

**JASMINE INTERNATIONAL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS**

1. GENERAL INFORMATION

- 1.1 Jasmine International Public Company Limited (hereinafter called as “the Company”) was incorporated as a public limited company, existing under Thai law. The Company operates its business in Thailand and its principal activity is the telecommunication businesses. The Company’s registered office is located at 200 Moo 4, Jasmine International Tower, Chaengwatana Road, Pakkret, Nontaburi.
- 1.2 During the current year, the Company and its subsidiaries incurred a loss from operations of approximately Baht 1,618 million, had capital deficits of approximately Baht 620 million, and their current liabilities exceeded current assets by approximately Baht 3,192 million. The ability of the Company and its subsidiaries to continue their businesses as going concerns depends upon the outcome of their operating performance in the future. However, the accompanying financial statements have been prepared under the going-concern basis assuming that the Company and the subsidiary companies will be able to continue their business operations as going concerns and that their assets will be realized and their liabilities discharged in the ordinary course of business without any compulsory actions, and without making adjustments that might be required to present assets at their saleable value, and liabilities in accordance with the amounts that would have to be repaid, and to reclassify accounts, in the event the Company and the subsidiary company were unable to continue their businesses as going concerns.

2. BASIS OF CONSOLIDATION

- 2.1 The consolidated financial statements included the financial statements for the year of Jasmine International Public Company Limited (hereinafter called as “the Company”) and its subsidiaries as follows :-

Company	Types of business	Equity interest owned by the Company (%)		Country of incorporation	Subsidiary's total assets as a percentage to the consolidated total		Subsidiary's total revenues as a percentage to the consolidated total	
		2002	2001		2002	2001	2002	2001
Acumen Co., Ltd.	Satellite telecommunications services	100	100	Thailand	19.42	21.69	46.98	35.67
Jasmine Submarine Telecommunications Co., Ltd.	Operator of submarine optical fibre cable network	100	100	Thailand	26.52	25.39	21.25	22.23
Jasmine Smart Shop Co., Ltd.	Distributor of telecommunication equipment and accessories	100	100	Thailand	0.18	0.13	2.01	2.52
Jasmine International Overseas Co., Ltd.	Investment (both domestic and overseas)	87.3	87.3	Thailand	1.12	6.21	0.24	-
Siam Teltech Computer Co., Ltd.	System and software development and sales of computer products	96.07	96.07	Thailand	2.78	2.79	1.16	2.77
T.J.P. Engineering Co., Ltd.	Survey, design and construction of telecommunications-related projects	80	80	Thailand	2.55	2.08	1.26	4.57
Jasmine Telecom Systems Co., Ltd.	Design, installation and testing of telecommunication systems	100	100	Thailand	5.49	2.71	10.16	12.81
Mobile Communication Services Co., Ltd.	Domant	70	70	Thailand	0.13	0.28	-	-
Jasmine Internet Co., Ltd.	Internet service provider	65	65	Thailand	0.46	0.29	2.1	2.1
Jasmine Cyber Works Co., Ltd.	Internet and E-Commerce related business	100	100	Thailand	0.08	0.30	0.0	0.4
CompuNet Corporation Limited	Provision of satellite communications services in Thailand	100	100	Thailand	1.41	1.94	2	2.1
Smart Highway Co., Ltd. (67.4% held by Acumen Co., Ltd)	Domestic high speed data Communication rental service provider	-	-	Thailand	0.48	0.40	0.9	0.8
ACeS Regional Services Co., Ltd. (100% held by ACeS (Thailand) Co., Ltd)	Marketing and distribution of equipment and providing services to satellite-based cellular phone users	-	-	Thailand	3.45	5.20	3.0	2.6
ACeS (Thailand) Co., Ltd. (100% held by Jasmine International Overseas Co., Ltd)	Investment holding	-	-	Thailand	0.05	0.04	-	-
Thai Long Distance Telecommunications Co., Ltd. (90% held by Jasmine Submarine Telecommunications Co., Ltd)	Operator of submarine optical fibre cable network	-	-	Thailand	5.64	5.10	5.4	4.8
Clippership Investments (BVI) Limited (100% held by Jasmine International Overseas Co., Ltd)	Investment holding	-	-	British Virgin Island	0.02	0.02	-	-
Chaengwatana Planner Co., Ltd.	Rehabilitation planner	100	-	Thailand	-	-	-	-
Pakkrat Planner Co., Ltd. (100% held by Jasmine International Overseas Co., Ltd)	Rehabilitation planner	-	-	Thailand	-	-	-	-

- 2.2 The financial statements of the subsidiary companies incorporated in overseas are translated to Thai Baht at the closing exchange rate as to assets and liabilities, and at the average exchange rate as to revenues and expenses. The resultant difference has been shown under the caption of “Translation adjustment” in the shareholders’ equity.
- 2.3 Outstanding balances and significant intercompany transactions between the Company and its subsidiaries, and investment balances in the Company’s records and share capital of its subsidiaries have been eliminated from the consolidated financial statements.
- 2.4 The cost of investments in subsidiaries over their net book value upon acquisitions is amortised over a period of 5 - 20 years.
- 2.5 The consolidated financial statements did not include the financial statements of two subsidiaries, namely, Jasmine Energy Company Limited and Jasmine Cable & materials Company Limited since such subsidiaries are now in the process of dissolution.

3 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards pronounced by the Institute of Certified Accountants and Auditors of Thailand which are effective under the Accounting Act B.E. 2543.

Significant accounting policies adopted by the Company and its subsidiaries are summarized below.

31 Sales and service income

Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discount and allowance.

Service income is recognised when services have been rendered.

Service income from concession contracts is recognised in accordance with the revenue sharing percentage as stipulated in the related contracts based on the number of circuits installed and in service. The income is shown in the accounts after excluding related value added tax.

Service income from construction and system development contracts is recognised under the percentage-of-completion method.

32 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may incur in collection of receivables. The allowance is based on collection experience and current status of receivables outstanding at the balance sheet date.

33 Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on the first-in, first-out method (the weighted average method for some of its subsidiaries and the specific identification method for computer equipment products).

34 Investments

Investments in subsidiaries (as shown in the financial statements of the Company) and investments in associated companies are stated under the equity method of accounting. Under this method, the investments are recorded at cost and for each subsequent year the investments are adjusted to incorporate the Company's proportionate share of the operating results in the subsidiary and associated companies.

Investments in non-marketable securities which are regarded as general investments are stated at cost. Allowance for diminution in value of the investments will be set aside when there is permanent diminution in value of the investments.

Short-term and long-term investments in available-for-sale marketable securities are stated at fair value. The fair value of listed securities is determined based on the latest bid price as quoted on the last working day of the year on the Stock Exchange of Thailand, while the fair value of unit trust is determined on the basis of the net asset value as declared by the fund management companies as of the balance sheet date. Any change in the value of investments in available-for-sale marketable securities is dealt with in the shareholders' equity and is credited or charged against earnings when the investments have been disposed of.

35 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation of leasehold rights, plant and equipment is calculated by reference to their cost on a straight-line basis over their estimated useful lives as follows :-

Buildings	-	20 years
Leasehold rights	-	over lease periods
Leasehold improvements	-	5 years
Furniture, fixtures and office equipment	-	5 , 6.67 year and residual concession periods
Motor vehicles and vessels	-	5 years
Equipment for the rural telephone project through satellite system	-	9- 12 years
Satellite transmission equipment installed for customers	-	5 years
ACeS gateway station for the ACeS Satellite- based mobile project	-	12 years

No depreciation is provided for land and construction in progress.

The Company and its subsidiaries recognise impairment loss if events or changes in circumstances indicate the carrying value may not be recoverable.

36 Amortisation

- (a) Costs of the submarine optical fiber cable projects are amortised over the concession periods and calculated by reference to the proportion of the number of circuits available for service in each year against the total number of circuits available throughout the contract periods.
- (b) Costs of the satellite transmission system project and cost of equipment for domestic high-speed data communication rental service are amortised on a straight-line basis over the concession periods.
- (c) Costs of equipment for providing Internet service is amortised on a straight-line basis over the period of 10 years.
- (d) Costs of communications equipment are amortised on a straight line-basis over the estimated useful lives of the equipment transferred (5 years and 10 years), but not to exceed the remaining period of the concession.

