418.81	0.00	0.00
Retained Earning	477.98	621.02	(143.04)	(23.03)
<i>Legal Reserve</i>	61.68	60.99	0.69	1.13
<i>Un-appropriated</i>	416.30	560.03	(143.73)	(25.66)
<b>Total Shareholders' Equity</b>	<b>1,607.08</b>	<b>1,752.53</b>	<b>(145.45)</b>	<b>(8.30)</b>
<b>Book Valued</b>	<b>2.29</b>	<b>2.49</b>	<b>(0.21)</b>	<b>(8.30)</b>

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As at the end of the fiscal year 2010, the company and its subsidiary have total shareholders' equity amount to Baht 1,607 million decreased by Baht 145 million or 8.30%. This was mainly due to operating results in year 2010 had net loss of Baht 101 million and on 28 april 2010, the annual general meeting no.1/2010 of the company's shareholders approved the payment of dividend of Baht 0.06 per share from 2009 earning totaling Baht 42.18 million which paid on 27 May 2010

**Liquidity****Cash flow**

In 2010, the company and its subsidiary have net cash flow from operating activities amount to Baht 1,195 million. This was mainly due to money received from trade account receivable and money spend on purchased of equipment for implementation of the project and net cash flow from investing activities by Baht 46 million and net cash flow used in financing activities by Baht 704 million due to money paid to trade account payable and long term loan for project operating. As a result, cash and cash equivalents at the end of year 2010 amount to Baht 768 million increased by Baht 536 million from previous year, which have some due payments to trade payable 1st quarter of year 2011 and excluded fixed deposit for pledge facilities lines by Baht 83 million.

## Liquidity and Capital Structure

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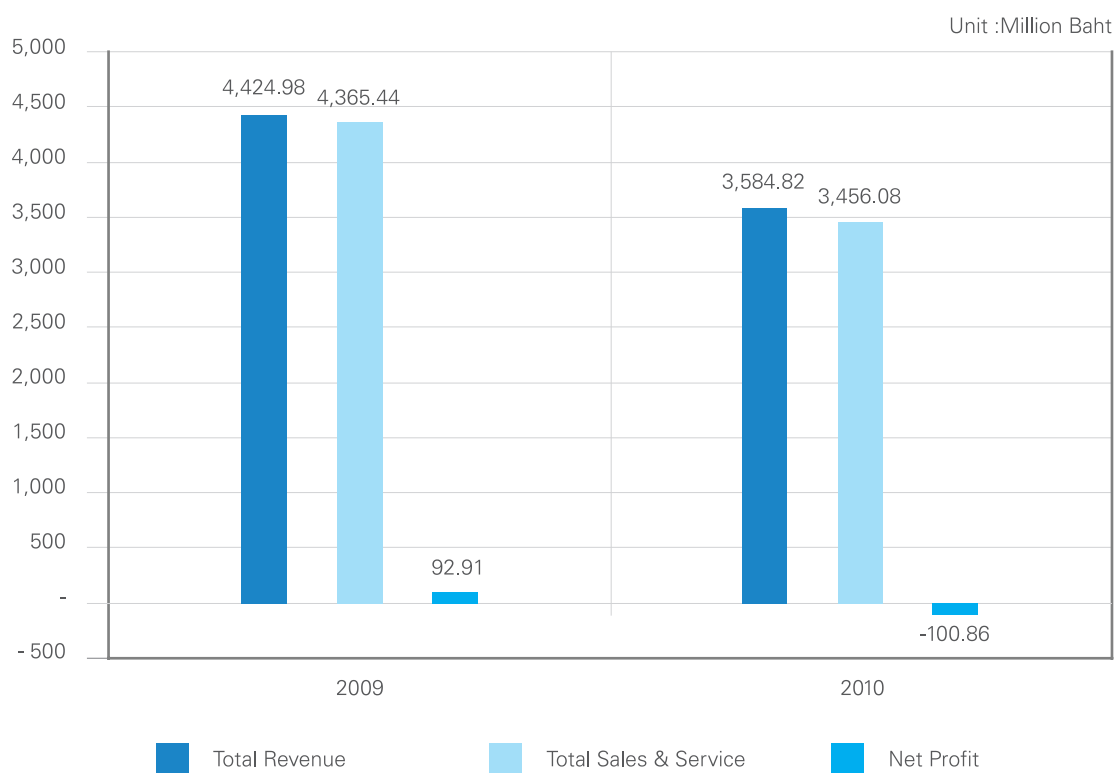
Financial Status  
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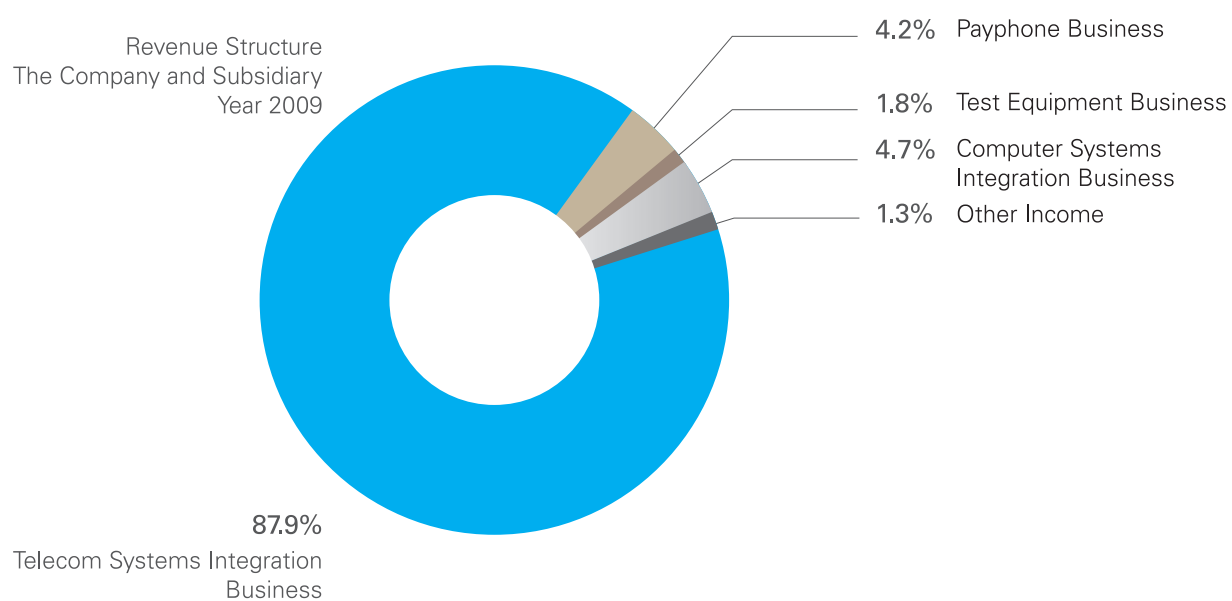
	31/12/2010	31/12/2009
<b>Liquidity Ratio</b>		
Current Ratio (times)	1.31	1.66
Quick Ratio (times)	0.91	1.00
<b>Capital Structure</b>		
Debt to Equity (times)	2.68	2.60

As at 31<sup>st</sup> December 2010 and 2009, the current ratio was 1.31 times and 1.66 times, respectively, and the quick ratio was 0.91 times and 1.00 times, respectively, which was a result of trade account receivable decreased by Baht 532 million making current assets decreased by Baht 661 million and increased of trade account payable for project operated by Baht 286 million.

As at 31<sup>st</sup> December 2010 and 2009, the debt to equity was 2.68 times and 2.60 times, respectively, which was a result of shareholders' equity decreased by Baht 145 million due to net loss on operating results of Baht 101 million, dividend payment from 2009 earning totaling Baht 42.18 million, The capital structure as at 31<sup>st</sup> December 2010 comprised the total liabilities of Baht 4,304 million and the shareholder's equity of Baht 1,607 million .

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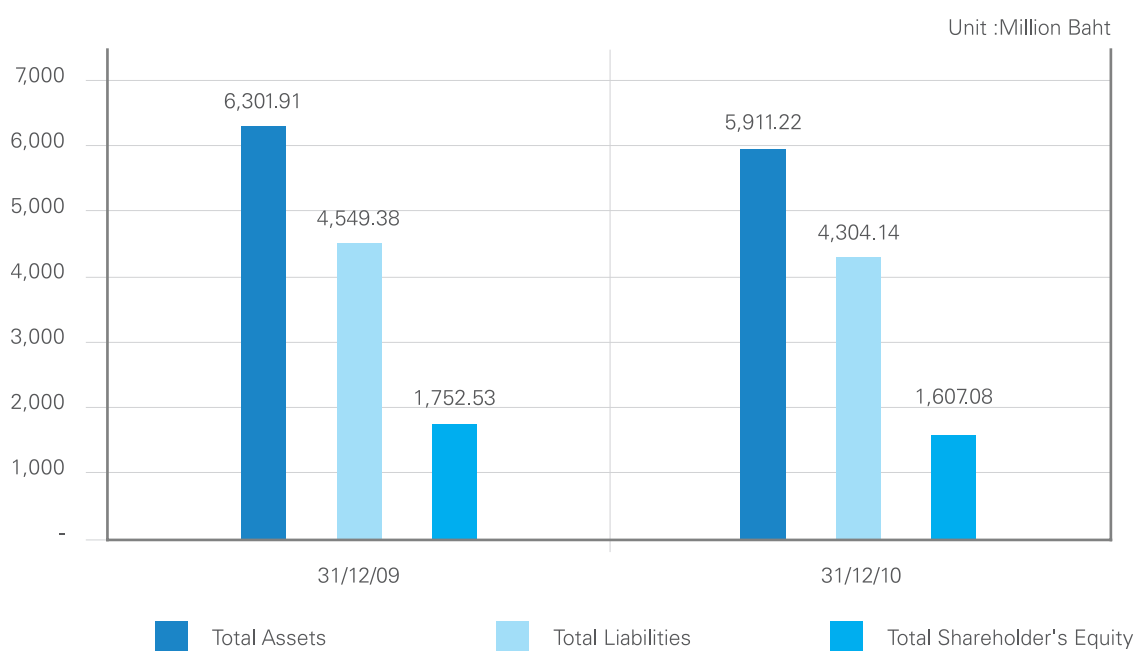
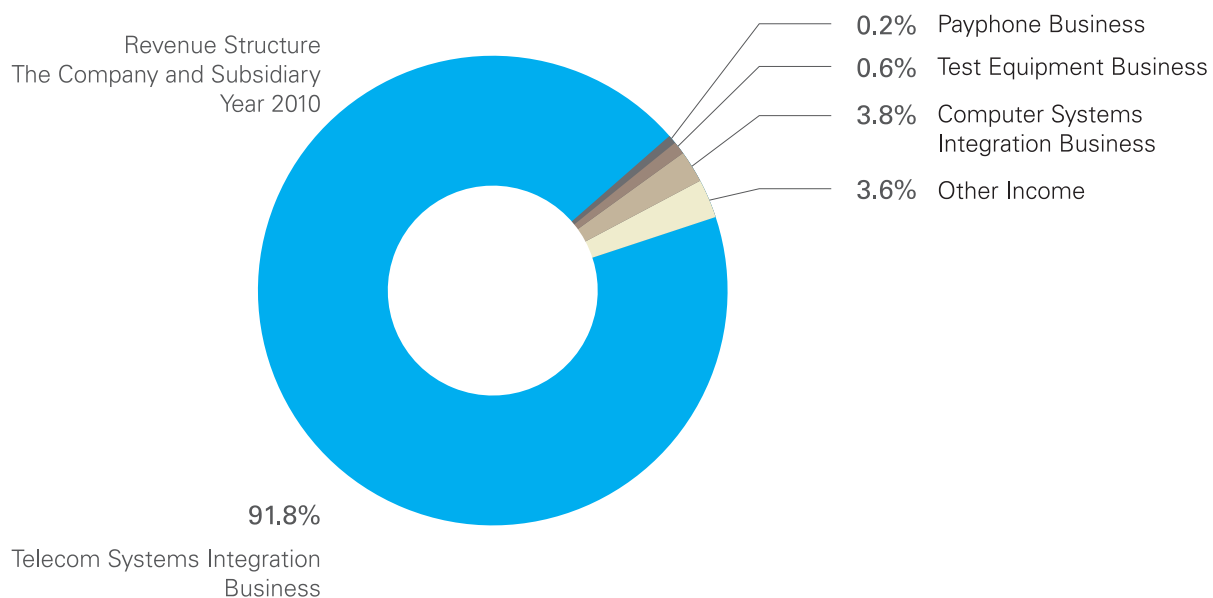
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## REPORT OF AUDIT COMMITTEE

The Audit Committee of Jasmine Telecom Systems Public Company Limited consists of the following three qualified independent directors:

1.	Mr. Arporn	Kengpol	Chairman of the Audit Committee
2.	Mr. Annop	Suthakavatin	Member of the Audit Committee
3.	Mr. Monton	Sudprasert	Member of the Audit Committee

### SECTION 15

Report of Audit  
Committee

Their functions and qualifications are properly in accordance with the regulations stipulated in the announcement of the Securities and Exchange Commission and the Stock Exchange of Thailand. Mr. Annop Suthakavatin, a member of the Audit Committee, is well versed and well experienced in reviewing the reliability of the financial statements.

