

JASMINE INTERNATIONAL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
REPORT AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD OF THREE MONTHS ENDED 31st MARCH, 1999

Report of Independent Auditor

To the Board of Directors and Shareholders of
Jasmine International Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Jasmine International Public Company Limited and its subsidiaries and the balance sheet of Jasmine International Public Company Limited as at 31st March, 1999, the related statements of earnings, retained earnings, changes in shareholders' equity and cash flows for the period of three months then ended in accordance with standards established by the Institute of Certified Accountants and Auditors of Thailand.

A review of such interim financial statements consists principally of obtaining an understanding by enquiries, of the accounting system for preparation of the financial statements, making an analytical review of pertinent financial data and making enquiries of certain officials of the Company and its subsidiaries who have responsibility for financial and accounting matters. Because it is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole, I do not express such an opinion on the financial statements referred to above.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

I draw attention to the following matters :-

- (a) As at 31st March, 1999, the Company and some of its subsidiaries had long-term loans from the financial institutions totaling USD 80 million, and Yen 9,500 million (1998 : USD 80 million, and Yen 9,500 million). According to the loan agreements, the Company and its subsidiaries are required to maintain certain financial ratios at the level stipulated in the agreements. However, due to unfavourable economic circumstances, as at 31st March, 1999, the Company and its subsidiaries were unable to meet such requirement and are now in the process of negotiation with the related financial institutions for relaxation of the requirement.

- (b) As discussed in Note 6 to the consolidated interim financial statements, as at 31st March, 1999, one of the Company's subsidiaries showed in its books of account a sum of approximately Baht 327 million (1998: Baht 327 million) as receivable from the Telephone Organisation of Thailand (TOT). The amount related to the value added tax on the revenue sharing pursuant to the joint investment agreement, concerning which the subsidiary company and the TOT took different stances on the issue and have made attempts to resolve their differences. In December 1998, the subsidiary company tendered an official letter to the TOT, calling for payment of the amount due to it. Up to this report date, no response has been received from the TOT. Since the Management believes that the amount will be recovered in full, no provision has been made against this receivable in the financial statements.

- (c) As at 31st March, 1999, the Company and some of its subsidiaries had significant amount of receivables and loans to an associated company in Thailand. Those outstanding balances have been included under the captions of “Accounts receivable - trade, related parties”, “Short-term loans and advance to related parties” and “Loan to related party” in the balance sheets, totalling Baht 2,224 million, Baht 406 million and Baht 511 million, respectively (1998 : Baht 2,303 million, Baht 220 million and Baht 447 million, respectively). Such amounts include indebtedness due to the Company totalling Baht 511 million (1998 : Baht 447 million). Since the aforementioned associated company is in the stages of its debt restructuring, the outcome of which cannot be determined by Management at this time, no provision for doubtful debts has yet been made in the financial statements under report.
- (d) As at 31st March, 1999, another subsidiary company had significant amount of receivables and advance paid an overseas associated company. Those outstanding balances have been included under the captions of “Accounts receivable - trade, related parties”, “Short-term loans and advance to related parties” and “Advance for investment projects” in the balance sheets, totalling Baht 91 million, Baht 471 million and Baht 125 million, respectively, which is in the early stages of its commercial operations and has experienced some financial difficulties. No provision for doubtful debts has been made against these loans and advances since the Management views the unfavourable situation as temporary and believes that the debts will be fully recovered.

- (e) Although Thailand's economic crisis, which occurred in 1997, has eased to a certain extent in the current year, its remaining adverse effects are expected to continue to impact on business environment. Nevertheless, the financial statements under report have been prepared on the going concern basis, assuming that the realisation of assets and settlement of liabilities and obligations will occur in the ordinary course of business of the Company, without significant disruption being anticipated.

Narong Puntawong
Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited
Bangkok: 7th May, 1999.