37 Capitalisation of borrowing costs

Interest and exchange gains/losses relating to loans for project development will be capitalised as costs of related assets.

38 Foreign currencies

Foreign currency transactions incurred during the year are translated into Baht at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currency outstanding at the balance sheet dates are translated into Baht at the rates ruling on the balance sheet dates, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Exchange gains and losses are included in determining earnings.

39 Financial derivative instruments

The Company and its subsidiaries occasionally purchase forward exchange contracts to reduce their exposure from exchange rate fluctuation risk. For contracts that are designated and effective as hedges against identifiable foreign currency assets and liabilities, discounts or premiums (the difference between the spot exchange rate and the forward exchange rate at inception of the contracts) are deferred and amortized to earnings over the contract lives using the straight-line method while gains or losses resulting from subsequent changes in the spot exchange rates are credited or charged to earnings. For contracts which are designated as hedges against foreign currency commitments, discounts/premium and subsequent unrealised gains or losses resulting from the changes in the spot rates will form a part of the underlying transactions in the future.

310 Cash and cash equivalent

Cash and cash equivalent are cash and deposits at financial institutions with an original maturity of 3 months or less and not subject to restrictions.

311 Basic earnings per share

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

Diluted earnings per share is calculated by dividing net earnings (loss) for the year by the total sum of the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares to be issued for conversion of all dilutive potential ordinary shares (warrants) into ordinary shares.

312 Use of accounting Estimation

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates for certain accounting transactions, affecting amounts reported in the financial statements and notes related thereto. Subsequent actual results may differ from these estimates.

4 RECLASSIFICATION OF INVESTMENT FROM AVAILABLE-FOR-SALE SECURITY TO INVESTMENT IN ASSOCIATED COMPANY

In 2001, the Company and its subsidiaries have classified its investment in TT&T Public Company Limited (Formerly known as “ Thai Telephone & Telecommunication Public Company Limited”) from an available-for-sale security to an investment in an associated company recorded under the equity method. The investment was recorded based on the fair value prevailing on the transfer date and all accounting transactions related to the available-for-sale security were reversed. In reclassifying this investment, the Company and its subsidiaries had to adjust the beginning balance of retained earnings, and also restated the previous year’s financial statements, as though such investment was originally recorded under the equity method. The cumulative effect of the reclassification of the investment up to the beginning of the year 2001 was presented under the heading of “Cumulative effect of the reclassification of investment from available-for-sale security to investment in associated company” in the statements of changes in shareholders’ equity.

5 CURRENT INVESTMENTS - DEPOSIT WITH FINANCIAL INSTITUTIONS

Included in the balances of current investments as at 31 December 2002 are savings deposits and promissory notes of the Company and its subsidiaries amounting to approximately Baht 553 million (2001 : Baht 586 million) and of the Company only amounting to approximately Baht 3.7 million (2001 : Baht 25 million) which have been pledged to long-term loans under the debt restructuring agreements, secured debentures, and senior secured notes.

6 ACCOUNTS RECEIVABLE-TRADE

The aging of outstanding balances of accounts receivable - trade as at 31 December 2002 and 2001 are as follows :-

Past due period	Consolidated		(Unit : Baht) The Company Only	
	2002	2001	2002	2001
Related parties:				
Up to 3 months	2,775,375	2,309,495	502,900	2,309,495
3- 6 months	2,495,103	1,942,837	-	1,942,837
6- 12 months	-	492,272	-	492,272
Longer than 12 months	83,539,907	112,684,067	72,215,844	77,730,427
Total	88,810,385	117,428,671	72,718,744	82,475,031
Less : Allowance for doubtful accounts	(82,778,872)	(84,862,813)	(72,215,844)	(74,033,863)
Net	6,031,513	32,565,858	502,900	8,441,168
Others:				
Up to 3 months	896,552,815	686,847,029	100,837,873	946,735
3- 6 months	22,345,869	4,518,575	3,040,194	85,600
6- 12 months	2,087,760	4,348,388	-	-
Longer than 12 months	22,148,684	49,374,526	12,458,783	13,305,981
Total	943,135,128	745,088,518	116,336,850	14,338,316
Less : Allowance for doubtful accounts	(9,151,694)	(10,551,541)	-	-
Net	933,983,434	734,536,977	116,336,850	14,338,316
Accounts receivable - trade, net	940,014,947	767,102,835	116,839,750	22,779,484

Included in trade receivable from other companies over the age thresholds of 3 months as at 31 December 2002 and 2001, are the following amounts receivable from government agencies :-

Past due period	Consolidated		(Unit : Million Baht) The Company Only	
	2002	2001	2002	2001
3- 6 months	8	3	3	-
6- 12 months	1	1	-	-
Longer than 12 months	19	46	12	13
Total	28	50	15	13

The Company and its subsidiaries have assigned their rights over collection of part of the accounts receivable from the government agencies to secure debentures, bank loans and trust receipts.

7. RELATED PARTY TRANSACTIONS

During the year, the Company had significant business transactions with its subsidiary, associated and related companies (related by way of common shareholders and/or directors). Significant transactions, which have been concluded on the terms and basis as specified in the agreements between the Company and those companies and were in the ordinary course of business, are summarised below :-

	Consolidated		The Company Only		(Unit : Million Baht) Pricing Policy
	2002	2001	2002	2001	
<u>Transactions with subsidiary companies</u>					
Sales and service income	-	-	1	-	Normal business price as charged to other customers
Management income	-	-	284	266	Contract price
Rental and other service income	-	-	34	38	Normal business price as charged to other customers
Interest income	-	-	75	144	Interest rate with reference of commercial bank plus a margin or cost plus a margin of 0.25 to 1%
Other income	-	-	1	3	Normal business price as charged to other customers
Cost of sales and service	-	-	-	6	Normal business price as charged to other customers
Interest expense	-	-	100	101	Interest rate with reference of commercial bank plus a margin or cost plus a margin of 0.25 to 1%
<u>Transactions with associated and related companies</u>					
Sales and service income	43	28	4	8	Normal business price as charged to other customers
Management income	-	18	-	-	Contract price
Rental and other service income	1	2	-	-	Contract price or normal business price as charged to other customers
Interest income	1	32	-	32	Interest rate with reference of commercial bank plus a margin or cost plus a margin of 0.25 to 1%
Cost of sales and service	185	59	-	6	Contract price or normal business price as charged to other customers
Interest expenses	-	7	-	7	Interest rate with reference of commercial bank plus a margin or cost plus a margin of 0.25 to 1%
Other expenses	28	38	13	14	Normal business price as charged to other customers
Penalty receipts due to late payment	-	563	-	-	Restructuring agreement

The average balance outstanding calculated from outstanding balance between the Company and the related parties at year-end 2002 and 2001 are as follows :-

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
<u>Short - term loans to related parties</u>				
<u>Subsidiary companies</u>				
Jasmine International Overseas Co., Ltd.	-	-	1,310,๕	1,259,๔
Jasmine Telecom Systems Co., Ltd.	-	-	-	452,๑
T. J. P. Engineering Co., Ltd.	-	-	-	165,๕
<u>Long - term loan to related party</u>				
<u>Related company</u>				
TT&T Plc. (Formerly known as “Thai Telephone & Telecommunication Plc.”)	-	401,826	-	401,๑
<u>Short - term loan from related party</u>				
<u>Subsidiary company</u>				
Jasmine Submarine Telecommunication Co., Ltd.	-	-	283,๑	152,๑
<u>Long - term loan from related party</u>				
<u>Subsidiary company</u>				
Jasmine Submarine Telecommunication Co., Ltd.	-	-	594,๔	576,๑

The outstanding balances of the related party transactions have been separately shown in the balance sheets as follows :-