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In 2010, the Company organized twelve Audit Committee meetings in which executives, external auditors and internal auditors joined when their responsibilities were related to the agenda. The Audit Committee has performed its duties assigned by the Board of Directors, with an emphasis on supporting the Company's operation to be in compliance with good corporate governance on accountability, the Company's principles of ethics, the regulations on financial statement consideration, risk management evaluation, internal control system review and internal audit. The Audit Committee's performances are summarized as follows:

#### 1. Accuracy, completeness, and credibility of financial reports

The Audit Committee reviewed the 2010 financial statements and notes to the financial statements of the Company and the subsidiary prepared quarterly and annually by the external auditor and the management to ensure that such financial statements were in accordance with legal requirements and generally accepted accounting standards. In addition, the disclosed information was accurate, reliable, adequate, and complete. For the Company's optimum benefit, the Audit Committee also made significant remarks and provided suggestions on problem solving. Finally, the Audit Committee agreed that the Company's financial reports were accurate, complete, and reliable in accordance with the generally accepted accounting standards.

#### 2. Sufficiency of Internal Control and Internal Audit

The Audit Committee reviewed the internal control system with a focus on resource utilization, due care of properties, and prevention or minimization of defects, losses, and waste. It also investigated the reliability of financial and operation reports, and compliance with laws, rules, and regulations to ensure that each department of the Company had an appropriate internal control system. For the internal audit, The Audit Committee assigned that the Internal Audit Office provide the annual audit plan, audit result report, and follow-up report. It also provided the Internal Audit Office and the management with recommendations that helped generate more efficient operation and continuity of effective follow-up of any task significantly required in the audit plan and the expansion of auditing scope to cover the subsidiary. Finally, the Audit Committee agreed that the internal control system and internal audit of the Company were effective.

**SECTION 15**Report of Audit  
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**3. Connected transactions or transactions that may have conflicts of interest**

The Audit Committee reviewed the disclosure of connected transactions that might lead to conflict of interests with the Company to ensure that they were actual transactions occurred during a normal course of business. Finally, the Audit Committee agreed that the Company completely conformed to the regulations of the Stock Exchange of Thailand and the policy of good corporate governance.

**4. Good corporate governance**

The Audit Committee supervised the Company to disclose the information adequately and accurately and also supported good governance and good management systems to enhance transparency, ethical awareness as well as to create confidence among shareholders, investors, employees and all other relevant parties.

**5. Risk Management**

The Audit Committee reviewed the policy, procedure, and progress of risk management both in the levels of organization and department reported by the Risk Management Working Group to ensure that the Company managed its risks effectively and was able to curtail the risks to an acceptable level in addition to providing properly connection with internal controls.

**6. Compliance with securities and exchange law, SET regulations, and relevant laws**

The Audit Committee reviewed the Company's compliance with the regulations set up by the Securities and Exchange Commission, the Stock Exchange of Thailand and other relevant business laws and then, agreed that the Company correctly complied with all the related regulations and laws.

**7. Selection and appointment of external auditor**

The Audit Committee considered the selection and the appointment of external auditors by taking into account the appropriateness of audit fee compared to the reliability of performance, independence, reputation, scope of work, and the quantity of work for which the external auditor was responsible. Furthermore, in attending a meeting with the external auditor without the presence of the management, the Audit Committee asked the auditor to give comments on working co-operation and coordination with the relevant management. For the year 2011, the Audit Committee has deemed it appropriate to propose to the Board of Directors to propose to the shareholders' meeting to approve the appointment of Mr. Supachai Phanyawattano, Certified Public Accountant (Thailand) Number 3930 or Miss. Siraporn Ouannunkun, Certified Public Accountant (Thailand) Number 3844 or Miss. Tipawan Nananuwat, Certified Public Accountant (Thailand) Number 3459 of Ernst & Young Offices Limited as the external auditors of the Company and the subsidiaries.



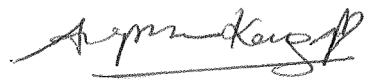
The Audit Committee has completed the duties and responsibilities assigned by the Board of Directors and agreed that the Company's financial statements and information disclosure were complete and correct in accordance with generally accepted accounting standards. In addition, it gave importance to the policy of good corporate governance. The efficient risk management resulted in efficient internal control system that was adequate and without any significant mistake. The Company adhered to the related laws and regulations. As for information disclosure, the Company disclosed the information about connected transactions that might lead to conflict of interests completely and accurately.

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On behalf of the Audit Committee



(Mr. Arporn Kengpol)

Chairman of the Audit Committee



## REPORT OF THE BOARD OF DIRECTORS WITH RESPONSIBILITY FOR THE FINANCIAL STATEMENT

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Report of the Board  
of Directors with  
Responsibility for  
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Statement

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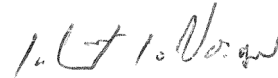
The Board of Directors is responsible for ensuring that the financial statements of Jasmine Telecom Systems Public Company Limited and the consolidated financial statement of the Company's and its subsidiary are made in accordance with the principles of accounting accepted in general. The accounting policies chosen are suitable and adhered consistently. The information is sufficiently disclosed the notes attached to the financial statements for the benefit of the shareholders and investors.

The consolidated financial statement and the Company's financial statement are made in accordance with principles of accounting generally accepted and are reviewed, audited and given financial opinion by the Audit Committee and trustworthy and independent auditor. The Company's internal control has been evaluated to ensure the sufficiency and to determine whether any fraud or irregularities occurred by the Audit Committee.

The Board of Director is convinced that the consolidated financial statement and the Company's financial statement for the year 2010 present the Company's financial situation and operation results in a reliable and accurate manner.



(Mr. Pleumjai Sinarkorn)  
Director



(Mr. Kriengsak Chalermtiragool)  
Director

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JASMINE TELECOM SYSTEMS PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
ENDED 31 DECEMBER 2008 TO 2010



**Jasmine Telecom Systems Public Company Limited and Its Subsidiary**  
**Balance Sheets**  
**As at 31 December 2008 to 2010**

(Unit : Thousand baht)

	Separate Financial Statements						Consolidated Financial Statements					
	2008		2009		2010		2008		2009		2010	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>												
<b>CURRENT ASSETS</b>												
Cash and cash equivalents	163,364	5.87	219,397	3.77	758,725	13.71	205,903	6.33	232,827	3.69	768,457	13.00
Current investment-restricted bank deposits	358	0.01	358	0.01	358	0.01	1,120	0.03	3,046	0.05	1,635	0.03
Total trade account and note receivable	1,424,314	51.22	2,351,462	40.44	2,032,541	36.73	1,657,763	50.96	2,789,198	44.26	2,257,021	38.18
Amount due from related parties	17,183	0.62	19,256	0.33	8,123	0.15	17,183	0.53	19,256	0.31	123	-
Inventories- net	94,094	3.38	802,491	13.80	249,661	4.51	94,146	2.89	802,511	12.73	265,609	4.49
Assets held for sale-net	-	-	227,733	3.92	156,486	2.83	-	-	227,733	3.61	156,486	2.65
Total other current assets	486,493	17.50	837,089	14.40	875,238	15.82	747,047	22.96	941,754	14.94	905,678	15.32
Total current assets	2,185,806	78.61	4,457,787	76.66	4,081,132	73.75	2,723,162	83.70	5,016,326	79.60	4,355,008	73.67
<b>NON-CURRENT ASSETS</b>												
Restricted bank deposits	56,056	2.02	69,195	1.19	78,771	1.42	66,105	2.03	72,271	1.15	82,712	1.40
Long-term trade accounted and notes receivable from related party	22,115	0.80	1,164,452	20.03	1,134,591	20.50	22,115	0.68	1,164,452	18.48	1,134,591	19.19
Accounts receivable under troubled debt restructuring	-	-	-	-	126,834	1.29	-	-	-	-	305,269	5.16
Investments accounted for under equity method	83,899	3.02	83,899	1.44	83,899	1.52	-	-	-	-	-	-
Other long-term investments- available -for- sale securities	2,340	0.08	3,415	0.06	-	-	4,425	0.14	6,458	0.10	-	-
Property , plant and equipment -net	426,942	15.35	32,840	0.56	25,458	0.46	432,302	13.29	37,694	0.60	29,466	0.50
Deposits	3,521	0.13	3,143	0.05	3,231	0.06	5,203	0.16	4,713	0.07	4,174	0.07
TOTAL NON-CURRENT ASSETS	594,873	21.39	1,356,945	23.34	1,452,784	26.25	530,150	16.30	1,285,589	20.40	1,556,213	26.33
<b>TOTAL ASSETS</b>	<b>2,780,679</b>	<b>100.00</b>	<b>5,814,731</b>	<b>100.00</b>	<b>5,533,916</b>	<b>100.00</b>	<b>3,253,312</b>	<b>100.00</b>	<b>6,301,915</b>	<b>100.00</b>	<b>5,911,221</b>	<b>100.00</b>

**Jasmine Telecom Systems Public Company Limited and Its Subsidiary**  
**Balance Sheets (Continued)**  
**As at 31 December 2008 to 2010**

Annual report 2010

(Unit : Thousand baht)