(UNAUDITED/BUT REVIEWED)

**JASMINE INTERNATIONAL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

NOTE 1 - BASIS OF CONSOLIDATION

1.1 The consolidated financial statements include the financial statements of Jasmine International Public Company Limited (hereinafter referred to as “Company”) and its subsidiary companies as follows :-

<u>Company</u>	<u>Types of business</u>	<u>Equity interest owned by the Company (%)</u>		<u>Country of incorporation</u>	<u>Percentage of total assets against consolidated total as at 31st March</u>		<u>Percentage of total revenues against consolidated total for the period ended 31st March</u>	
		<u>1999</u>	<u>1998</u>		<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
		Acumen Co., Ltd.	Satellite telecommunication services		100	100	Thailand	201
Jasmine Submarine Telecommunications Co., Ltd.	Operator of submarine optical fiber cable network	100	100	Thailand	200	19.8	16.6	12.8
Jasmine Smart Shop Co., Ltd.	Distributor of telecommunication equipment and accessories	100	100	Thailand	0.2	0.2	1.5	1.3
Jasmine International Overseas Co., Ltd.	Investment (both domestic and overseas)	87.3	85.6	Thailand	17.2	12.4	-	19.9

(UNAUDITED/BUT REVIEWED)

<u>Company</u>	<u>Types of business</u>	<u>Equity interest owned by the Company (%)</u>		<u>Country of incorporation</u>	<u>Percentage of total assets against consolidated total as at</u>		<u>Percentage of total revenues against consolidated total for the period ended</u>	
		<u>1999</u>	<u>1998</u>		<u>31st March</u>		<u>31st March</u>	
					<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Jasmine Cable & Materials Co., Ltd	Domant	100	100	Thailand	-	-	-	-
Smart Highway Co., Ltd	Domant	68	-	Thailand	01	-	-	-
Siam Teltech Computer Co., Ltd	System and software development and sales of computer products	71.07	71.07	Thailand	33	28	01	08
T.J.P. Engineering Co., Ltd	Survey, design and construction of tele-communications-related projects	80	80	Thailand	43	43	31	29
Jasmine Telecom Systems Co., Ltd	Design, installation and testing of telecommunication systems	100	100	Thailand	124	87	331	76
Jasmine Energy Co., Ltd	Domant	90	90	Thailand	03	07	-	01
Mobile Communication Services Co., Ltd	Network expansion and maintenance of NMT 470 MHz mobile phone network	70	70	Thailand	02	-	-	-

(UNAUDITED/BUT REVIEWED)

<u>Company</u>	<u>Types of business</u>	<u>Equity interest owned by the Company (%)</u>		<u>Country of incorporation</u>	<u>Percentage of total assets against consolidated total as at</u>		<u>Percentage of total revenues against consolidated total for the period ended</u>	
		<u>1999</u>	<u>1998</u>		<u>31st March</u>		<u>31st March</u>	
					<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
ACeS Regional Services Co., Ltd. (100% held by ACeS (Thailand) Co., Ltd.)	Marketing and distribution of equipment and services to satellite-based cellular phone users	-	-	Thailand	21	1.6	-	-
ACeS (Thailand) Co., Ltd. (100% held by Jasmine International Overseas Co., Ltd.)	Investment holding	-	-	Thailand	-	64	0.2	-
Thai Long Distance Telecommunications Co., Ltd. (90% held by Jasmine Submarine Telecommunications Co., Ltd.)	Operator of submarine optical fibre cable network	-	-	Thailand	38	41	46	30
Clippership Investments (BVI) Limited (100% held by Jasmine International Overseas Co., Ltd.)	Investment holding	-	-	British Virgin Island	0.3	-	-	-

(UNAUDITED/BUT REVIEWED)

The consolidated financial statements include the financial statements of Jasmine Energy Company Limited and Jasmine Cable and Materials Company Limited for the period of three months ended 31st March, 1999. Such financial statements were not reviewed by other auditors. These companies registered the company dissolution with Ministry of Commerce on 31st January, 1998.

Moreover, the consolidated financial statements include the financial statements of Clippership Investment (BVI) Limited, a wholly - owned subsidiary of Jasmine International Overseas Company Limited. Such financial statements were not reviewed by other auditors.

- 1.2 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.
- 1.3 The excess of cost of investments in subsidiary companies over their net book value upon acquisition is amortised over a period of 10- 20 years.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 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.

2.2 Allowance for doubtful accounts

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

2.3 Inventories

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

2.4 Investments in related parties

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

(UNAUDITED/BUT REVIEWED)

Investments in related companies are stated at cost. Allowance for diminution in value of the investment will be set aside only upon any permanent diminution in value of the investment. Income from investments is recognised on an accrual basis.

2.5 Depreciation

Depreciation of plant and equipment is calculated by reference to their cost on a straight-line basis over their estimated useful lives as follows :-

Office building	-	20 years
Leasehold right	-	over lease periods
Leasehold improvements	-	5 years
Furniture, fixtures and office equipment	-	5 and 6.67 years
Motor vehicles	-	5 years
Vessels	-	5 years
Equipment for the rural telephone project through satellite system	-	9- 12 years
Satellite transmission equipment installed for customers	-	5 years

No depreciation is provided for land and construction in progress.