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
<u>Trade accounts receivable- related parties</u>				
<u>Subsidiary company</u>				
Siam Teltech Computer Co., Ltd.	-	-	503	-
<u>Associated and related companies</u>				
TT&T Plc. (Formerly known as “Thai Telephone & Telecommunication Plc.”)	5,262	31,786	-	8,441
P.T. Mobikom Telekomindo	72,216	74,034	72,216	74,034
Others	11,332	11,609	-	-
	<u>88,810</u>	<u>117,429</u>	<u>72,216</u>	<u>82,475</u>
Total trade accounts receivable- related parties	<u>88,810</u>	<u>117,429</u>	<u>72,719</u>	<u>82,475</u>

	Consolidated		(Unit : Thousand Baht) The Company Only	
	2002	2001	2002	2001
Short-term loans and advances to related parties				
<u>Subsidiary companies</u>				
ACeS Regional Services Co., Ltd.	-	-	55,085	49,154
Jasmine International Overseas Co., Ltd.	-	-	1,674,273	1,613,821
Jasmine Submarine Telecommunication Co., Ltd.	-	-	18,638	10,825
Acumen Co., Ltd.	-	-	76,235	40,131
Jasmine Internet Co., Ltd.	-	-	27,009	22,819
Others	-	-	17,504	12,622
	-	-	1,868,744	1,749,372
<u>Associated and related companies</u>	8	10,734	-	-
Total short-term loans and advances to related parties	8	10,734	1,868,744	1,749,372
Trade accounts payable- related parties				
<u>Subsidiary companies</u>				
Siam Teltech Computer Co., Ltd.	-	-	-	9,095
Jasmine Telecom Systems Co., Ltd.	-	-	2,382	7,732
Others	-	-	772	1,058
	-	-	3,154	17,885
<u>Associated and related companies</u>				
Comnet Com Co., Ltd.	-	17,803	-	-
TT&T Plc. (Formerly known as "Thai Telephone & Telecommunication Plc.")	36,868	21,401	-	6,803
ACeS International Limited	97,199	2,378	-	-
	134,067	41,582	-	6,803
Total trade accounts payable- related parties	134,067	41,582	3,154	24,688
Short-term loans and advances from related parties				
<u>Subsidiary companies</u>				
Jasmine Submarine Telecommunications Co., Ltd.	-	-	299,197	233,093
Mobile Communication Services Co., Ltd.	-	-	11,625	13,100
Siam Teltech Computer Co., Ltd.	-	-	-	62,458
Other	-	-	1	-
	-	-	310,823	308,651
<u>Associated and related companies</u>	16,917	26,703	258	4,708
Total short-term loans and advances from related parties	16,917	26,703	311,081	313,359
Long-term loan from related party				
<u>Subsidiary company</u>				
Jasmine Submarine Telecommunications Co., Ltd.	-	-	769,235	552,851

It is the policy of the Company and its related companies to charge interest on intercompany loans at rates based on the cost of funds or cost plus a margin of 0.25 to 1%.

In July 1998, the Company entered into an agreement to lease 12,704 square meters of office space in Jasmine International Tower from Premium Real Estate Company Limited (associated company). For a lease period of 30 years, the Company was to pay rental totaling Baht 415 million in advance, in annual installments over 10 years, commencing April 1999. However, on 5 June 2000, the Company and the associated company entered into an amendment agreement for the outstanding rental balance of Baht 270 million, and the conditions of repayment have been changed such that the amount is to be paid in 24 monthly installments, commencing 9 June 2000.

8 INVENTORIES

	(Unit: Baht)			
	Consolidated		The Company Only	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Satellite transmission equipment	151,129,208	172,702,067	-	-
Finished goods and spare parts	118,651,136	142,877,999	38,808,895	42,174,608
Goods in transit	21,515,538	2,013,111	-	-
Total inventories	<u>291,295,882</u>	<u>317,593,177</u>	<u>38,808,895</u>	<u>42,174,608</u>
Less : Allowance for damaged or obsolete inventories	<u>(113,994,943)</u>	<u>(76,071,163)</u>	<u>(38,806,680)</u>	<u>(38,806,680)</u>
Inventories - net	<u>177,300,939</u>	<u>241,522,014</u>	<u>2,215</u>	<u>3,367,928</u>

9 DEPOSIT WITH FINANCIAL INSTITUTIONS

These represented fixed deposits, promissory notes and deposits with overseas financial institutions, which the Company and its subsidiaries have pledged as security for senior secured notes and the letters of guarantee issued by the banks on behalf of the Company and its subsidiaries.

10 INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

	Consolidated									
	2002					2001				
	Paid up capital Million Baht	Equity interest Percent	Investments		Dividend Million Baht	Paid up Capital Million Baht	Equity interest Percent	Investments		Dividend Million Baht
Cost method Thousand Baht			Equity method Thousand Baht	Cost method Thousand Baht				Equity method Thousand Baht		
Investments in the dissolved subsidiaries:										
Jasmine Energy Co., Ltd.	110	90	103,438	45,516	-	110	90	103,438	45,516	-
Jasmine Cable & Materials Co., Ltd.	6	100	5,999	5,823	-	6	100	5,999	5,823	-
Total investments in the dissolved subsidiaries			<u>109,437</u>	<u>51,339</u>				<u>109,437</u>	<u>51,339</u>	
Investments in associated companies:										
Premium Real Estate Co., Ltd.	820	49	401,800	-	-	820	49	401,800	-	-
Internet Knowledge Service Center Co., Ltd.	50	37.5	49,175	58,827	-	50	37.5	49,175	70,683	-
Telecom KSC Co., Ltd.	0.3	40	100	129	-	0.3	40	100	134	-
P.T. Mobillkom Telekomindo (Held by Jasmine International Overseas Co., Ltd.)	18,442	43.43	124,514	-	-	18,442	43.43	124,514	-	-
			(Million Indonesian Rp)					(Million Indonesian Rp)		
Jl Telecoms Holdings Corporation (Held by Jasmine International Overseas Co., Ltd.)	5	22.45	1,260	-	-	5	22.45	1,260	-	-
			(Million Philippin Peso)					(Million Philippin Peso)		
J.S. Intellinet Company Limited (Held by Jasmine Cyberworks Co., Ltd.)	15	20	3,000	-	-	15	20	3,000	381	-
Passion Net Company Limited (Held by Jasmine Cyberworks Co., Ltd.)	5.5	26	1,430	-	-	5.5	26	1,430	-	-
GP Education Company Limited (Held by Jasmine Cyberworks Co., Ltd.)	10	40	8,000	3,079	-	10	40	8,000	7,579	-
TT&T Plc. (Formerly known as "Thai Telephone & Telecommunication Plc.")	28,495	33.69	7,343,404	4,407,277	-	28,123	34.78	7,345,272	4,257,139	-
Total investments in associated companies			<u>7,932,683</u>	<u>4,469,312</u>				<u>7,934,551</u>	<u>4,335,916</u>	
Total investments accounted for under equity method			<u>8,042,120</u>	<u>4,520,651</u>				<u>8,043,988</u>	<u>4,387,255</u>	