	Separate Financial Statements						Consolidated Financial Statements					
	2008		2009		2010		2008		2009		2010	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>												
<b>CURRENT LIABILITIES</b>												
Bank overdrafts and shorts-term bank loans	-	-	372,000	6.40	119,347	2.16	293,985	9.04	661,676	10.50	409,023	6.92
Trust receipts	136,556	4.91	511,086	8.79	172,439	3.12	136,556	4.20	511,086	8.11	172,439	2.92
Total trade accounts and notes payable	758,631	27.28	1,125,173	19.35	1,537,833	27.79	780,665	24.00	1,142,487	18.13	1,571,432	26.58
Amount due to related parties	1,203	0.04	402	0.01	172	-	8,283	0.25	12,241	0.19	16,096	0.27
Current portion of long-term loans	-	-	71,006	1.22	71,006	1.28	-	-	71,006	1.13	71,006	1.20
Total other current liabilities	213,306	7.67	454,194	7.81	912,007	16.48	382,747	11.76	631,494	10.02	1,076,189	18.21
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,109,695</b>	<b>39.91</b>	<b>2,533,860</b>	<b>43.58</b>	<b>2,812,803</b>	<b>50.83</b>	<b>1,602,236</b>	<b>49.25</b>	<b>3,029,989</b>	<b>48.08</b>	<b>3,316,185</b>	<b>56.10</b>
<b>NON-CURRENT LIABILITIES</b>												
Long-term trade accounts and notes payable-unrelated parties	-	-	1,387,525	23.86	927,092	16.75	-	-	1,387,525	22.02	927,092	15.68
Long-term loans net of current portion	-	-	131,867	2.27	60,862	1.10	-	-	131,867	2.09	60,862	1.03
<b>TOTAL-NON CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>1,519,393</b>	<b>26.13</b>	<b>987,954</b>	<b>17.85</b>	<b>-</b>	<b>-</b>	<b>1,519,393</b>	<b>24.11</b>	<b>987,954</b>	<b>16.71</b>
<b>TOTAL LIABILITIES</b>	<b>1,109,695</b>	<b>39.91</b>	<b>4,053,252</b>	<b>69.71</b>	<b>3,800,757</b>	<b>68.68</b>	<b>1,602,236</b>	<b>49.25</b>	<b>4,549,382</b>	<b>72.19</b>	<b>4,304,139</b>	<b>72.81</b>
<b>SHAREHOLDERS' EQUITY</b>												
Share capital												
Authorized share capital	726,250		726,250		726,250		726,250		726,250		726,250	
Issued and fully paid up	702,950	25.28	702,950	12.09	702,950	12.70	702,950	21.61	702,950	11.15	702,950	11.89
Share subscription received in advance	-	-	-	-	80	-	-	-	-	-	80	-
Share premium	418,812	15.06	418,812	7.20	418,812	7.57	418,812	12.87	418,812	6.65	418,812	7.09
Difference between the purchase price of investment in subsidiary under common control and its net book value	-	-	-	-	-	-	8,158	0.25	8,158	0.13	8,158	0.14
Unrealised gain (loss) on change in value of investment in available -for -sale securities	(4,364)	(0.16)	-	-	-	-	(8,309)	(0.26)	-	-	-	-
Retained earnings												
Appropriated-statutory reserve	56,685	2.04	60,992	1.05	61,681	1.11	56,685	1.74	60,992	0.97	61,681	1.04
Unappropriated	496,901	17.87	578,726	9.95	549,637	9.93	471,418	14.49	560,026	8.89	416,300	7.04
<b>TOTAL EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS</b>	<b>1,670,984</b>	<b>60.09</b>	<b>1,761,479</b>	<b>30.29</b>	<b>1,733,159</b>	<b>31.32</b>	<b>1,649,713</b>	<b>50.71</b>	<b>1,750,937</b>	<b>27.78</b>	<b>1,607,980</b>	<b>27.20</b>
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	1,363	0.04	1,597	0.03	(898)	(0.02)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,670,984</b>	<b>60.09</b>	<b>1,761,479</b>	<b>30.29</b>	<b>1,733,159</b>	<b>31.32</b>	<b>1,651,076</b>	<b>50.75</b>	<b>1,752,533</b>	<b>27.81</b>	<b>1,607,082</b>	<b>27.19</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,780,679</b>	<b>100.00</b>	<b>5,814,731</b>	<b>100.00</b>	<b>5,533,916</b>	<b>100.00</b>	<b>3,253,312</b>	<b>100.00</b>	<b>6,301,915</b>	<b>100.00</b>	<b>5,911,221</b>	<b>100.00</b>

**Jasmine Telecom Systems Public Company Limited and Its Subsidiary**  
**Income Statements**  
**For the years ended 31 December 2008 to 2010**

(Unit : Thousand baht)

	Separate Financial Statements						Consolidated Financial Statements					
	2008		2009		2010		2008		2009		2010	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>REVENUES</b>												
Sales and service income	1,405,884	97.68	4,155,369	98.58	3,320,406	96.28	1,563,120	97.12	4,365,436	98.65	3,456,084	96.41
Exchange gains	8,463	0.59	828	0.02	-	-	17,254	1.07	-	-	-	-
Other income	24,957	1.73	59,182	1.40	128,384	3.72	29,140	1.81	59,545	1.35	128,732	3.59
<b>TOTAL REVENUES</b>	<b>1,439,304</b>	<b>100.00</b>	<b>4,215,380</b>	<b>100.00</b>	<b>3,448,791</b>	<b>100.00</b>	<b>1,609,514</b>	<b>100.00</b>	<b>4,424,981</b>	<b>100.00</b>	<b>3,584,816</b>	<b>100.00</b>
<b>EXPENSES</b>												
Cost of sales and services	1,227,501	85.28	3,798,116	90.10	2,998,777	86.95	1,345,157	83.58	3,959,625	89.48	3,082,698	85.99
Selling and Servicing expenses	33,824	2.35	24,394	0.58	23,805	0.69	38,968	2.42	29,689	0.67	28,874	0.81
Administrative expenses	79,696	5.54	97,604	2.32	107,317	3.11	97,001	6.03	100,769	2.28	122,350	3.41
Managemet's remuneration	20,376	1.42	17,520	0.42	20,200	0.59	32,941	2.05	28,902	0.65	28,659	0.80
Exchange loss	-	-	-	-	1,376	0.04	-	-	272	0.01	1,149	0.03
Potential losses on debt restructuring	-	-	-	-	99,752	2.89	-	-	-	-	223,580	6.24
Loss on impairment of asset	-	-	71,113	1.69	17,792	0.52	-	-	71,113	1.61	17,792	0.50
Loss on impairment of investments in available for sale securities	23,968	1.67	3,289	0.08	-	-	36,594	2.27	6,359	0.14	-	-
<b>TOTAL EXPENSES</b>	<b>1,385,364</b>	<b>96.25</b>	<b>4,012,036</b>	<b>95.18</b>	<b>3,269,019</b>	<b>94.79</b>	<b>1,550,662</b>	<b>96.34</b>	<b>4,196,729</b>	<b>94.84</b>	<b>3,505,103</b>	<b>97.78</b>
<b>PROFIT BEFORE INTEREST AND INCOME TAX</b>	<b>53,940</b>	<b>3.75</b>	<b>203,343</b>	<b>4.82</b>	<b>179,772</b>	<b>5.21</b>	<b>58,852</b>	<b>3.66</b>	<b>228,252</b>	<b>5.16</b>	<b>79,713</b>	<b>2.22</b>
Finance Cost	(13,934)	(0.97)	(66,657)	(1.58)	(155,366)	(4.50)	(35,084)	(2.18)	(84,631)	(1.91)	(172,440)	(4.81)
Coporate income tax	(17,140)	(1.19)	(50,555)	(1.20)	(10,629)	(0.31)	(17,140)	(1.06)	(50,555)	(1.14)	(10,629)	(0.30)
<b>Net earning before minority interest</b>	<b>22,865</b>	<b>1.59</b>	<b>86,132</b>	<b>2.04</b>	<b>13,777</b>	<b>0.40</b>	<b>6,628</b>	<b>0.41</b>	<b>93,066</b>	<b>2.10</b>	<b>(103,355)</b>	<b>(2.88)</b>
Minoroty interest	-	-	-	-	-	-	486	0.03	151	-	(2,495)	(0.07)
<b>Net earning for the period</b>	<b>22,865</b>	<b>1.59</b>	<b>86,132</b>	<b>2.04</b>	<b>13,777</b>	<b>0.40</b>	<b>7,114</b>	<b>0.44</b>	<b>92,915</b>	<b>2.10</b>	<b>(100,860)</b>	<b>(2.81)</b>
<b>Basic earnings per share - weight average ( at par Baht 1 )</b>	<b>0.03</b>		<b>0.12</b>		<b>0.02</b>		<b>0.01</b>		<b>0.13</b>		<b>(0.14)</b>	

## REPORT OF INDEPENDENT AUDITOR

To the Shareholders of Jasmine Telecom Systems Public Company Limited

I have audited the accompanying consolidated balance sheets of Jasmine Telecom Systems Public Company Limited and its subsidiary as at 31 December 2010 and 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Jasmine Telecom Systems Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiary 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.

Except for the matters discussed in paragraph A), 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.

- A) As described in Note 8 to the financial statements, as at 31 December 2009, the Company and its subsidiary had outstanding balances receivable from a related company (In 2010, they were classified as unrelated party transactions) amounting to approximately Baht 700 million. The balances are recorded under the captions of "Trade accounts receivable - related parties," "Amounts due from related parties," "Unbilled receivable from related parties," and "Other accounts receivable" in the consolidated balance sheet. The balances are long outstanding. This company filed a petition for business rehabilitation with the Central Bankruptcy Court and in 2009, the Central Bankruptcy Court ordered the appointment of the rehabilitation plan preparer.

The rehabilitation plan is still required to be approved by the creditors and the Court. The business rehabilitation plan may significantly impact on the allowance for doubtful accounts for the outstanding balances in 2009, I therefore was unable to audit to satisfy myself as to the adequacy of the allowance for doubtful accounts, and this constitutes a limitation imposed by circumstance.

In 2010, the plan preparer submitted the rehabilitation plan to the Central Bankruptcy Court but the Company and its subsidiary submitted objections to the plan to the Central Bankruptcy Court. However, on 28 December 2010, the Central Bankruptcy Court issued an order approving the rehabilitation plan of this company. Currently, the Company and its subsidiary are appealing to the Supreme Court against the approval of the rehabilitation plan.

### SECTION 17

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**SECTION 17**Report of  
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Under the rehabilitation plan, outstanding claims filed by the Company and its subsidiary are considered for restructuring as at 29 October 2009 totaling Baht 544 million (consisting of principal of Baht 514 million and accrued interest of Baht 30 million). This balance included the balance of rights over collection that the subsidiary has assigned to a local bank to secure a short-term loan from the bank amounting to Baht 314 million (Principal of Baht 299 million and interest receivable of Baht 15 million). The bank filed a claim for that balance directly with this company under the rehabilitation plan, as described in Note 15 to the financial statements, and such balance is classified in the same creditor group as that of the subsidiary in the plan.

According to the rehabilitation plan, 25% of the principal will be settled in cash and the other 75% of the principal and all interest receivable will be settled by conversion to ordinary shares of this company. The Company and its subsidiary recorded potential losses on debt restructuring in the income statements for the year ended 31 December 2010 totaling Baht 224 million (approximately Baht 100 million in the separate income statements), calculated from outstanding claims filed by the Company and its subsidiary as at 29 October 2009 mentioned above. However, outstanding claims of Baht 544 million filed by the Company and its subsidiary as stated above have not yet approved by the Central Bankruptcy Court, the Company and its subsidiary therefore have not received any debts settlement under the rehabilitation plan and the claims approved by the Court may differ from the outstanding claims used in the calculation of the potential losses from debt restructuring. As at 31 December 2010, the Company and its subsidiary presented the outstanding balance net of potential losses on debt restructuring under the caption of "Accounts receivable under troubled debt restructuring". In addition, outstanding receivables from this Company of the Company and its subsidiary filed under the rehabilitation plan of Baht 176 million were the debt occurred after the date which the Court ordered this company to enter into the rehabilitation process (7 November 2008), therefore they were not considered to be settled under the rehabilitation plan of this company. However, this balance is the debt arisen in the ordinary course of business, the management of the Company and its subsidiary believe that the Company and its subsidiary will be settled in full, therefore do not record the allowance for doubtful account for this balance in their accounts.

- B) As described in Note 25 to the financial statements, the Company has disclosed its financial information by business segment in accordance with Accounting Standard No. 14 "Segment Reporting", except for its operating results which the Company is unable to disclose by business segment for reasons as described in that note.