2.6 Deferred charges and amortisation

- (a) Costs of the submarine optical fibre cable project 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 are amortised on a straight-line basis over the concession periods.
- (c) Other deferred charges are amortised on a straight-line basis over the following periods :-

Pre-operating expenses	-	5 years
Underwriting fees and expenses relating to share capital increase	-	5 years
Fees and expenses relating to long-term borrowings	-	over the period of the loan agreements.

(UNAUDITED/BUT REVIEWED)

2.7 Foreign currencies

Exchange rates adopted :-

Foreign currency transactions
during the period

- at the rates ruling on the
transaction dates.

Assets and liabilities in foreign
currency outstanding on the
balance sheet date

- at the rates ruling on the balance
sheet date, with the exception of
those covered by forward
exchange contracts, at the
contracted rates.

Exchange gains and losses are included in determining earnings.

2.8 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 contract) 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 rate 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 rate are deferred and will form a part of the underlying transactions in the future.

2.9 Earnings (loss) per share

Earnings (loss) per share as presented in the earnings statements is the basic earnings (loss) per share which is determined by dividing net earnings (loss) for the period by the number of ordinary shares in issue during the period.

No disclosure of diluted earnings per share for the period is required as the Company has no potential ordinary shares.

NOTE 3 - CASH IN HAND AND AT BANKS

Included in the balance at 31st March, 1999 are savings deposits of approximately Baht 24 million, which have been pledged to secure letters of guarantee issued by the banks.

(UNAUDITED/BUT REVIEWED)

NOTE 4 - SHORT-TERM INVESTMENTS

Included in the balance as at 31st March, 1999 are fixed deposits of approximately Baht 71.9 million which have been pledged by the Company and some of its subsidiaries to secure letters of guarantee issued by the banks.

NOTE 5- RELATED PARTY TRANSACTIONS

During the periods, the Company had significant business transactions with its subsidiary, associated and related companies (related by ways 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 in the ordinary course of business, are summarised below:-

	CONSOLIDATED		THE COMPANY ONLY	
	<u>1999</u> Million Baht	<u>1998</u> Million Baht	<u>1999</u> Million Baht	<u>1998</u> Million Baht
<u>Transactions with subsidiary companies</u>				
Management income	-	-	92	44
Rental and other service income	-	-	14	7
Interest income	-	-	28	35
Interest expense	-	-	44	86
<u>Transactions with associated and related companies</u>				
Sales and service income	4	39	-	-
Rental and other service income	3	1	-	1
Interest income	13	90	13	22
Interest expense	-	17	-	17
Expenditure relating to installation of the rural telephone project	-	117	-	-

(UNAUDITED/BUT REVIEWED)

In August 1998, the Company (“lessor”) has leased office space of 12,704 square metre from an associated company. The rental for that property of Baht 41.5 million has been paid in advance within 24 months for the lease period of 30 years commencing as from August 1998.

As at 31st March, 1999 and 1998, the Company and its subsidiary companies had outstanding loans among the Company, subsidiary, associated and related companies as follows :-

	<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>		<u>Interest charge policy</u>
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>	
	Million Baht	Million Baht	Million Baht	Million Baht	
<u>Short term loans granted to:</u>					
<u>Subsidiary companies :</u>					
Jasmine Telecom Systems Co., Ltd.	-	-	512	806	Cost or cost + margin 0.25 - 1%
T.J.P. Engineering Co., Ltd.	-	-	168	225	Cost or cost + margin 0.25 - 1%
Jasmine International Overseas Co., Ltd.	-	-	241	-	Cost or cost + margin 0.25 - 1%
Clippership Investment (BVI) Ltd. (100% held by Jasmine International Overseas Co., Ltd.)	-	29	-	-	Cost or cost + margin 0.25 - 1%
<u>Related companies :</u>					
Commet Com Co., Ltd. (Holder of 1.23% equity shares in Jasmine International Overseas Co., Ltd.)	-	163	-	-	Cost or cost + margin 0.25 - 1%
Sky-Serve Co., Ltd. (related by way of common director)	85	85	-	-	Cost or cost + margin 0.25 - 1%
<u>Long term loans granted to:</u>					
<u>Associated company :</u>					
Thai Telephone & Telecommunication Plc.	497	447	497	447	Cost or cost + margin 0.25 - 1%

(UNAUDITED/BUT REVIEWED)