The Company Only

	The Company Only									
	2002					2001				
	Paid up capital Million Baht	Equity interest Percent	Investments		Dividend Million Baht	Paid up capital Million Baht	Equity interest Percent	Investments		Dividend Million Baht
Cost method Thousand Baht			Equity method Thousand Baht	Cost method Thousand Baht				Equity method Thousand Baht		
Investments in subsidiary companies:										
Acumen Co., Ltd. (included equity interest in Smart Highway Co., Ltd.)	760	100	759,999	3,087,568	-	760	100	759,999	1,509,200	-
Jasmine Submarine Telecommunications Co., Ltd. (included equity interest in Thai Long Distance Telecommunications Co., Ltd.)	1,550	100	1,945,999	982,258	-	1,550	100	1,945,999	2,110,621	90
Jasmine Smart Shop Co., Ltd.	110	100	109,999	8,710	-	110	100	109,999	9,038	-
Jasmine International Overseas Co., Ltd. (included equity interest in ACeS (Thailand) Co., Ltd., ACeS Regional Service Co., Ltd., Pakkret Planner Co., Ltd., Clippership Investments (BVI) Limited, Island Country Telecommunication Inc., P.T. Mobilkom Telekomindo and JI Telecoms Holdings Corporation)	2,430	87.3	2,088,430	-	-	2,430	87.3	2,088,430	-	-
Jasmine Cable & Materials Co., Ltd.	6	100	5,999	5,823	-	6	100	5,999	5,823	-
Siam Teltech Computer Co., Ltd.	55	96.07	67,328	256,397	-	55	96.07	67,328	295,118	24
T.J.P. Engineering Co., Ltd.	200	80	160,000	438,000	-	200	80	160,000	432,597	30
Jasmine Telecom Systems Co., Ltd.	100	100	99,999	493,777	-	100	100	99,999	408,812	-
Jasmine Energy Co., Ltd.	110	90	103,438	45,516	-	110	90	103,438	45,516	-
Mobile Communication Services Co., Ltd.	100	70	100,000	70,519	-	100	70	100,000	70,716	-
Jasmine Internet Co., Ltd.	15	65	1,000	-	-	15	65	1,000	-	-
Jasmine Cyberworks Co., Ltd.	52	100	52,000	-	-	52	100	52,000	25,585	-
CompuNet Corporation Limited	260	100	100,000	-	-	260	100	100,000	66,240	-
Chaengwatana Planner Co., Ltd.	0.1	100	100	89	-	-	-	-	-	-
Total investments in subsidiary companies			5,594,291	5,388,657				5,594,191	4,979,446	
Investments in associated companies:										
Premium Real Estate Co., Ltd.	820	49	401,800	-	-	820	49	401,800	-	-
Internet Knowledge Service Center Co., Ltd.	50	37.5	49,175	58,827	-	50	37.5	49,175	70,683	-
Telecom KSC Co., Ltd.	0.3	40	100	129	-	0.3	40	100	134	-
TT&T Plc. (Formerly known as "Thai Telephone & Telecommunication Plc.")	28,495	28.81	6,102,654	3,219,995	-	28,123	29.5	6,220,665	3,136,365	-
Total investments in associated companies			6,553,729	3,278,951				6,671,740	3,207,182	
Total investments accounted for under equity method			12,148,020	8,667,608				12,265,931	8,186,628	
Provision for loss on the excess on investment accounted for under equity method:										
Jasmine International Overseas Co., Ltd.	2,430	87.3	2,088,430	(3,356,628)	-	2,430	87.3	2,088,430	(1,823,189)	-
Jasmine Internet Co., Ltd.	15	65	1,000	(29,422)	-	15	65	1,000	(25,266)	-
Jasmine Cyberworks Co., Ltd.	52	100	52,000	(18,726)	-	52	100	52,000	-	-
CompuNet Corporation Limited	260	100	100,000	(3,085)	-	260	100	100,000	-	-
				(3,407,861)					(1,848,455)	

In 2001, the Company and the subsidiaries agreed to swap the debts outstanding from TT&T Public Company Limited (Formerly known as “Thai Telephone & Telecommunication Public Company Limited.”) to equity of that company. As a result, the Company and the subsidiaries increased their equity in TT&T Public Company Limited from 19.96 percent to 34.78 percent (the Company only increased its equity from 19.96 percent to 29.50 percent).

The Company, its subsidiaries and other shareholders of TT&T Public Company Limited have signed a principal shareholders undertaking agreement, under which the shareholders are obliged to maintain a certain shareholding stipulated in the agreement, until that company finds a strategic partner, for a period of 30 months from the Closing Date. As at 31 December 2002, the Company and its subsidiaries hold approximately 960 million ordinary shares (2001 : 978 million ordinary shares) of TT&T Public Company Limited, consisting 891 million restricted shares and 69 million unrestricted shares (2001 : 893 million shares and 85 million shares, respectively), and the Company only hold approximately 780 million shares and 30 million shares, respectively (2001 : 772 million shares and 58 million shares, respectively).

The share certificates to all of the investments of the Company and a subsidiary have been pledged or delivered to the custody of a security agent as collateral to secure loans under the debt restructuring agreement (Note 27).

The share of profits or losses for the year ended 31 December 2002 of three associated companies, namely, Internet Knowledge Service Center Company Limited, GP Education Company Limited and Telecom KSC Company Limited were included in these financial statements. These accounts were prepared by their management and has not yet been audited by their auditor. In addition, the financial statements did not include the share of profits or losses for the year ended 31 December 2002 of two associated companies, namely, Passion Net Company Limited and J.S. Intellinet Company Limited (2001 : two associated companies, namely, Internet Knowledge Service Center Company Limited and Telecom KSC Company Limited), since the financial statements of those companies were not available. Nevertheless, the management believes that such non-inclusion did not have any material effect to the financial statements as a whole.

On 21 March 2002, the Meeting of Board of Directors of Jasmine International Overseas Company Limited (a subsidiary) passed a resolution approving the sale of all of the subsidiary’s investment in P.T. Mobilkom Telecommindo for 1 US dollar. The subsidiary is now in the process of implementing the sale in accordance with the resolution.

11. INVESTMENT IN OTHER COMPANIES

	Consolidated							
	2002				2001			
	Paid up Capital Million Baht	Equity interest Percent	Investments Thousand Baht	Dividend Million Baht	Paid up capital Million Baht	Equity interest Percent	Investments Thousand Baht	Dividend Million Baht
Other investments:								
ACeS International Limited (10.66% held by Jasmine International Overseas Co., Ltd. and 1.07% held by ACeS Regional Services Co., Ltd.)	305 (Million USD)	10.24	867,395	-	305 (Million USD)	10.24	867,395	-
Island Country Telecommunication Inc. (held by Jasmine International Overseas Co., Ltd.)	72 (Million Philippin Peso)	6.73	-	-	72 (Million Philippin Peso)	6.73	-	-
Others			27,320				27,320	
			894,715				894,715	
Less: Allowance for diminution in value of investments			(705,933)				-	
			188,782				894,715	
Investment in available for sale security:								
Warrants - TT&T Plc. (Formerly known as "Thai Telephone & Telecommunication Plc.") - net			38,907				65,502	
Total			227,689				960,217	

	The Company Only							
	2002				2001			
	Paid up capital Million Baht	Equity interest Percent	Investments Thousand Baht	Dividend Million Baht	Paid up capital Million Baht	Equity interest Percent	Investments Thousand Baht	Dividend Million Baht
Other investments:								
Investments in other companies			1,850	-			1,850	-
Investment in available for sale security:								
Warrants - TT&T Plc. (Formerly known as "Thai Telephone & Telecommunication Plc.") - net			13,948				23,482	
Total			15,798				25,332	

The Company and its subsidiaries received 49 million warrants, free of charge, to purchase ordinary shares of TT&T Public Company Limited (the Company only: 18 million warrants) from the conversion of debt to equity of that company. The warrants have an exercise period of 5 years, and are exercisable every month-end, with the first and the last exercise dates being 1 October 2001 and 30 September 2006, respectively. One warrant can be exercised to purchase one ordinary share (with a par value of Baht 10 each) at an exercise prices of Baht 4.85 per share. During the year, the Company and its subsidiaries did not exercise any of the warrants.