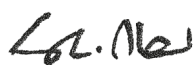
In my opinion, except for any adjustments that might be required to the financial statements for the year 2009 as a result of the matters discussed in paragraph A) and non-disclosure of financial information by business segment in the financial statements for the year 2010 and 2009 as described in paragraph B), the financial statements referred to above present fairly, in all material respects, the financial position of Jasmine Telecom Systems Public Company Limited and its subsidiary and of Jasmine Telecom Systems 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.

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Without further qualifying my opinion on the above financial statements, for the year 2010 I draw attention to the matter discussed in the Note 8 to the financial statements, regarding the outstanding balance of a debtor that is being rehabilitated.



Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok: 22 February 2011

## FINANCIAL STATEMENT

### Jasmine Telecom Systems Public Company Limited and its subsidiary Balance sheets As at 31 December 2010 and 2009

#### SECTION 18

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		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	768,456,791	232,827,187	758,725,240	219,397,059
Current investments - restricted bank deposits		1,635,413	3,046,249	357,639	357,639
Trade accounts receivable					
Related parties	7, 8	1,286,936,364	1,388,694,647	1,283,646,114	954,021,411
Unrelated parties	8	970,084,372	1,400,503,299	748,894,492	1,397,440,532
Total trade accounts receivable		2,257,020,736	2,789,197,946	2,032,540,606	2,351,461,943
Short-term loans to and amounts due from related parties	7	123,157	19,256,490	8,123,157	19,256,490
Inventories - net	9	265,608,635	802,511,066	249,661,234	802,491,061
Assets held for sale - net	10	156,485,851	227,732,913	156,485,851	227,732,913
Other current assets					
Prepaid project cost		140,437,654	120,781,987	136,177,911	119,898,206
Unbilled receivable from related parties	7	3,226,800	37,863,254	-	35,582,834
Unbilled receivable from unrelated parties		610,856,187	291,566,918	600,680,712	274,291,632
Other account receivable	11	47,282,012	396,656,731	47,220,849	323,831,797
Others		103,875,127	94,885,597	91,158,923	83,484,971
Total other current assets		905,677,780	941,754,487	875,238,395	837,089,440
<b>Total current assets</b>		<b>4,355,008,363</b>	<b>5,016,326,338</b>	<b>4,081,132,122</b>	<b>4,457,786,545</b>
<b>Non-current assets</b>					
Restricted bank deposits		82,712,120	72,271,167	78,771,188	69,195,126
Long-term trade account receivable from related party	7	1,134,590,655	1,164,452,456	1,134,590,655	1,164,452,456
Accounts receivable under troubled debt restructuring	8	305,269,490	-	126,834,153	-
Investment in subsidiary	12	-	-	83,899,210	83,899,210
Long-term investments in available-for-sale securities	13	-	6,457,670	-	3,414,986
Property, plant and equipment - net	14	29,466,252	37,694,161	25,458,017	32,840,245
Deposits		4,174,066	4,713,202	3,231,066	3,142,773
<b>Total non-current assets</b>		<b>1,556,212,583</b>	<b>1,285,588,656</b>	<b>1,452,784,289</b>	<b>1,356,944,796</b>
<b>Total assets</b>		<b>5,911,220,946</b>	<b>6,301,914,994</b>	<b>5,533,916,411</b>	<b>5,814,731,341</b>

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

**Jasmine Telecom Systems Public Company Limited and its subsidiary**  
**Balance sheets (continued)**  
**As at 31 December 2010 and 2009**

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term bank loans	15	409,023,143	661,676,157	119,346,938	371,999,952
Trust receipts	16	172,438,965	511,085,523	172,438,965	511,085,523
Trade accounts payable					
Related parties	7	17,704,247	17,703,712	17,704,247	17,703,712
Unrelated parties	17	1,553,728,189	1,124,782,812	1,520,128,532	1,107,469,026
Total trade accounts payable		1,571,432,436	1,142,486,524	1,537,832,779	1,125,172,738
Current portion of long-term loans	18	71,005,575	71,005,575	71,005,575	71,005,575
Amounts due to related parties	7	16,095,962	12,241,311	171,903	401,897
Other current liabilities					
Accrued project cost		682,999,671	301,450,830	534,878,283	136,397,523
Advance received from related parties	7	1,224,676	578,882	1,224,676	578,882
Advance received from unrelated parties		339,541,509	273,547,791	338,650,409	273,547,791
Corporate income tax payable		-	12,115,319	-	12,115,319
Others		52,423,259	43,800,904	37,253,344	31,554,303
Total other current liabilities		1,076,189,115	631,493,726	912,006,712	454,193,818
<b>Total current liabilities</b>		<b>3,316,185,196</b>	<b>3,029,988,816</b>	<b>2,812,802,872</b>	<b>2,533,859,503</b>
<b>Non-current liabilities</b>					
Long-term trade accounts payable - unrelated parties	17	927,092,302	1,387,525,205	927,092,302	1,387,525,205
Long-term loans - net of current portion	18	60,861,922	131,867,497	60,861,922	131,867,497
<b>Total non-current liabilities</b>		<b>987,954,224</b>	<b>1,519,392,702</b>	<b>987,954,224</b>	<b>1,519,392,702</b>
<b>Total liabilities</b>		<b>4,304,139,420</b>	<b>4,549,381,518</b>	<b>3,800,757,096</b>	<b>4,053,252,205</b>

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

**SECTION 18**

Financial Statement

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Shareholders' equity</b>					
Share capital					
Registered					
226,250,000 ordinary shares of Baht 1 each		726,250,000	726,250,000	726,250,000	726,250,000
Issued and fully paid-up					
702,950,000 ordinary shares of Baht 1 each		702,950,000	702,950,000	702,950,000	702,950,000
Share subscription received in advance	20	80,000	-	80,000	-
Share premium		418,811,778	418,811,778	418,811,778	418,811,778
Unrealised gain					
Difference between the purchase price of investment in subsidiary under common control and its net book value	2.2	8,157,637	8,157,637	-	-
Retained earnings					
Appropriated - statutory reserve	21	61,680,551	60,991,695	61,680,551	60,991,695
Unappropriated		416,299,964	560,025,855	549,636,986	578,725,663
Equity attributable to the Company's shareholders		1,607,979,930	1,750,936,965	1,733,159,315	1,761,479,136
Minority interest- equity attributable to minority shareholders of subsidiary		(898,404)	1,596,511	-	-
<b>Total shareholders' equity</b>		1,607,081,526	1,752,533,476	1,733,159,315	1,761,479,136
<b>Total liabilities and shareholders' equity</b>		5,911,220,946	6,301,914,994	5,533,916,411	5,814,731,341

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

## Directors

**Jasmine Telecom Systems Public Company Limited and its subsidiary**  
**Income statements**  
**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
<b>Revenues</b>					
Sales and service income		3,456,084,061	4,365,435,719	3,320,406,388	4,155,369,410
Exchange gains		-	-	-	828,477
Other income		128,732,109	59,544,914	128,384,362	59,181,737
<b>Total revenues</b>		<b>3,584,816,170</b>	<b>4,424,980,633</b>	<b>3,448,790,750</b>	<b>4,215,379,624</b>
<b>Expenses</b>					
Cost of sales and services		3,082,697,886	3,959,625,218	2,998,776,668	3,798,115,901
Selling and servicing expenses		28,874,185	29,688,602	23,804,892	24,393,721
Administrative expenses		122,350,020	100,769,087	107,316,925	97,604,322
Management benefit expenses	7	28,659,333	28,901,663	20,200,353	17,520,290
Potential losses on debt restructuring	8	223,580,231	-	99,751,821	-
Loss on exchange		1,148,674	272,461	1,376,049	-
Loss on impairment of asset	10	17,792,391	71,113,487	17,792,391	71,113,487
Loss on impairment of investments in available-for-sale securities	13	-	6,358,597	-	3,288,505
<b>Total expenses</b>		<b>3,505,102,720</b>	<b>4,196,729,115</b>	<b>3,269,019,099</b>	<b>4,012,036,226</b>
<b>Income before finance cost and corporate income tax</b>		<b>79,713,450</b>	<b>228,251,518</b>	<b>179,771,651</b>	<b>203,343,398</b>
Finance cost		(172,439,671)	(84,631,474)	(155,365,743)	(66,657,220)
<b>Income (loss) before corporate income tax</b>		<b>(92,726,221)</b>	<b>143,620,044</b>	<b>24,405,908</b>	<b>136,686,178</b>
Corporate income tax	23	(10,628,789)	(50,554,543)	(10,628,789)	(50,554,543)
<b>Net income (loss) for the year</b>		<b>(103,355,010)</b>	<b>93,065,501</b>	<b>13,777,119</b>	<b>86,131,635</b>
<b>Net income (loss) attributable to:</b>					
Equity holders of the parent		(100,860,095)	92,914,825	13,777,119	86,131,635
Minority interests of the subsidiary		(2,494,915)	150,676		
		<u>(103,355,010)</u>	<u>93,065,501</u>		
<b>Earnings (loss) per share</b>					
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Basic earnings (loss) per share					
Net income (loss) attributable to equity holders of the parent		(0.14)	0.13	0.02	0.12
Weighted average number of ordinary shares (shares)		<u>702,950,000</u>	<u>702,950,000</u>	<u>702,950,000</u>	<u>702,950,000</u>
Diluted earnings (loss) per share					
Net income (loss) attributable to equity holders of the parent		(0.14)	0.13	0.02	0.12
Weighted average number of ordinary shares (shares)		<u>702,950,000</u>	<u>702,950,000</u>	<u>702,950,000</u>	<u>702,950,000</u>

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

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**Jasmine Telecom Systems 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										
Equity attributable to the parent's shareholders										
Note	Issued and fully paid-up share capital	Share subscription received in advance	Share premium	Difference between the purchase price of investment in subsidiary under common control and its net book value	Unrealised loss on changes in value of investments in available- for-sale securities	Retained earnings		Total equity attributable to the parent's sharehold- ers	Minority interest - equity attributable to minority sharehold- ers of subsidiary	Total
						Appropri- ated	Unappropri- ated			
<b>Balance as at 31 December 2008</b>	702,950,000	-	418,811,778	8,157,637	(8,308,755)	56,685,113	471,417,612	1,649,713,385	1,363,023	1,651,076,408
<b>Income recognised directly in equity:</b>										
Investment in available-for-sale securities										
Transferred to allowance for impairment of investments	13	-	-	-	6,296,188	-	-	6,296,188	62,409	6,358,597
Gain recognised in shareholders' equity		-	-	-	2,012,567	-	-	2,012,567	20,403	2,032,970
<b>Net income recognised directly in equity</b>		-	-	-	8,308,755	-	-	8,308,755	82,812	8,391,567
Net income for the year		-	-	-	-	-	92,914,825	92,914,825	150,676	93,065,501
<b>Total income for the year</b>		-	-	-	8,308,755	-	92,914,825	101,223,580	233,488	101,457,068
Unappropriated retained earnings										
transferred to statutory reserve	21	-	-	-	-	4,306,582	(4,306,582)	-	-	-
<b>Balance as at 31 December 2009</b>	702,950,000	-	418,811,778	8,157,637	-	60,991,695	560,025,855	1,750,936,965	1,596,511	1,752,533,476

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



**Jasmine Telecom Systems Public Company Limited and its subsidiary**  
**Statements of changes in shareholders' equity (continued)**  
**For the years ended 31 December 2010 and 2009**

Annual report 2010

(Unit: Baht)