	<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>		<u>Interest charge policy</u>
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>	
	Million Baht	Million Baht	Million Baht	Million Baht	
<u>Short term loans obtained from:</u>					
<u>Subsidiary companies :</u>					
Jasmine Submarine					
Telecommunications Co., Ltd.	-	-	88	561	Cost or cost + margin 0.25 - 1%
Jasmine Smart Shop Co., Ltd.	-	-	10	-	Cost or cost + margin 0.25 - 1%
Acumen Co., Ltd.	-	-	138	447	Cost or cost + margin 0.25 - 1%
Jasmine Cable & Materials Co., Ltd.	-	-	-	19	Cost or cost + margin 0.25 - 1%
Jasmine International Overseas Co., Ltd.	-	-	558	1,100	Cost or cost + margin 0.25 - 1%
Siam Teltech Computer Co., Ltd.	-	-	17	49	Cost or cost + margin 0.25 - 1%
Jasmine Telecom Systems Co., Ltd.	-	-	-	93	Cost or cost + margin 0.25 - 1%
Mobile Communication Services Co., Ltd.	-	-	-	47	Cost or cost + margin 0.25 - 1%
<u>Long term loans obtained from:</u>					
<u>subsidiary company :</u>					
Jasmine Submarine					
Telecommunications Co., Ltd.	-	-	617	891	Cost or cost + margin 0.25 - 1%

As at 31st March, 1999, long-term loan obtained from a subsidiary company is USD currency loan amounting to USD 22 million. The Company has already entered into foreign exchange contracts to hedge such loan against foreign exchange risk.

(UNAUDITED/BUT REVIEWED)

NOTE 6 - ACCOUNTS RECEIVABLE - TRADE

The aging of outstanding balance as at 31st March, 1999 are as follows :-

<u>Past due period</u>	<u>Consolidated</u> Thousand Baht	<u>The Company only</u> Thousand Baht
<u>Accounts receivable-trade, related parties:</u>		
Within 3 months	256,399	-
3- 6 months	18,631	-
6-12 months	64,847	-
More than 12 months	<u>2,055,300</u>	<u>249,749</u>
Total	2,395,177	249,749
Less : Allowance for doubtful accounts	<u>(69,071)</u>	<u>(69,071)</u>
Net	<u>2,326,106</u>	<u>180,678</u>
<u>Accounts receivable- trade, others :</u>		
Within 3 months	1,367,034	16,006
3- 6 months	234,540	21,562
6-12 months	175,526	11,118
More than 12 months	<u>595,505</u>	<u>52,568</u>
Total	2,372,605	101,254
Less : Allowance for doubtful accounts	<u>(4,115)</u>	-
Net	<u>2,368,490</u>	<u>101,254</u>
Accounts receivable- trade, net	<u>4,694,596</u>	<u>281,932</u>

(UNAUDITED/BUT REVIEWED)

Included in the accounts receivable - trade, others under the age thresholds of 3-6 months, 6-12 months and over 12 months are the amounts receivable from the government agencies totaling Baht 210.1 million, Baht 164.0 million and Baht 41.8 million, respectively (Company only : Baht 21.5 million, Baht 11.1 million and Baht 2.5 million, respectively).

Furthermore, the balance of accounts receivable - trade, others as at 31st March, 1999 included value added tax (VAT) charged by a subsidiary to the Telephone Organization of Thailand (TOT) of approximately Baht 327 million (1998 : Baht 327 million), which remains unpaid by the TOT. The TOT has adopted the policy of deducting VAT from the revenue sharing amounts payable to the subsidiary whilst the subsidiary believes the TOT is obliged to bear the VAT and pay the revenue sharing to the subsidiary at gross amount. The subsidiary and the TOT are in the process of resolving their differences.

(UNAUDITED/BUT REVIEWED)