12 PROPERTY, PLANT AND EQUIPMENT

(Unit : Baht)

	Consolidated						Total
	Land	Buildings, leasehold rights and improvement	Equipment for the rural telephone project through satellite system	ACeS gateway station for the ACeS Satellite - based mobile project	Others	Assets under installment	
Cost :							
31 December 2001	78,888,450	703,161,320	4,052,897,561	771,263,188	642,886,430	7,867,320	6,256,964,269
Additions	-	5,875,521	-	-	91,102,386	96,655,278	193,633,185
Disposal	-	(554,982)	-	-	(46,359,814)	-	(46,914,796)
Transfer in (out)	-	-	(200,000)	-	79,291,446	(89,561,306)	(10,469,860)
31 December 2002	78,888,450	708,481,859	4,052,697,561	771,263,188	766,920,448	14,961,292	6,393,212,798
Accumulated depreciation:							
31 December 2001	-	178,171,080	1,982,327,706	69,688,471	413,530,551	-	2,643,717,808
Depreciation charge for the year	-	38,498,414	469,889,834	48,024,653	82,823,451	-	639,236,352
Disposal	-	(186,238)	-	-	(35,107,395)	-	(35,293,633)
Transfer in (out)	-	-	-	-	(15,406,209)	-	(15,406,209)
31 December 2002	-	216,483,256	2,452,217,540	117,713,124	445,840,398	-	3,232,254,318
Allowance for impairment of assets:							
31 December 2001	9,337,000	36,977,742	-	-	-	-	46,314,742
31 December 2002	9,337,000	36,977,742	-	335,666,158	-	-	381,980,900
Net book value:							
31 December 2001	69,551,450	488,012,498	2,070,569,855	701,574,717	229,355,879	7,867,320	3,566,931,719
31 December 2002	69,551,450	455,020,861	1,600,480,021	317,883,906	321,080,050	14,961,292	2,778,977,580
Depreciation for the year (included in the earnings statements) :							
Year 2001							650,722,035
Year 2002							639,236,352

(Unit : Baht)

	The Company Only					Total
	Land	Buildings, leasehold rights and improvement	Furniture, fixtures and office equipment	Tools, machinery and equipment	Motor vehicles	
Cost:						
31 December 2001	28,870,950	544,994,725	44,514,828	40,968,607	2,928,437	662,277,547
Additions	-	-	971,872	-	-	971,872
Disposal	-	-	(8,077,932)	(30,210,333)	-	(38,288,265)
31 December 2002	28,870,950	544,994,725	37,408,768	10,758,274	2,928,437	624,961,154
Accumulated depreciation:						
31 December 2001	-	114,071,248	38,270,113	32,065,037	2,198,749	186,605,147
Depreciation charge for the year	-	22,376,791	2,101,334	946,231	267,745	25,692,101
Disposal	-	-	(7,952,853)	(23,640,403)	-	(31,593,256)
31 December 2002	-	136,448,039	32,418,594	9,370,865	2,466,494	180,703,992
Allowance for impairment of assets						
31 December 2001	9,337,000	24,977,742	-	-	-	34,314,742
31 December 2002	9,337,000	24,977,742	-	-	-	34,314,742
Net book value:						
31 December 2001	19,533,950	405,945,735	6,244,715	8,903,570	729,688	441,357,658
31 December 2002	19,533,950	383,568,944	4,990,174	1,387,409	461,943	409,942,420
Depreciation for the year (included in the earnings statements) :						
Year 2001						33,455,318
Year 2002						25,692,101

As at 31 December 2002, certain plant and equipment items have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 204 million (2001 : Baht 192 million).

The Company has pledged its land and building to secure long-term loan under the debt restructuring agreement.

A subsidiary has pledged its vessels to secure the senior secured notes referred to in Note 17.2 to the financial statements, and another subsidiary has mortgaged its land and building with a bank to secure its bank guarantee.

The Baht 654 million (2001: Baht 702 million) costs of construction of an ACeS gateway station for the satellite-based mobile project of a subsidiary company. The construction was completed and commercial services were launched in February 2001. Because of uncertainties as to the success of the ACeS Satellite base mobile project, the subsidiary has set up a provision for loss on impairment of the ACeS gateway station amounting to Baht 336 million in the accounts, based on projected net cash flow to be derived from the operating profit as shown in the projected financial statements. However, the adequacy of the provision loss is dependent upon the volume of satellite usage, and on the success of the commercial operation of the satellite-base mobile project in the future.

Pursuant to the agreements for the rental of remote stations for the Rual Telephone project made with TOT Corporation Public Company Limited (Formerly known as "Telephone Organization of Thailand"), the subsidiary will have to transfer all operating equipment of this project to TOT corporation Plc. on the date the contract ends. During 1999, the subsidiary transferred its rights over the collection of rental fees under such agreements to secure the subsidiary debentures as referred to in Note 17.3

13 ADVANCE FOR INVESTMENT PROJECTS

These included advance payments totaling Baht 157 million for IPP (Independent Power Producer) projects which have now been aborted. A provision of Baht 124 million has been made by the Company for possible decline in the value of the land.

14 ADVANCE PAYMENTS FOR SERVICE

Jasmine International Overseas Co., Ltd. (a subsidiary company) and another two co-founders of ACeS International Limited (AIL) paid for development costs of cellular phones to be used with the ACeS satellite transmission system. Pursuant to the Development Co-ordination and Terminal Supply Agreement dated 24 September 1996, the subsidiary and the co-founders agreed to pay USD 18.33 million each in exchange for the license and the sole distribution rights over that product. The subsidiary has already paid Baht 309 million (equivalent to USD 10.44 million) of such costs. During 1999, the subsidiary, the co-founders and the counterparty terminated the agreements to pave the way for AIL to assume the rights. In this regard, AIL agreed to compensate the subsidiary and the co-founders by way of a rebate in the form of promotional minutes of satellite air-time usage over a period of 10 years, with the conditions of the compensation being contingent upon the net cash flow from the operations of AIL, and to be agreed upon at the latest six months after the launch of the satellite (the satellite launch date is 12 February 2000). Because of a delay in construction and launch of service for the ACeS Satellite-based mobile project, agreement on the compensation for development costs had not yet been reached among the subsidiary, the co-founder and AIL. However the subsidiary's management expects that details of the compensation will be negotiated after the subsidiary and the co-founders, as national providers of the ACeS system, have completed their commercial launches (the commercial launch of the services was in February 2001). The subsidiary and the co-founders are now in the process of negotiating such compensation. The subsidiary has presented the advance payments made as assets, and shown them under the caption of "Advance payments for service" in the balance sheet. However, due to uncertainties as to the success of the ACeS Satellite base mobile project, the subsidiary set up a full provision for impairment loss of advance payments for service in the second quarter of the current year.

15 DEFERRED PROJECT COST

	(Unit : Baht)	
	Consolidated	
	<u>2002</u>	<u>2001</u>
Submarine optical fibre cable project cost	5,123,436,213	5,123,436,213
Satellite transmission system project cost	988,350,679	988,350,679
Cost of communication equipment	264,915,121	264,915,121
Cost of equipment for domestic high-speed data communication rental service	28,003,655	25,469,471
Cost of equipment for providing internet service	11,576,828	11,576,828
Total	<u>6,416,282,496</u>	<u>6,413,748,312</u>
Less : Accumulated amortisation	<u>(3,129,981,366)</u>	<u>(2,703,465,358)</u>
Deferred project cost - net	<u>3,286,301,130</u>	<u>3,710,282,954</u>
Amortisation for the year	<u>426,516,008</u>	<u>415,676,751</u>

The costs of the submarine optical fibre cable network project represent costs incurred under the joint investment contract made with the TOT Corporation Public Company Limited (TOT) to install a submarine optical fibre cable networks on the east and the west coasts of Thailand, dated 4 October 1991. Ownership of the network was immediately transferred to TOT upon the subsidiary's completing network installation and its passing the final acceptance test conducted by TOT. In return the subsidiary is entitled to a share of revenues earned from the network over a period of 20 years, as from the date the network was transferred. The subsidiary transferred its rights over the collection of its share of the revenues from the TOT, under the above joint investment contract, to secure its senior secured notes (Note 17.2).

The costs of the satellite transmission system project represents costs incurred under the joint investment contracts made with the TOT Corporation Public Company Limited (TOT), dated between 27 June 1990 and 1 April 1997 for the Time Division Multiple Access project, the Integrated Satellite Business Network project and the Rural Telephone project. Ownership of the satellite transmission systems were immediately transferred to TOT when the subsidiary commenced rendering services. In return the subsidiary is entitled to a share of the revenues earned from the satellite transmission systems for periods of 9 to 15 years, as from the date service commences to date ended.