Consolidated financial statements										
Equity attributable to the parent's shareholders										
				Difference between the purchase price of investment in subsidiary under common control and its net book value	Unrealised loss on changes in value of investments in available- for-sale securities	Retained earnings		Total equity attributable to the parent's shareholders	Minority interest - equity attributable to minority sharehold- ers of subsidiary	Total
Note	Issued and fully paid-up share capital	Share subscription received in advance	Share premium			Appropriated	Unappropriated			
<b>Balance as at 31 December 2009</b>	702,950,000	-	418,811,778	8,157,637	-	60,991,695	560,025,855	1,750,936,965	1,596,511	1,752,533,476
Net loss for the year	-	-	-	-	-	-	(100,860,095)	(100,860,095)	(2,494,915)	(103,355,010)
<b>Total expenses for the year</b>	-	-	-	-	-	-	(100,860,095)	(100,860,095)	(2,494,915)	(103,355,010)
Share subscription received in advance	20	-	80,000	-	-	-	-	80,000	-	80,000
Dividend paid to the Company's shareholders	27	-	-	-	-	-	(42,176,940)	(42,176,940)	-	(42,176,940)
Unappropriated retained earnings transferred to statutory reserve	21	-	-	-	-	688,856	(688,856)	-	-	-
<b>Balance as at 31 December 2010</b>	702,950,000	80,000	418,811,778	8,157,637	-	61,680,551	416,299,964	1,607,979,930	(898,404)	1,607,081,526

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

**Jasmine Telecom Systems Public Company Limited and its subsidiary**  
**Statements of changes in shareholders' equity (continued)**  
**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

Separate financial statements							
Note	Issued and fully paid-up share capital	Share subscription received in advance	Share premium	Unrealised loss on changes in value of investments in available-for-sale securities	Retained earnings		Total
					Appropriated	Unappropriated	
<b>Balance as at 31 December 2008</b>	702,950,000	-	418,811,778	(4,363,593)	56,685,113	496,900,610	1,670,983,908
<b>Income recognised directly in equity:</b>							
Investment in available-for-sale securities							
Transferred to allowance for impairment of investments	13	-	-	3,288,505	-	-	3,288,505
Gain recognised in shareholders' equity		-	-	1,075,088	-	-	1,075,088
<b>Net income recognised directly in equity</b>		-	-	4,363,593	-	-	4,363,593
Net income for the year		-	-	-	-	86,131,635	86,131,635
<b>Total income for the year</b>		-	-	4,363,593	-	86,131,635	90,495,228
Unappropriated retained earnings transferred to statutory reserve	21	-	-	-	4,306,582	(4,306,582)	-
<b>Balance as at 31 December 2009</b>	702,950,000	-	418,811,778	-	60,991,695	578,725,663	1,761,479,136

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

**Jasmine Telecom Systems Public Company Limited and its subsidiary**  
**Statements of changes in shareholders' equity (continued)**  
**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

Separate financial statements							
Note	Issued and fully paid-up share capital	Share subscription received in ad- vance	Share premium	Unrealised loss on changes in value of investments in available-for-sale securities	Retained earnings		Total
					Appropriated	Unappropriated	
<b>Balance as at 31 December 2009</b>	702,950,000	-	418,811,778	-	60,991,695	578,725,663	1,761,479,136
Net income for the year	-	-	-	-	-	13,777,119	13,777,119
<b>Total income for the year</b>	-	-	-	-	-	13,777,119	13,777,119
Share subscription received in advance	20	-	80,000	-	-	-	80,000
Dividend paid to the Company's shareholders	27	-	-	-	-	(42,176,940)	(42,176,940)
Unappropriated retained earnings transferred to statutory reserve	21	-	-	-	688,856	(688,856)	-
<b>Balance as at 31 December 2010</b>	702,950,000	80,000	418,811,778	-	61,680,551	549,636,986	1,733,159,315
							-

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

**Jasmine Telecom Systems Public Company Limited and its subsidiary**  
**Cash flow statements**  
**For the years ended 31 December 2010 and 2009**

(Unit: Baht)

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**Cash flows from operating activities**

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Net income (loss) before tax	(92,726,221)	143,620,044	24,405,908	136,686,178
Adjustments to reconcile net income (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	12,408,757	92,925,557	10,970,154	90,958,786
Potential losses on debt restructuring	223,580,231	-	99,751,821	-
Loss on impairment of asset	17,792,391	71,113,487	17,792,391	71,113,487
Loss on impairment of investment in available-for-sale securities	-	6,296,188	-	3,288,505
Loss on sales of investment in available-for-sale securities	2,139,803	-	1,278,607	-
Loss on sales of equipment	36,782	7,610	64,817	12,783
Unrealised gain on exchange rate	(13,137,886)	(6,619,380)	(9,909,163)	(6,315,470)
Interest income	(124,807,409)	(53,868,783)	(124,742,662)	(53,700,958)
Interest expenses	162,968,270	78,249,049	145,894,342	60,274,795
Minority interest in loss on impairment of investments in available-for-sale securities	-	62,409	-	-
Income from operating activities before changes in operating assets and liabilities	188,254,718	331,786,181	165,506,215	302,318,106
Operating assets (increase) decrease				
Trade accounts receivable	88,354,863	(2,276,394,478)	104,609,454	(2,072,107,120)
Amounts due from related parties	7,088	1,167,239	(7,992,912)	1,167,239
Inventories	536,902,431	(701,200,014)	552,829,827	(701,232,415)
Other current assets	18,562,565	(184,996,749)	16,589,842	(342,277,435)
Other assets	539,136	490,082	(88,293)	378,352
Operating liabilities increase (decrease)				
Trade accounts payable	34,283,388	1,765,917,989	17,997,517	1,770,618,864
Amounts due to related parties	3,854,651	3,958,607	(229,994)	(800,822)
Other current liabilities	460,100,638	236,926,615	469,989,420	228,783,783
<b>Cash flows from (used in) operating activities</b>	<b>1,330,859,478</b>	<b>(822,344,528)</b>	<b>1,319,211,076</b>	<b>(813,151,448)</b>
Cash paid for interest expenses	(63,551,453)	(48,621,722)	(46,478,539)	(31,521,372)
Cash paid for corporate income tax	(72,786,783)	(40,740,280)	(72,282,583)	(38,439,224)
<b>Net cash flows from (used in) operating activities</b>	<b>1,194,521,242</b>	<b>(911,706,530)</b>	<b>1,200,449,954</b>	<b>(883,112,044)</b>

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

**Jasmine Telecom Systems Public Company Limited and its subsidiary**  
**Cash flow statements (continued)**  
**For the years ended 31 December 2010 and 2009**

	(Unit: Baht)			
	Consolidated financial state- ments		Separate financial statements	
	2010	2009	2010	2009
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investments - restricted bank deposits	1,410,836	(1,926,020)	-	-
Increase in restricted bank deposits	(10,440,953)	(6,166,131)	(9,576,062)	(13,138,908)
Cash received from sales of investment in available-for-sale securities	4,317,867	-	2,136,379	-
Interest income	985,658	5,965,719	918,069	5,762,589
Acquisition of equipment	(4,306,916)	(4,652,956)	(3,652,743)	(2,880,879)
Proceeds from sales of equipment	89,286	316,959	-	-
Proceed from sales of assets held for sale	53,454,671	-	53,454,671	-
<b>Net cash flows from (used in) investing activities</b>	<b>45,510,449</b>	<b>(6,462,429)</b>	<b>43,280,314</b>	<b>(10,257,198)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and and short-term bank loans	(252,653,014)	367,690,899	(252,653,014)	371,999,952
Increase in trust receipts	(338,646,558)	374,529,306	(338,646,558)	374,529,306
Cash receipt from long-term loans	-	202,873,072	-	202,873,072
Repayment of long-term loans	(71,005,575)	-	(71,005,575)	-
Dividend paid	(42,176,940)	-	(42,176,940)	-
Cash received from warrant exercise	80,000	-	80,000	-
<b>Net cash flows from (used in) financing activities</b>	<b>(704,402,087)</b>	<b>945,093,277</b>	<b>(704,402,087)</b>	<b>949,402,330</b>
Net increase in cash and cash equivalents	535,629,604	26,924,318	539,328,181	56,033,088
Cash and cash equivalents at beginning of year	232,827,187	205,902,869	219,397,059	163,363,971
<b>Cash and cash equivalents at end of year</b>	<b>768,456,791</b>	<b>232,827,187</b>	<b>758,725,240</b>	<b>219,397,059</b>
	-	-	-	-

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## Jasmine Telecom Systems Public Company Limited and its subsidiary

### Notes to consolidated financial statements

#### For the years ended 31 December 2010 and 2009

## SECTION 19

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### 1. Corporate information

Jasmine Telecom Systems Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its parent company is Jasmine International Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the design and installation of telecommunication systems, rental of public telephones, and other businesses and its registered address is 200 Moo 4, 9th Floor, Jasmine International Tower, Chaengwatana Road, Pakkred, Nonthaburi.

On 22 November 2007, The National Broadcasting and Telecommunications Commission ("NBTC") (formerly known as "The National Telecommunications Commission" ("NTC")) granted a type one license (Public Telephone Service) to the Company, for the period of 1 year from date of issue. In 2009, the Company extended this license for another 5 years (expiring in 2014). The Company is to pay an annual license fee and other fees as the board of NBTC established. The Company is obliged to comply with certain conditions as stated in the license.

In January 2011, the Company submitted a request to NBTC for cancel its telecom license type one (public telephone service). As for the Company's public telephone servicing under this license, the Company plans to use them to serve its related companies who receive the license from NBTC such as Acumen Company Limited.

On 9 February 2011, Siam Teltech Computer Company Limited (the subsidiary company) registered with the Ministry of Commerce for the change of its name to "Cloud Computing Solutions Company Limited".

### 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.

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### 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Jasmine Telecom Systems Public Company Limited ("the Company") and a subsidiary company, Cloud Computing Solutions Company Limited ("the subsidiary") (formerly known as "Siam Teltech Computer Company Limited"), which was incorporated in Thailand. The subsidiary company is principally engaged in the system and software development and sales of computer products. The Company's investment in the ordinary shares of the subsidiary represented about 97.87 percent of the subsidiary's registered share capital.

As at 31 December 2010, the total assets and total revenues of the subsidiary constituted 7.9 percent and 3.8 percent of the consolidated financial statements, respectively (2009: 9.1 percent and 4.8 percent respectively).

- 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 subsidiaries are prepared using the same significant accounting policies as the Company.
- d) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.
- e) Minority interests represent the portion of net income or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

The Company purchased investment in the subsidiary company at a price of Baht 8.2 million lower than the attributable net asset value of the subsidiary company. The Company recorded this difference under the caption of "Difference between the purchase price of investment in subsidiary under common control and its net book value" in shareholders' equity in the balance sheet.

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



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**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.

- a) 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

- b) 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

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The management of the Company and its subsidiary 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 or liabilities arising from other defined benefit plans 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

#### *Sales 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

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supplied after deducting discounts and allowances.

*Revenue from design and installation of telecommunication systems*

Revenue from design and installation of telecommunication systems including supply of related equipment is recognised by reference to the stage of completion.

*Revenue from installment sales*

The Company recognised revenue from installment sales at the date of sale, exclusive of interest. The sales price is the present value of the consideration, determined by discounting the installments receivable at the imputed rate of interest. The interest element is recognised as income on a time proportion basis, using the imputed interest method.

*Rendering of maintenance services*

Maintenance service revenue is recognised when service is rendered.

*Public telephone rental income*

Public telephone rental income is recognised based on the rental period and, at the rate stipulated in the rental contract.

*Interest income*

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

**4.2 Cash and cash equivalents**

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

**4.3 Trade accounts receivable**

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

**4.4 Inventories**

Inventories are valued at the lower of cost and net recognised value. Cost is determined on the specific identification method.

**4.5 Assets held for sale**

Assets held for sale are valued at the lower of carrying amount and fair value less costs to sell. The management judges that there will be a completed sales of such assets within one year from the date of classification to the assets held for sale.