The cost of communications equipment used to provide satellite communication services under the agreement made with The Posts and Telegraph Department (PTD). Ownership of the communications equipment is transferred to PTD upon its utilisation in the provision of service. In return the subsidiary is entitled to operate the domestic satellite communications service for a period of 22 years, as from the date service commences.

The cost of equipment for domestic high-speed data communication rental service represents the cost of computer and communications equipment used to provide services under the agreement made with The Communication Authority of Thailand (CAT) dated 15 January 1999. Ownership of the communications equipment was transferred to CAT when the subsidiary delivered the equipment in accordance with the agreement. In return the subsidiary is entitled to operate the service under such contract for a period of 10 years, as from 3 months after the contract date.

The cost of equipment for providing Internet service include cost of computers and various equipment necessary to provide Internet service under the agreement made with the Communication Authority of Thailand (CAT) dated 14 March 1996. Under such agreement, the ownership of such equipment has reverted to CAT, in exchange for the right to operate the Internet service for a period of 10 years.

16 BANK OVERDRAFTS AND LOANS FROM FINANCIAL INSTITUTIONS

Included in the balance of bank overdrafts and loans from financial institutions as presented in the consolidated balance sheet as at 31 December 2002, were bank overdrafts, short-term loans and trust receipts of the subsidiaries, amounting to approximately Baht 53 million, Baht 31 million and Baht 16 million, respectively, which are guaranteed by the Company.

17. LONG-TERM LIABILITIES

Long-term liabilities consisted of the following items :-

		(Unit : Baht)			
		Consolidated		The Company Only	
		2002	2001	2002	2001
17.1	Long-term loans in accordance with the debt restructuring agreement (Note 27), repayable semi-annually as from 2000 to 2006, consists of the following loans :-				
	a) USD 122 million loan at the interest rate of LIBOR plus 2 to 2.5% per annum (outstanding balance as at 31 December 2002 amounted to approximately USD 71.99 million)	3,117,492,084	4,589,074,129	2,402,843,028	2,472,895,457
	b) Yen 9,500 million loan at the interest rate of TIBOR plus 2 to 2.5% per annum (outstanding balance as at 31 December 2002 amounted to approximately Yen 4,508 million)	1,632,421,438	2,913,682,281	3,094,720,778	2,913,682,281

		Consolidated		The Company Only	
		2002	2001	2002	2001
	c) Baht 1,576 million loan at the interest rate of MLR plus 1 to 1.5% per annum (outstanding balance as at 31 December 2002 amounted to approximately Baht 1,326 million)	1,326,037,078	1,409,783,291	1,403,208,917	1,409,783,291
17.2	USD 180 million, 8.483% per annum senior secured notes due in 2011, repayable semi-annually as from 1997 to 2011 (outstanding balance as at 31 December 2002 amounted to approximately USD 132 million) and secured by				
	a) all rights and benefits pertaining to concession agreements of its subsidiaries				
	b) a subsidiary company's deposit				
	c) a pledge of ordinary shares held in a subsidiary				
	d) a pledge of the vessels owned by a subsidiary (see note 12)				
	e) a letter of guarantee of a subsidiary	5,699,486,102	4,278,308,542	-	-
17.3	Baht 3,500 million, 8.125% per annum secured debentures due in 2004, repayable semi-annually as from 2001 to 2004 (outstanding balance as at 31 December 2002 amounted to Baht 1,569 million) and secured by				
	a) assignment of revenues collectible from TOT Corporation Plc. under the Rural Telephone Project				
	b) a pledge of Baht 332 million of a subsidiary's savings deposits	1,569,085,000	2,264,605,000	-	-
17.4	Baht 500 million loan at the interest rate of MLR+0.5% per annum, Repayable monthly as from July 2002 to December 2005 (outstanding balance as at 31 December 2002 amounted to Baht 452 million) and secured by				
	a) assignment of revenues collectible from TOT Corporation Plc. under the Integrated Satellite Business Network project and Time Division Multiple Access project				
	b) a subsidiary company's deposit	452,000,000	-	-	-
17.5	Others	7,157,923	11,169,908	77,052	230,616
Total		13,803,679,625	15,466,623,151	6,900,849,775	6,796,591,645
Less : Current portion		(4,624,415,749)	(4,390,243,026)	(2,143,943,087)	(1,285,889,950)
Long-term liabilities - net of current portion		9,179,263,876	11,076,380,125	4,756,906,688	5,510,701,695

The conditions of issue of the senior secured notes (Note 17.2), stipulate certain covenants relating to matters such as the maintenance of financial ratios and restrictions on investment. During the current year, the subsidiary company has breached such covenants by its investment of Baht 391 million, as discussed in Note 21 to the financial statements.

The conditions of issue of the secured debentures (Note 17.3), stipulate certain covenants relating to matters such as the maintenance of financial ratios and the dividend payment.

On 20 June 2002, the Extraordinary General Meeting of the Company's Shareholders No. 2/2002 passed a resolution approving and ratifying the repurchase of the senior secured notes of Jasmine Submarine Telecommunications Company Limited (a subsidiary), as discussed in Note 17.2 prior to the maturity date. In addition, the same meeting also approved and ratified the execution of an agreement with Krung Thai Bank Public Company Limited for credit facilities in an amount not exceeding Baht 4,350 million, for a period of 5.5 years, in order to repurchase these notes. However, the credit facilities agreement expired on 27 September 2002 without utilization of such credit facilities and the subsidiary company was unable to repurchase the senior secured notes.

To hedge the foreign exchange risk for a loan discussed in Note 17.2, the Company entered into the foreign exchange contracts and currency swap agreement to buy USD 135 million from the counterparties at an average strike price of Baht 25.12 per USD 1 to be delivered on a semi-annual basis in amounts of between USD 2.9- USD 6.5 million per delivery, as from 1997 through to 2011. However, during the current year the counterparties cancelled the currency swap agreement, accusing the Company of breaching the conditions thereof. The counterparties have submitted a claim for payment of penalties for default of such agreement amounting to approximately Baht 332 million with the official receiver. However, as at 31 December 2002 the Company has recorded penalties of only Baht 233 million which is the amount agreed under the existing restructuring agreement. As a result of the cancellation of the agreement, the Company and its subsidiaries had incurred unrealized loss on exchange rate amounting to Baht 1,875 million from translation of a loan of USD 103.1 million using the exchange rate as of 31 December 2002 instead of the contract rate. Such loss and the above penalty are presented under the caption of "Loss from translation of foreign currency loans and penalty due to cancellation of currency swap agreement" in the earnings statements for the current year.

The long-term loans are due for repayment as follows :-

<u>Year</u>	<u>Million USD</u> (Note 17.1, 27)	<u>Million USD</u> (Note 17.2)	<u>Million Baht</u> (Note 17.3)	<u>Million Baht</u> (Note 17.4)
2002	49.51	13.30	753.23	120
2003	31.74	14.76	815.84	144
2004	30.40	16.15	-	188
2005 onwards	Remaining principle amount	87.41	-	-
		<u>131.62</u>	<u>1,569.07</u>	<u>452</u>

18 WARRANTS

In July 1999, the Company issued 333.6 million warrants for existing shareholders to subscribe for ordinary shares at Baht 0.10 each. The warrants, which were issued in the ratio of 1 warrant per 1 existing ordinary share, have an exercise period of 10 years (the Annual General Meeting No. 1/2002 passed a resolution approving the extension of the maturity of the warrants from 5 years to 10 years), and are exercisable every 3 months. The first and the last exercise dates are 15 September 1999 and 15 June 2009, respectively. One warrant provides the right to purchase one ordinary share (with a par value of Baht 10 each) at the exercise price of Baht 5.

During the year, 15,000 warrants were exercised to purchase 15,000 new ordinary shares, leaving 257,356,537 warrants unexercised as at 31 December 2002.

On 4 September 2000, the Extraordinary General Meeting of Shareholders No. 1/2000 passed a resolution approving the issue and offering of 18.4 million registered, non-transferable warrants to purchase common shares to directors or employees of Jasmine International Public Company Limited and its subsidiaries, free of charge. The warrants have an exercise period of 5-8 years (the Extraordinary General Meeting of shareholders No. 1/2002 passed a resolution approving the extension of the maturity of the warrants from 5 years to 5-8 years) from the date of issue, and are exercisable every 3 months. One warrant will provide the right to purchase one ordinary share (with a par value of Baht 10 each) at exercise prices of between Baht 10 and Baht 29.28.

During the year 2001, the Company issued the first 5.46 million warrants to purchase ordinary shares, for free of charge, and in April 2002 issued the second 13.49 million warrants to purchase ordinary shares, to directors and employees of Jasmine International Public Company Limited and its subsidiary companies, with the first and last exercise dates are 15 March 2001 and 15 December 2009, respectively. No warrants were exercised. As at 31 December 2002, there are 11.2 million warrants outstanding because directors and employees of the Company and its subsidiaries who held warrants resigned and returned the warrant certificates to the Company.

19 COMPANY'S SHARE HELD BY A SUBSIDIARY

As at 31 December 2002, a subsidiary holds 60 million of the Company's shares (equivalent to 12.64 percent of the share capital issued by the Company) which a subsidiary company purchased at their par value of Baht 10. The Company's issue of ordinary shares to its subsidiary is in accordance with a condition of the debt restructuring agreement. Such shares are shown as a deduction under the caption of "Company's shares held by a subsidiary" in shareholders' equity.

20 STATUTORY RESERVE

Under the Public Company Limited Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5 percent of its net profit, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of its registered share capital. The statutory reserve could not use for dividend payment.

21. SURPLUS ARISING FROM SUBSIDIARIES' INVESTMENT IN DEBT SECURITIES

During the current year, two subsidiaries, namely Jasmine Submarine Telecommunications Company Limited and Acumen Company Limited, have invested funds in the purchase of a long-term loan of the Company as state in Note 17.1 on an overseas debt market at a price lower than its net book value. The surplus as a result of purchase of the Company's debt is shown as a separate item in the earnings statements for the current year.

22 PENALTY RECEIPTS DUE TO LATE PAYMENT

In 2001, the Company and four subsidiaries received settlement of all debt from TT&T Public Company Limited, including penalties for late payment and interest, in the form of ordinary shares of that company. This was in accordance with the debt restructuring agreement. In addition, the Company and the subsidiaries settled outstanding balances between themselves and other trade accounts receivable and payable, including penalties for late payment, by transferring the ordinary shares of TT&T Public Company Limited.

As a result of the debt restructuring and debt repayment transactions the Company and its subsidiaries recorded net receipts of penalties for late payment amounting to Baht 528 million, showing this as a separate item in the statements of earnings for the year 2001

23 DIRECTORS' REMUNERATION

Directors' remuneration represents the expenses paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to executive directors.

24 PROVISION FOR LOSS ON IMPAIRMENT OF ASSETS

During the second quarter of the current year, the subsidiaries had set up a provision for loss on impairment of assets as follows :-

	(Unit : Million Baht)
Investment in ACeS International Limited (Note 11)	681
Other investments (Note 11)	24
Cost of the ACeS gateway station (Note 12)	336
Advance payments for service (Note 14)	309
	<u>1,350</u>

25 CORPORATE INCOME TAX

Corporate income tax is calculated on the earnings of the Company and its subsidiaries after adding back certain disallowed expenses and after deducting tax loss brought forward from prior years, unrealised gains on forward exchange contracts which have been made with non-bank financial institutions in accordance with the rules as prescribed by the Revenue Department, and share of profit from investments accounted for under equity method.

26 RECONCILIATION OF DILUTED EARNINGS PER SHARE

	For the years ended 31 December					
	Net earnings (loss)		Weighted average number of ordinary shares		Earnings (Loss) per share	
	2002	2001	2002	2001	2002	2001
	Thousand Baht	Thousand Baht	Thousand Shares	Thousand Shares	Baht	Baht
Basic earnings per share						
Net earnings (loss)	(1,618,269)	676,767	414,548	395,500	(3.90) 1.71	
Effect of dilutive potential ordinary shares						
Warrants	-	-	-	19,065		
Diluted earnings per share						
Net earnings (loss) of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>(1,618,269)</u>	<u>676,767</u>	<u>414,548</u>	<u>414,565</u>	(3.90) 1.63	

27. DEBT RESTRUCTURING

27.1 On 14 July 2000, the Company entered into a debt restructuring agreement with financial institutions covering the debts listed below: -

- Long term loan amounting to Yen 9,500 million
- Short term loans amounting to USD 32.3 million and Baht 1,135 million
- Bank overdrafts amounting to Baht 87.2 million
- Debt obligations from guarantees provided for subsidiaries amounting to USD 61 million (Note 27.2) and Baht 12.4 million
- Debt obligations from guarantees provided for associated companies amounting to Baht 341.7 million and USD 29 million

The significant points of the debt restructuring are that all loan balances are rescheduled into a six and a half-year term loan, repayable on a semi annual basis until 31 December 2006, and with interest charged at MLR plus 1 to 1.5 percent per annum for the Baht loans, LIBOR plus 2 to 2.5 percent per annum for the USD loans and TIBOR plus 2 to 2.5 percent per annum for the Yen loans.

27.2 On 7 July 2000, Jasmine International Overseas Company Limited (a subsidiary company) signed a debt restructuring agreement with financial institutions covering debts amounting to approximately USD 61 million. The significant points of the debt restructuring are that the loan balances are rescheduled into a three and a half-year term loan, repayable on an annual basis until 31 December 2003, with interest at LIBOR plus 2 percent per annum

According to the debt restructuring agreement, the Company and a subsidiary company have to comply with certain covenants, as summarised below: -

- issue 60 million of the Company's ordinary shares to a subsidiary; some shares are to be pledged and some must be sold within 6 months of the debt restructuring agreement becoming effective.
- pledge and deliver to the custodian all of the shares certificates for the Company's holdings in its subsidiaries and the associated companies.
- pledge savings accounts and term deposits at banks.
- mortgage land and buildings.
- assign claims received from its related parties.
- maintain financial ratios according to conditions specified in the agreement.
- follow restrictions on providing additional loans or guarantees, dividend payment, etc.

The outstanding balance of the loans after restructuring has been shown under the caption of “Long-term loans” in the balance sheet.

In addition, according to the debt restructuring agreements, the Company and a subsidiary have to repay all outstanding loans in USD (Note 17).

The Company defaulted on the debt repayments amounting to USD 4.0 million and USD 16.6 million due under the debt restructuring agreement in December 2001 and June 2002, respectively. In addition, Jasmine International Overseas Co., Ltd. (a subsidiary company) defaulted on a debt repayment of USD 22.3 million due under the debt restructuring agreement in December 2001, and has been unable to sell shares as required under the debt restructuring agreement. The Company and such subsidiary company submitted a petition for rehabilitation of their businesses to the Central Bankruptcy Court and on 17 September 2002 the Court issued an order for the Company and the subsidiary company to enter into the business rehabilitation process, appointing Chaengwatana Planner Company Limited and Pakkret Planner Company Limited as planners. On 27 January 2003, Chaengwatana Planner Company Limited, the planner of the Company, submitted the completed rehabilitation plan to the Company’s creditors. Total liabilities per the claims for payment submitted by the Company’s creditors to the official receiver are approximately Baht 10,413 million, which exceeds the amount the Company had recorded in the accounts by Baht 1,845 million. Such liabilities include liabilities under guarantees provided for affiliated companies and under other guarantees. The Company will record such liabilities when the proposed rehabilitation plan has been approved by the creditors.