#### 4.6 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded as gains or losses in the income statement when the securities are sold. In addition, the Company and its subsidiary treat available-for-sale investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists.
- b) Investment in subsidiary company is accounted for in the separated financial statements using the cost method net of allowance for loss on impairment (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.

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.

#### 4.7 Property, plant and equipment / Depreciation

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

Depreciation of plant and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Buildings	- 20	years
Public telephones	- 5	years
Buildings and leasehold improvements	- 5	years
Furniture, fixtures and office equipment	- 3 - 10	years
Motor vehicles	- 5	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and 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 is included in the income statement when the asset is derecognised.

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**4.8 Related party transactions**

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

They also include associates and individuals which directly or indirectly own a voting interest in the Company and its subsidiary that give them significant influence over the Company and its subsidiary, key management personnel, directors and officers with authority in the planning and direction of the operations of the Company and its subsidiary.

**4.9 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 rate are included in determining income.

**4.10 Impairment of assets**

At each reporting date, the Company and subsidiary perform impairment reviews in respect of 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.

**4.11 Employee benefits**

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

**4.12 Provisions**

Provisions are recognised when the Company and its subsidiary 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.

#### 4.13 Income tax

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

#### 4.14 Derivatives

##### Forward exchange contracts

Receivables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the balance sheet date. Gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

#### 4.15 Debt restructuring

##### Potential losses on debt restructuring

When receivables of Company and its subsidiary are settled through the transfer of assets, the excess of the extinguished debt over the fair value of the assets is recognised as a potential loss on debt restructuring in the income statement.

### 5. Use of accounting estimates

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

#### Allowance for doubtful accounts

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

#### Allowance for impairment on assets held for sale

The Company considers allowance for impairment of assets held for sale when net realisable value is below book value. The management uses judgment to estimate impairment loss, taking into consideration the fair values, the types and the characteristics of the assets.

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**Impairment of equity investments**

The Company and the subsidiary treat available-for-sale investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement.

**Property plant and equipment/Depreciation**

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review and discounting them to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**6. Cash and cash equivalents**

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2010	2009	2010	2009
Cash	2	-	2	-
Bank deposits	711	233	702	219
Bills of exchange	55	-	55	-
Total	768	233	759	219

As at 31 December 2010, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.13 and 1.50 percent per annum (2009: between 0.10 and 2.62 percent per annum), with rates per the separate financial statements of between 0.50 and 1.50 percent per annum (2009: between 0.50 and 1.50 percent per annum).

## 7. 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 businesses between the Company and those companies. Below is a summary of those transactions.

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(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		
	2010	2009	2010	2009	Transfer Pricing Policy
<u>Transactions with parent company</u>					
Sales and service income	-	0.4	-	0.4	Contract price or at prices normally charged to other customers or cost plus margin
Office rental and service expenses	9.0	9.3	6.0	6.0	Contract price or at prices normally charged to other customers
Other expenses	0.9	1.3	0.2	0.5	Contract price or at prices normally charged to other customers
<u>Transactions with related companies</u>					
Sales and service income	966.5	1,844.0	913.7	1,690.0	Contract price or at prices normally charged to other customers or cost plus margin
Interest income	121.5	52.1	121.5	52.1	MLR
Other income	0.1	0.3	0.1	0.3	Contract price or at prices normally charged to other customers
Cost of sales and services	-	24.8	-	24.7	Contract price or at prices normally charged to other customers
Office rental and service expenses	1.2	1.3	1.2	1.3	Contract price or at prices normally charged to other customers
Other expenses	5.9	6.9	4.3	4.7	Contract price or at prices normally charged to other customers

During the year 2009, the Company issued credit notes amounting to Baht 7.6 million to reduce an outstanding receivable balance from its parent company as a result of a reduction in contract value.



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

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	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
<b>Trade accounts receivable - related parties</b>				
<b><u>Related companies</u></b>				
Triple T Broadband Plc.	1,273,504	679,114	1,273,365	643,484
TT&T Plc. *	-	609,094	-	211,896
Jastel Network Co., Ltd.	4,852	80,259	4,852	80,259
T.J.P. Engineering Co., Ltd.	-	9,502	-	9,502
Triple T Internet Co., Ltd.	3,353	6,510	2,048	6,510
Jasmine Submarine Telecommunications Co., Ltd.	2,904	2,370	2,904	2,370
Acumen Co., Ltd.	477	-	477	-
Triple T Global Net Co., Ltd.	1,846	1,846	-	-
<b>Total trade accounts receivable - related parties</b>	<b>1,286,936</b>	<b>1,388,695</b>	<b>1,283,646</b>	<b>954,021</b>
<b><u>Short-term loans to and amounts due from related parties</u></b>				
<b>Short-term loans to subsidiary</b>				
Cloud Computing Solutions Co., Ltd.	-	-	8,000	-
<b>Amounts due from related parties</b>				
<b><u>Related companies</u></b>				
TT&T Plc. *	-	19,124	-	19,124
TT&T Subscriber Services Co., Ltd.	106	105	106	105
Triple T Broadband Plc.	15	27	15	27
Compunet Corporation Limited	2	-	2	-
Total amounts due from related parties	123	19,256	123	19,256
<b>Total short-term loans to and amounts due from related parties</b>	<b>123</b>	<b>19,256</b>	<b>8,123</b>	<b>19,256</b>
<b><u>Unbilled receivable from related parties</u></b>				
<b><u>Related companies</u></b>				
T.J.P. Engineering Co., Ltd.	-	35,583	-	35,583
TT&T Plc. *	-	2,280	-	-
Triple T Broadband Plc.	3,227	-	-	-
<b>Total unbilled receivable from related parties</b>	<b>3,227</b>	<b>37,863</b>	<b>-</b>	<b>35,583</b>

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2010	2009	2010	2009
<b>Long-term trade accounts receivable from related party</b>				
<b>Related company</b>				
Triple T Broadband Plc.	1,134,591	1,164,452	1,134,591	1,164,452
<b>Total long-term trade accounts receivable from related party</b>	<u>1,134,591</u>	<u>1,164,452</u>	<u>1,134,591</u>	<u>1,164,452</u>
<b>Trade accounts payable - related parties</b>				
<b>Related companies</b>				
TT&T Subscriber Services Co., Ltd.	17,703	17,703	17,703	17,703
ACeS Regional Service Co., Ltd.	1	1	1	1
<b>Total trade accounts payable - related parties</b>	<u>17,704</u>	<u>17,704</u>	<u>17,704</u>	<u>17,704</u>
<b>Amounts due to related parties</b>				
<b>Parent company</b>				
Jasmine International Plc.	13,815	10,840	70	127
<b>Related companies</b>				
Premium Assets Co., Ltd.	2,201	1,313	22	247
Jasmine Internet Co., Ltd.	-	60	-	-
Triple T Internet Co., Ltd.	-	27	-	27
Triple T Broadband Plc.	26	1	26	1
Acumen Co., Ltd.	54	-	54	-
Total amounts due to related companies	2,281	1,401	102	275
<b>Total amounts due to related parties</b>	<u>16,096</u>	<u>12,241</u>	<u>172</u>	<u>402</u>
<b>Advance received from related parties</b>				
<b>Related companies</b>				
Jastel Network Co., Ltd.	1,225	481	1,225	481
Jasmine Submarine Telecommunications Co., Ltd.	-	90	-	90
Triple T Broadband Plc.	-	8	-	8
<b>Total advance received from related parties</b>	<u>1,225</u>	<u>579</u>	<u>1,225</u>	<u>579</u>

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\* The parent company of the Company has lost its influence over TT&T Plc. (TT&T) because TT&T entered into a business rehabilitation process. As at 31 December 2010, the parent company's shareholding in TT&T is only 6.54 % as described in Note 8 to the financial statements.

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During 2010, movements of short-term loans to subsidiary was as follows:

	(Unit: Million Baht)		
	Separate financial statements		
	Balance as at 31 December 2009	During the year	Balance as at 31 December 2010
		Increase	Decrease
<b>Short-term loans to subsidiary</b>			
Cloud Computing Solutions Co., Ltd.	-	8	-
			8

**Directors and management's benefits**

In 2010 the Company and its subsidiary had salaries, bonuses, meeting allowances and gratuities of their directors and management recognised as expenses totaling Baht 28.7 million (Separate financial statements: Baht 20.2 million) (2009: Baht 28.9 million, Separate financial statements: Baht 17.5 million).

**Guarantee obligations with subsidiary**

The Company has outstanding guarantee obligations with its subsidiary, as described in Note 28.2 to the financial statements.

**Trade accounts receivable - related parties**

The Company sold goods to Triple T Broadband Plc. (related company). Sales proceeds will be received over a period of 3 years. The balances of such transactions as at the balance sheet date, classified based on due dates, are as follows:

	(Unit: Baht)	
	2010	2009
Trade accounts receivable from related party due within 1 year (presented under the caption of "Trade accounts receivable - related parties" in the balance sheet)	638,656,747	235,730,588
Trade accounts receivable from related party due over 1 year (presented under the caption of "Long-term trade accounts receivable from related party" in the balance sheet)	1,134,590,655	1,164,452,456
Total	<u>1,773,247,402</u>	<u>1,400,183,044</u>
Fair value	<u>1,773,247,402</u>	<u>1,400,183,044</u>

## 8. Trade accounts receivable

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

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Age of receivables	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<u>Related parties</u>				
Not yet due	635,631,926	219,509,200	634,326,526	193,756,971
Past due				
Up to 3 months	205,494,611	51,921,777	205,355,511	41,429,603
3 - 6 months	2,389,764	208,066,997	2,389,764	68,614,546
6 - 12 months	112,320,318	306,681,742	112,320,318	269,043,239
Over 12 months	331,099,745	602,514,931	329,253,995	381,177,052
Total	1,286,936,364	1,388,694,647	1,283,646,114	954,021,411
<u>Unrelated parties</u>				
Not yet due	710,642,331	1,321,986,596	667,371,482	1,320,110,836
Past due				
Up to 3 months	44,839,492	17,626,778	37,950,807	17,443,401
3 - 6 months	9,773,257	1,000,000	5,655,815	-
6 - 12 months	237,626	28,684,328	237,626	28,684,328
Over 12 months	204,591,666	31,205,597	37,678,762	31,201,967
Total	970,084,372	1,400,503,299	748,894,492	1,397,440,532
Total trade accounts receivable	2,257,020,736	2,789,197,946	2,032,540,606	2,351,461,943

Included in trade accounts receivable from unrelated parties as at 31 December 2010 and 2009, were amounts receivable from the companies majority-owned by the government as follows:

Age of receivables	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Not yet due	547,023,859	1,288,640,096	503,753,010	1,286,816,696
Past due				
Up to 3 months	31,265,881	12,004,998	24,377,196	11,821,622
3 - 6 months	4,117,443	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	20,528,023	27,203,960	20,528,023	27,203,959
Total	602,935,206	1,327,849,054	548,658,229	1,325,842,277

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The Company has assigned its rights to receive payments from certain accounts receivable to banks, to secure credit facilities obtained from those banks. The subsidiary company has assigned its rights to receive payments from the majority of its accounts receivable to banks, to secure short-term loans with those banks.

As at 31 December 2009, the Company and its subsidiary had outstanding balances receivable from TT&T Plc. (TT&T), a related company (In 2010, they were classified as unrelated party transactions), amounting to approximately Baht 700 million. The balances are recorded under the captions of "Trade accounts receivable - related parties", "Amounts due from related parties", "Unbilled receivable from related parties", and "Other accounts receivable" in the consolidated balance sheet. The balances are long outstanding. In considering the collectability of the outstanding balances, the management of the Company and its subsidiary received cash flow projections prepared by TT&T in 2008. They showed that TT&T would have sufficient future cash flows to make full payment. On 22 April 2008, TT&T filed a petition for business rehabilitation with the Central Bankruptcy Court and the Court accepted the petition and on 7 November 2008, the Central Bankruptcy Court ordered TT&T to enter into the business rehabilitation process.

On 22 July 2009, the Central Bankruptcy Court ordered the appointment of the rehabilitation plan preparer. Up to 23 February 2010, the plan preparer is in the process of preparing the rehabilitation plan. However, the rehabilitation plan is still required to be approved by the creditors and the Court. The business rehabilitation plan may significantly impact on the allowance for doubtful accounts for the outstanding balances, and the management of the Company and its subsidiary are therefore unable to determine appropriate amounts of allowance to record in the financial statements for the year ended 31 December 2009.

On 26 February 2010, the plan preparer submitted the rehabilitation plan to the Central Bankruptcy Court through the Official Receiver and on 8 April 2010, the Official Receiver held the first creditors' meeting to consider the plan. However, the Company and its subsidiary submitted objections against the creditor classification. Subsequently, on 2 June 2010, the Court ordered creditor classification in accordance with the counterclaims and the rehabilitation plan preparer proceeded to amend the rehabilitation plan in accordance with the Court's order. On 11 August 2010, the Official Receiver held a creditors' meeting to consider the revised plan and the creditors passed an extraordinary resolution to accept the revised plan. Subsequently, on 5 October 2010, the Company and its subsidiary submitted objections to the revised plan to the Central Bankruptcy Court. However, on 28 December 2010, the Central Bankruptcy Court has an order to approve the rehabilitation plan of this company. Currently, the Company and its subsidiary are appealing against the approval of the rehabilitation plan to the Supreme Court.

Under the rehabilitation plan, outstanding claims filed by the Company and its subsidiary are considered for restructuring as at 29 October 2009 totaling Baht 544 million (Principal of Baht 514 million and accrued interest of Baht 30 million). This balance included the balance of rights over collection that subsidiary has assigned to a local bank to secure a short-term loan from the bank amounting to Baht 314 million (Principal of Baht 299 million and accrued interest of Baht 15 million). The bank filed a claim for that balance directly with TT&T under the rehabilitation plan, as described in Note 15 to the financial statements, and such balance is classified in the same creditor group as that of subsidiary in the plan.

According to the plan, the Company and its subsidiary will receive settlement of both principal and interest receivable as detailed below.

- 1) Within 15 days after the Court approves the plan, 5% of the principal will be settled in cash.
- 2) Within 4 years after the Court approves the plan, 20% of the principal will be settled in cash, on a quarterly basis over 4 years. In 2011 and 2012, 4% of the principal will be settled each year, in 2013, 10% of the principal will be settled, and in the first quarter of 2014, 2% of the principal will be settled.
- 3) The other 75% of the principal and all interest receivable will be settled by conversion to ordinary shares of TT&T with a debt to equity conversion rate of 1:1 (Debt of Baht 1 converted to 1 ordinary share at Baht 1 per share (the value after the share capital reduction according to the rehabilitation plan). The shares received as settlement for debt are subject to restrictions, in that they cannot be sold for at least 6 months after receipt. Subsequently, they may be sold to individuals or corporations every 6 months, on up to five occasions, but the Company can dispose of no more than 20% of the shares each time. When 3 years has passed from the date of share settlement, all remaining shares can be sold, without restrictions. However, all of the shares can be disposed of immediately if the plan preparer finds an investor for 100% of the shares.

The Company and its subsidiary recorded potential losses on debt restructuring in the income statements for the year ended 31 December 2010 totaling Baht 224 million (approximately Baht 100 million in the separate income statements), calculated from outstanding claims filed by the Company and its subsidiary and considered for restructuring by the plan preparer as at 29 October 2009 by using this rehabilitation plan and the fair value of TT&T ordinary share as at 30 December 2010 as a basis for recording the transaction. However, outstanding claims of Baht 544 million filed by the Company and its subsidiary as stated above have not yet approved by the Central Bankruptcy Court, the Company and its subsidiary therefore have not received any debts settlement according to this rehabilitation plan. The approved claims by the Court may differ from the outstanding claims used in the calculation of the potential losses from debt restructuring. In addition, as at 31 December 2009, outstanding receivables from TT&T of certain

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Company and its subsidiary filed under the rehabilitation plan of Baht 176 million were the debt occurred after the date which the Court ordered TT&T to enter into the rehabilitation process (7 November 2008), therefore they were not considered to be settled under the rehabilitation plan of TT&T. However, this balance is the debt arisen in the ordinary course of business, the management of the Company and its subsidiary believe that the Company and its subsidiary will be settled in full, therefore do not record the allowance for doubtful account for this balance in their accounts.

In addition, in November 2010, P Planner Co., Ltd., the rehabilitation plan preparer of TT&T, had a law firm submit a letter to the subsidiary to cancel the purchase and sales and service agreement for the Customer Care & Billing System (CC&B system) and amended agreement, under which TT&T hired the subsidiary to supply and deliver the system to TT&T. The grounds given for the cancellation were that the subsidiary had breached the contract in terms of the delivery of the system. However, the subsidiary issued a letter to the law firm disputing the cancellation of the agreements. The management of the subsidiary and its legal advisor believe that the subsidiary completed delivery of the system to TT&T in compliance with the agreements and therefore that the subsidiary did not breach the agreement, the cancellation of the agreement is unjustified and does not terminate the provisions of the agreement, and the subsidiary thus has the right to claim full payment for the work under the agreement from TT&T, amounting to Baht 470 million. The subsidiary had assigned its rights over collection of this amount from TT&T to a local bank and the bank filed a claim directly with TT&T under the rehabilitation plan, as discussed in Note 15.

**9. Inventories**

(Unit: Baht)

	Consolidated financial statements					
	Cost		Allowance for diminution in value of inventories		Inventory-net	
	2010	2009	2010	2009	2010	2009
Finished goods	262,148,840	793,576,827	(2,210,190)	(2,210,190)	259,938,650	791,366,637
Spare parts	5,669,985	11,144,429	-	-	5,669,985	11,144,429
Total	267,818,825	804,721,256	(2,210,190)	(2,210,190)	265,608,635	802,511,066

(Unit: Baht)

	Separate financial statements			
	Cost		Inventory-net	
	2010	2009	2010	2009
Finished goods	243,991,249	791,346,632	243,991,249	791,346,632
Spare parts	5,669,985	11,144,429	5,669,985	11,144,429
Total	249,661,234	802,491,061	249,661,234	802,491,061

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**10. Assets held for sale - net**

Movements of the Assets held for sale account during the year ended 31 December 2010 are summarised below.

	(Unit: Baht)
Installed public telephones	158,069,088
Uninstalled public telephones	140,777,312
Total	298,846,400
Less: Allowance for impairment of assets - Installed public telephones	(71,113,487)
<b>Net book value as at 31 December 2009</b>	227,732,913
Disposals during the period - net book value as at disposal date	(53,454,671)
Less: Allowance for impairment of assets - Uninstalled public telephones	(17,792,391)
<b>Net book value as at 31 December 2010</b>	156,485,851

**Installed public telephones**

As at 31 December 2009, the Company had 11,944 installed public telephones under the rental contracts with TOT Plc. ("TOT") with a net book value amounting to Baht 87 million. Based on the supplementary agreement to the public telephone rental contracts dated 16 November 2009 between the Company and TOT, the Company agreed to sell the installed public telephones to TOT. In 2010, the Company delivered 7,255 installed public telephones, with a net book value amounting to Baht 53 million to TOT. As at 31 December 2010, the Company had 4,689 installed public telephones, with a net book value amounting to Baht 34 million, which was in the process of making delivery to TOT. The Company expects the delivery to be completed during the first quarter of the year 2011.

**Uninstalled public telephones**

In September 2010, the Company entered into turn-key agreements with Triple T Broadband Plc. and Jastel Network Co., Ltd., its related companies. Under the agreements, these two related



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companies are to provide their universal telecommunications services (under the Universal Service Obligation; USO) and the Company will receive payment of mutually agreed amounts. The Company will use its public telephones and equipment with book values totaling approximately Baht 9 million for these projects. Currently, the Company is in the process of implementing the agreements.

At the present, the Company is in the process of offering for sale its remaining uninstalled public telephones to unrelated companies. As at 31 December 2010, the management of the Company determined the fair value of these uninstalled public telephones and recorded loss on impairment amounting to Baht 18 million in the income statement of the current year.

**11. Other account receivable**

The outstanding balance of other account receivable as of 31 December 2009 in the consolidated financial statements included the amount of Baht 73 million that the subsidiary company paid in advance to an unrelated company for TT&T for a project work. The subsidiary company has a right to call for the repayment for such amount from TT&T. The subsidiary already filed this amount in its claims for settlement of debts under the business rehabilitation plan of TT&T. However, the subsidiary assigned its rights to receive payment from TT&T to local bank to secure a short-term loan with the bank, as described in Note 15 to the financial statements. This outstanding balance was included in the calculation of potential losses on debt restructuring in the current year as discussed in Note 8 to the financial statements.

**12. Investment in subsidiary**

These represent investment in ordinary shares of Siam Teltech Computer Company Limited, a 97.87%-owned subsidiary company.

The Company has pledged the share certificates of the investment in 288,199 ordinary shares of the subsidiary company, which represents 52.40 percent of total ordinary shares of that company, as a security for long-term debt under rehabilitation plan of the parent company.

### 13. Investments in available-for-sale securities

This represents an investment in ordinary shares of TT&T Plc. as per the following details:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Investments in available-for-sale securities, at cost	-	12,890,662	-	3,414,986
Revaluation deficit on changes in value of the investments in available-for-sale securities	-	(6,432,992)	-	-
Investments in available-for-sale securities - net	-	6,457,670	-	3,414,986

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During 2009, the Company and its subsidiary recorded allowance for impairment of investments in TT&T amounting to Baht 6.3 million and allowance of the Company only amounting to Baht 3.3 million, as the decrease in the fair value of these investments is significant and prolonged, which the management considers to constitute an indication that the investments have been impaired. The Company and its subsidiary used the fair value of TT&T shares as at 31 December 2009 as the basis for recording these transactions.

During 2010, the Company and its subsidiary sold 12 million ordinary shares in TT&T for a total of Baht 4.3 million through the Stock Exchange of Thailand, with a loss on the sale of the investment of Baht 2.1 million (separate financial statements: 6.3 million ordinary shares for a total of Baht 2.1 million, with a loss on the sale of the investment of Baht 1.3 million). Subsequent to this sale of investment in TT&T, the Company and its subsidiary have no investment in TT&T at the present.