28 COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2002, the Company and its subsidiaries had the following outstanding commitments and contingent liabilities: -

- 28.1 The Company and its subsidiaries had outstanding commitments of approximately Baht 770 million in respect of performance bonds and bid bonds issued by banks and financial institutions on behalf of the Company and its subsidiaries (the Company only : Baht 395 million).
- 28.2 The Company acts as a guarantor for letters of guarantee issued by banks on behalf of the subsidiaries and credit facilities of the subsidiaries totaling Baht 302 million and USD 47.5 million
- 28.3 The Company is of guarantor of the Baht 133 million loan of an associated company.

28.4 ACeS Regional Services Company Limited (a subsidiary company) has the following outstanding commitment :-

- a) Under an agreement for the supply of software and associated services to implement a billing system for the satellite-based mobile services project, Software license fee payable at a rate specified in the agreement, which is equal to USD 0.0183 per chargeable call using the satellite network. This payment is made for a period of 36 months, when the final acceptance test will be completed (Final acceptance test on 1 August 2002).
- b) Under The Founder NSP Airtime Purchase agreement made with ACeS International Limited, the owner of ACeS Satellite Project, a subsidiary company is obliged to pay a fee to ACeS International Limited in accordance with the agreement. The fee is based on the greater of a minimum annual payment (USD 5 million) and a rate based on the volume of use of the satellite service, as specified in the agreement.

28.5 Acumen Company Limited (a subsidiary company) has outstanding commitments in respect of the rental of satellite transponders used for ISBN and Rural Telephone projects, for which the rental is payable as follows :-

<u>Year</u>	<u>Million USD</u>
2003	3.9
2004	3.9
2005 onward	8.8
	16.6

28.6 Jasmine Internet Company Limited (a subsidiary company) has the following outstanding commitments :-

- (a) Under an agreement with the Communications Authority of Thailand for the rental of high speed circuit lines and an internet information exchange service center, rental fees are payable as follows :-

<u>Year</u>	<u>Million Baht</u>	<u>Million USD</u>
2003	25.5	0.2
2004 onward	22.2	0.2
	47.7	0.4

- (b) Under an agreement with the TOT Corporation Public Company Limited for the rental of the Internet Protocol Network for information transmission, rental fees are payable as follows :-

<u>Year</u>	<u>Million Baht</u>
2003	7.7
2004	7.7
2005 onward	52.2
	<u>67.6</u>

28.7 Compunet Corporation Limited (a subsidiary company) has the following outstanding commitments :-

- (a) A transponder lease agreement with a local company for a period of five years, effective from 15 June 2002 to 14 June 2007, rental fees are payable in the future as follows :-

<u>Year</u>	<u>Million USD</u>
2003	0.7
2004	0.7
2005 onward	1.6
	<u>3.0</u>

- (b) Under an agreement with the Posts and Telegraph Department (PTD) to operate and provide satellite data communication services throughout Thailand for a period of 22 years, the subsidiary company is obliged to comply with certain conditions, including the obligation to transfer the ownership of communications equipment used to provide satellite data communication services to PTD without charge and to pay a fee to PTD in accordance with the agreement. The fee is based on the greater of a minimum annual payment and a percentage of revenues from services, in accordance with the following basis :-

<u>Years</u>	<u>Percentage of revenues per annum</u>	<u>(Unit : Million Baht) Minimum Annual Payment</u>
1 - 10	10	30
11 - 20	20	50
21 - 22	30	60

The subsidiary company commenced its operations on 8 August 1998.

28.8 Dispute

On 12 July 2002, a trade account payable of Siam Teltech Computer Co., Ltd. (a subsidiary company) submitted a dispute to the Arbitration Office in relation to unpaid service fees amounting to Baht 155.8 million, which the subsidiary has presented under the caption of "Account payable-others". The trade account payable called for the subsidiary to make payment of Baht 155.8 million for the service fees and Baht 117.6 million in damages. However, as at 31 December 2002, the subsidiary has recorded damages amounting to only Baht 54.43 million in the balance sheet. At present, the Arbitration Committee is hearing the dispute. However, the subsidiary's management believes that the subsidiary will incur no material liabilities in excess of the damages already recorded in the subsidiary's accounts during the year as a result of the decision on the dispute.

29 PROVIDENT FUND

The Company, a subsidiary company and their employees have jointly established a provident fund, namely, The Jasmine Group Registered Provident Fund and The registered Provident Fund of Bangkok 2 of a subsidiary Company, as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. The fund is contributed to by the Company and the subsidiary company and their employees, and will be paid to employees upon termination in accordance with the rules of the fund. The fund is managed by Bangkok Bank Public Co., Ltd., but Bangkok First Investment and Trust Public Co., Ltd. is in charge of management for the subsidiary company. During the current year, the Company and the subsidiary company contributed a total of Baht 14 million (the Company Only : Baht 1.4 million) to the fund.

30 EMPLOYEES AND RELATED COSTS

	Consolidated		The Company Only	
	2002	2001	2002	2001
Number of employees at end of year (persons)	1,066	1,110	94	94
Employee costs for the year (Million Baht)	406	393	42	38

31. FINANCIAL INSTRUMENTS

Financial risk management and policies

The Company and its subsidiaries are exposed to risks from changes in market interest rates and in currency exchange rates, and from nonperformance of contractual obligations by counterparties. The Company and its subsidiaries use derivative instruments, as and when it considers appropriate, to manage such risks. The Company and its subsidiaries do not hold or issue derivative instruments for speculative or trading purposes.

Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of the operations of the Company and its subsidiaries and their cash flows. The Company and its subsidiaries' exposure to interest rate risk relates primarily to their deposits with financial institutions, bank overdrafts and loans. The details of loans are set out in Note 17.

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk relates primarily to their payables and loans which are denominated in foreign currencies. The Company and its subsidiaries primarily utilize forward exchange contracts to hedge such financial assets and liabilities, when they consider it appropriate. In addition to these transactional exposures, the Company is also exposed to the effect of foreign exchange movements on its investments in foreign subsidiary and associated companies, which are currently not hedged by any derivative financial instrument.

Forward exchange contracts outstanding on 31 December 2002 are summarized below.

Foreign currency	Consolidated	
	Forward exchange Contract (Million)	Forward rate (Baht per unit of foreign currency)
Other liabilities		
US dollar	0.71	43.04

Below is the summary of the Company and its subsidiaries' foreign currency-denominated assets/liabilities as at 31 December 2002 which were unhedged.

(Unit : Million)

	Consolidated		Total
	Repayable within 1 year	Repayable more than 1 year	
Assets			
US dollar	2	24	26
Liabilities			
US dollar	42	173	215
Yen	16	4,668	4,684
Euro	2	-	2

(Unit : Million)

	The Company Only		Total
	Repayable within 1 year	Repayable more than 1 year	
Assets			
US dollar	26	-	26
Liabilities			
US dollar	2	75	77
Yen	-	8,804	8,804
Euro	1	-	1

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to their accounts receivable. However, since the majority of sales and services are supplied to creditworthy customers such as state enterprises and government agencies, the Company and its subsidiaries do not anticipate material losses from their debt collection.

With respect to off-balance sheet derivative financial instruments, it is the Company and its subsidiaries' policy to enter into financial instruments with creditworthy counterparties. Therefore, the Company and its subsidiaries do not expect any material losses to arise from the counterparties' failure to perform their obligations under the financial instruments.

Fair value

Since the majority of the financial assets/liabilities (except loans) are short-term and that the loans carry interest at rates close to current market rates, the management believes that the fair value of the Company and its subsidiaries' financial assets and liabilities do not materially differ from their carrying value.

32 FINANCIAL INFORMATION BY SEGMENT

The operations of the Company and its subsidiaries involve a single business segment i.e. the telecommunications business, and are virtually all carried on in the single geographic area of Thailand. As a result, virtually all of the revenues, operating profits and assets as reflected in the financial statements pertain to the aforementioned business and geographic area.

33 PRESENTATION

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Commercial Registration Department dated 14 September 2001 as empowered under the Accounting Act. B.E. 2543.

Certain amounts in the financial statements for the year ended 31 December 2001 have been reclassified to conform to the current year's classification, with no effect on previously reported net earnings or shareholders' equity.

34 APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's directors.