#### 14. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements							
	Land	Buildings	Public telephones	Buildings and leasehold improvement	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	Total
<b>Cost</b>								
31 December 2009	2,000,000	1,239,235	18,055,451	15,696,401	67,148,427	9,980,561	-	114,120,075
Additions	-	-	-	-	4,296,448	-	10,467	4,306,915
Disposals	-	-	-	-	(992,726)	-	(10,467)	(1,003,193)
31 December 2010	2,000,000	1,239,235	18,055,451	15,696,401	70,452,149	9,980,561	-	117,423,797
<b>Accumulated depreciation</b>								
31 December 2009	-	1,040,675	3,655,194	9,456,817	54,119,034	8,154,194	-	76,425,914
Depreciation for the year	-	91,247	3,610,759	2,286,782	5,274,583	1,145,386	-	12,408,757
Depreciation on disposals	-	-	-	-	(877,126)	-	-	(877,126)
31 December 2010	-	1,131,922	7,265,953	11,743,599	58,516,491	9,299,580	-	87,957,545
<b>Net book value</b>								
31 December 2009	2,000,000	198,560	14,400,257	6,239,584	13,029,393	1,826,367	-	37,694,161
31 December 2010	2,000,000	107,313	10,789,498	3,952,802	11,935,658	680,981	-	29,466,252
<b>Depreciation for the year</b>								
2009 (Baht 84 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)								92,925,557
2010 (Baht 5 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)								12,408,757

(Unit: Baht)

	Separate financial statements					Total
	Public telephones	Leasehold improvement	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	
<b>Cost</b>						
31 December 2009	18,055,451	12,257,738	43,897,051	9,319,720	-	83,529,960
Additions	-	-	3,642,275	-	10,467	3,652,742
Disposals	-	-	(384,209)	-	(10,467)	(394,676)
31 December 2010	18,055,451	12,257,738	47,155,117	9,319,720	-	86,788,026
<b>Accumulated depreciation</b>						
31 December 2009	3,655,194	6,112,426	33,377,716	7,544,379	-	50,689,715
Depreciation for the year	3,610,759	2,286,782	3,978,249	1,094,364	-	10,970,154
Depreciation on disposals	-	-	(329,860)	-	-	(329,860)
31 December 2010	7,265,953	8,399,208	37,026,105	8,638,743	-	61,330,009
<b>Net book value</b>						
31 December 2009	14,400,257	6,145,312	10,519,335	1,775,341	-	32,840,245
31 December 2010	10,789,498	3,858,530	10,129,012	680,977	-	25,458,017
<b>Depreciation for the year</b>						
2009 (Baht 83 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)						90,958,786
2010 (Baht 4 million included in cost of sales and services, and the balance in selling, servicing and administrative expenses)						10,970,154

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As at 31 December 2010, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 52.4 million (2009: Baht 45.3 million) (The Company only: Baht 29.9 million, 2009: Baht 26.3 million)

**15. Bank overdrafts and short-term bank loans**

The Company and its subsidiary's short-term bank loans carry interest at the rate of MLR per annum. The Company's short-term bank loans are secured by the assignment of rights to receive payments from certain accounts receivable, and the subsidiary's short-term bank loans are secured by the assignment of rights to receive payments from the majority of its accounts receivable as described in Note 8 to the financial statements.

As at 31 December 2010, the balance of a short-term loan of the subsidiary, amounting to Baht 290 million, is a loan from a local bank which is secured by the assignment of rights over collection from TT&T. The bank filed a claim amounting to Baht 470 million directly with TT&T under the rehabilitation plan, and such balance is classified in the same creditor group as that of the subsidiary in the revised rehabilitation plan.

**16. Trust receipts**

The balances are secured by the pledge of bank deposits and the assignment of rights to receive payments from accounts receivable as described in Note 8 to the financial statements

**17. Trade accounts payable - unrelated parties**

The Company purchased goods from an unrelated company. Under the sales and purchase agreement, the Company is obliged to make payment within 3 years. The outstanding balances of such transactions as at the balance sheet date, based on due dates, are as follows:

		(Unit: Baht)
	2010	2009
Trade accounts payable - unrelated parties due within 1 year (presented under the caption of "Trade accounts payable-unrelated parties" in the balance sheet)	476,448,961	19,689,776
Trade accounts payable - unrelated parties due over 1 year (presented under the caption of "Long-term trade accounts payable - unrelated parties" in the balance sheet)	927,092,302	1,387,525,205
Total	<u>1,403,541,263</u>	<u>1,407,214,981</u>
Fair value	<u>1,403,541,263</u>	<u>1,407,214,981</u>

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The above outstanding balance of trade accounts payable is secured by Triple T Broadband Plc. (a related company).

**18. Long-term loan**

		(Unit: Baht)
	31 December 2010	31 December 2009
Long-term loan	131,867,497	202,873,072
Less: Current portion	(71,005,575)	(71,005,575)
Long-term loan - net of current portion	<u>60,861,922</u>	<u>131,867,497</u>

The loan carries interest at the rate of MLR per annum and repayable quarterly from March 2010 to March 2012. The loan is secured by the assignment of rights to receive payments from certain accounts receivable of the Company as described in Note 8 to the financial statements.

**19. ESOP shares**

The ordinary share had been granted to the Company's directors and employees detailed as follows:

	ESOP shares
Extraordinary General Meeting of Shareholders resolution date	9 March 2005
Total number of shares issued (shares)	5,000,000
Exercised period as from the issued date (years)	5
Initial offering date	3 November 2006
Expired date	2 November 2011
Exercised price (Baht per share)	Baht 1
Remaining shares	
As at 31 December 2009 (shares)	2,050,000
As at 31 December 2010 (shares)	2,050,000

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**20. ESOP warrants**

The ordinary share warrants had been granted to the Company's directors and employees free of charge detailed as follows:

	ESOP warrants
Extraordinary General Meeting of Shareholders resolution date	9 March 2005
Total number of warrants issued (units)	21,250,000
Exercised period as from the issued date (years)	5
Expired date	27 October 2011
Exercised ratio (warrant: ordinary share)	1 : 1
Exercised price (Baht per unit)	Baht 1 to Baht 2
Remaining warrants as at 31 December 2009 (units)	18,500,000
Remaining warrants as at 31 December 2010 (units)	18,460,000

In 2010, 40,000 warrants were exercised to purchase 40,000 new ordinary shares at the exercise price of Baht 2, which the Company registered as share capital with the Ministry of Commerce on 5 January 2011. As a result, the Company presented the cash received from the exercised of these warrants, amounting to Baht 0.08 million, under the caption of "Share subscription received in advance" in shareholders' equity. As at 31 December 2010, the Company had 18,460,000 warrants remaining unexercised.

**21. 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.

## 22. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Salary and wages and other employee benefits	120.4	139.9	83.9	89.6
Depreciation	12.4	92.9	11.0	91.0
Potential losses on debt restructuring	223.6	-	99.8	-
Loss on impairment of assets	17.8	71.1	17.8	71.1
Loss on impairment of investments	-	6.4	-	3.3
Rental expenses from operating lease agreements	10.2	10.6	7.1	7.3
Inventories used	1,959.5	2,103.6	1,883.7	2,044.6
Subcontracting expenses	959.7	1,602.9	959.7	1,602.9

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## 23. Corporate income tax

The subsidiary is not liable to corporate income tax for the year 2010 and 2009 due to tax loss brought forward.

## 24. Earnings (loss) per share

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

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

The following table sets for the computation of basic and diluted earnings per share:



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**Basic earnings (loss) per share**Net income (loss) attributable to  
equity holders of the parent

Consolidated financial statements					
Net income		Weighted average number of ordinary shares		Earnings per share	
2010	2009	2010	2009	2010	2009
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
(100,860)	92,915	702,950	702,950	(0.14)	0.13

**Diluted earnings (loss) per share**Net income (loss) of ordinary share  
holders assuming the conversion  
of warrants to ordinary shares

Separate financial statements					
Net income		Weighted average number of ordinary shares		Earnings per share	
2010	2009	2010	2009	2010	2009
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
13,777	86,132	702,950	702,950	0.02	0.12

**Basic earnings per share**Net income attributable to equity  
holders of the parent**Diluted earnings per share**Net income of ordinary shareholders  
assuming the conversion of  
warrants to ordinary shares

ESOP warrants granted to the Company's directors and employees were not included in calculation of diluted earnings per share for the year ended 31 December 2010 and 2009 since the exercise prices to purchase ordinary shares are higher than the average market price for the year.

## 25. Segment information

The Company and its subsidiary's business operations involve three principal segments: (1) Design and installation of telecommunication systems (2) Rental of public telephones and (3) Other segments. These operations are mainly carried on in Thailand. Below is the consolidated financial information for the years ended 31 December 2010 and 2009 of the Company and its subsidiary by segment.

(Unit: Million Baht)

	Design and installation of telecommuni- cation systems segment		Rental of public telephones segment		Other segments		Consolidation	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	3,391	4,034	7	186	58	145	3,456	4,365
Trade accounts receivable	2,217	2,699	-	-	40	90	2,257	2,789
Inventories, net	250	788	6	12	10	3	266	803
Property, plant and equipment, net	-	-	11	14	-	-	11	14
Long-term trade account receivable from related parties	1,135	1,164	-	-	-	-	1,135	1,164
Unallocated assets							2,242	1,532
Total assets							5,911	6,302

The Company disclosed its financial information by business segment in accordance with Accounting Standard No. 14 "Segment Reporting," except for the operating results which the Company is unable to disclose by business segment since the management believes that such disclosure would unfavorably affect the management and operation of the businesses of the Company and its subsidiary.

## 26. Provident fund

The Company, its subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiary and their employees contributed to the fund monthly at the rate of 3 - 8 percent of basic salary. The fund, which is managed by Bangkok Bank Public Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2010, the Company and its subsidiary contributed Baht 5.8 million, and the Company only contributed Baht 4.3 million, to the fund (2009: Baht 5.9 million and Baht 4.0 million, respectively).

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**27. Dividends**

On 28 April 2010, the Annual General Meeting No.1/2010 of the Company's shareholders passed a resolution approving the payment of dividend of Baht 0.06 per share from the 2009 earnings, a total of approximately Baht 42.2 million. The Company paid this amount of dividend in May 2010.

**28. Commitments and contingent liabilities****28.1 Operating lease commitments**

The Company and its subsidiary have entered into lease agreements in respect of the lease of office building space and related services. The terms of the agreements are generally between 1 and 3 years and non-cancellable.

As at 31 December 2010, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Payable within		
1 year	8.8	6.0
1 to 3 years	13.7	9.4

**28.2 Guarantees**

- (a) The Company had obligations in respect of its guarantee of the bank overdraft facilities of subsidiary totaling Baht 26 million.
- (b) As at 31 December 2010, there were outstanding bank guarantees of Baht 1,228.9 million (2009 : Baht 1,052.8 million) issued by the banks on behalf of the Company and its subsidiary, with Baht 1,171.7 million (2009: Baht 1,005.5 million) attributed to the Company, in respect of certain bid bonds and warranty bonds as required in the normal course of business.

**28.3 Letters of credit**

As at 31 December 2010, the Company had outstanding commitments under letters of credit with local and overseas suppliers amounting to approximately USD 18.4 million and Baht 238.9 million.

## 29. Financial instruments

### Financial risk management

The Company and its subsidiary'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, other account receivable, accounts receivable under troubled debt restructuring, investments, short-term loans, trade accounts payable, and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

### *Credit risk*

The Company and its subsidiary are exposed to credit risk primarily with respect to trade accounts receivable, and other receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable and other receivable as stated in the balance sheet.

### *Interest rate risk*

The Company and its subsidiary have exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts and short-term and long-term borrowings. However, since most of the financial assets and liabilities of the Company and its subsidiary bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

### *Foreign currency risk*

The Company and its subsidiary have exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiary seek to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

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The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2010 are summarised below.

Foreign currency	Consolidated financial statements		
	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2010
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	47.7	50.2	30.1023

Foreign currency	Separate financial statements		
	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2010
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	47.7	50.1	30.1023

Foreign exchange contracts outstanding as at 31 December 2010 are summarized below.

Foreign currency	Bought amount	Contractual exchange rate
		Bought
	(Million)	(Baht per 1 foreign currency unit)
US dollar	2.8	33.2930 - 33.8975

As at 31 December 2010, the balance amount of debt in foreign currency being the conditions of currency exchange rate with respect to the trade terms between the parties.

**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.

**31. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2011.



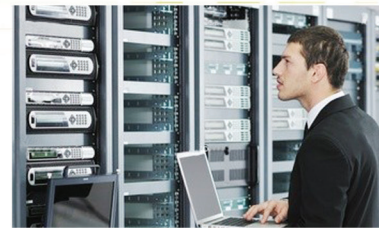
Design & Supply



Implementation  
& Commissioning



Software Development  
& Costomization



Support  
& Maintenance



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