NOTE 7 - INVESTMENTS

	CONSOLIDATED									
	1999					1998				
	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 associated companies:										
Thai Telephone & Telecommunication										
Plc.	11,250	22.58	4,263,888	1,699,959	-	11,250	23.07	4,346,411	2,366,770	-
Premium Real Estate Co., Ltd.	820	49	401,800	278,394	-	820	49	401,800	401,295	-
Radiophone Co., Ltd.	270	40	108,000	-	-	270	40	108,000	-	-
Ericsson Thai Network Products Co., Ltd.	15	33.32	4,998	12,107	-	15	33.32	4,998	19,060	-
Internet Knowledge Service Center										
Co., Ltd.	33	25	31,250	36,644	-	33	25	31,250	32,832	-
Telecom KSC Co., Ltd.	0.3	40	100	94	-	0.3	40	100	93	-
PT Mobilkom Telekomindo										
(Held by Jasmine International Overseas Co., Ltd.)	85	49.75	124,514	-	-	85	49.75	124,514	-	-
PT Asia Cellular Satellite										
(Held by Jasmine International Overseas Co., Ltd.)	-	-	-	-	-	8,094	33.33	1,774,120	2,636,237	-
United Telecoms Ltd.										
(Held by Jasmine International Overseas Co., Ltd.)	100	40.00	702,723	625,821	-	103	40	702,723	999,414	-
Priyaraj Electronics Ltd.										
(Held by Jasmine International Overseas Co., Ltd.)	18	30.61	25,210	36,036	-	14	40.14	25,210	42,387	-
JI Telecoms Holdings Corporation										
(Held by Jasmine International Overseas Co., Ltd.)	5	25.75	1,260	-	-	5	25.72	1,260	1,284	-
JT Mobiles Co., Ltd.										
(Held by Jasmine International Overseas Co., Ltd.)	2,858	23	512,670	202,341	-	2,950	21.13	512,670	705,498	-
Aces International Limited										
(Held by Jasmine International Overseas Co., Ltd.)	9,616	23.33	1,693,758	2,539,030	-	-	-	-	-	-

(UNAUDITED/BUT REVIEWED)

CONSOLIDATED

	1999					1998				
	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 related companies:										
Island Country Telecommunication Inc. (Held by Jasmine)										
International Overseas Co., Ltd.	178	25.71	50,566	14,367	-	200	19	29,559	31,834	-
Others			<u>1,600</u>	<u>1,600</u>	<u>-</u>			<u>1,600</u>	<u>1,600</u>	<u>-</u>
			<u>7,922,337</u>	<u>5,446,483</u>	<u>-</u>			<u>8,064,215</u>	<u>7,238,304</u>	<u>-</u>

THE COMPANY ONLY

	1999					1998				
	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 Million Baht				Cost method Thousand Baht	Equity method Thousand Baht	
Investments in subsidiary companies:										
Acumen Co., Ltd.	760	100	759,999	1,374,898	-	760	100	759,999	1,051,917	-
Jasmine Submarine Telecommunications Co., Ltd.	1,550	100	1,945,999	2,075,803	-	1,550	100	1,945,999	3,252,504	-
Jasmine Smart Shop Co., Ltd.	100	100	99,999	11,678	-	100	100	99,999	25,835	-
Jasmine International Overseas Co., Ltd.	2,430	87.3	2,088,430	2,022,735	-	2,430	85.6	2,077,999	3,034,429	-
Jasmine Cable & Materials Co., Ltd.	6	100	6,000	5,825	-	25	100	25,000	24,823	-
Siam Teltech Computer Co., Ltd.	23	71.07	15,946	157,192	-	23	71.07	15,946	157,958	-
T.J.P. Engineering Co., Ltd.	200	80	160,000	301,104	-	200	80	160,000	301,102	-
Jasmine Telecom Systems Co., Ltd.	100	100	99,999	75,339	-	100	100	99,999	83,521	-
Jasmine Energy Co., Ltd.	117	90	105,030	78,821	-	200	90	180,000	155,369	-
Mobile Communication Services Co., Ltd.	100	70	100,000	100,474	-	100	70	100,000	100,040	-
Smart Highway Co., Ltd.	16	68	15,500	15,459	-	-	-	-	-	-
Investments in associated companies:										
Thai Telephone & Telecommunication Plc.	11,250	22.58	4,263,888	1,699,959	-	11,250	23.07	4,346,411	2,366,770	-
Premium Real Estate Co., Ltd.	820	49	401,800	278,394	-	820	49	401,800	401,295	-
Radiophone Co., Ltd.	270	40	108,000	-	-	270	40	108,000	-	-
Ericsson Thai Network Products Co., Ltd.	15	33.32	4,998	12,107	-	15	33.32	4,998	19,060	-
Internet Knowledge Service Center Co., Ltd.	33	25	31,250	36,644	-	33	25	31,250	32,832	-
Telecom KSC Co., Ltd.	0.3	40	100	94	-	0.3	40	100	93	-
JT Mobiles Co., Ltd.	-	-	-	-	-	2,950	10	222,900	207,971	-
Investments in related companies:										
Others			<u>1,600</u>	<u>1,600</u>	<u>-</u>			<u>1,600</u>	<u>1,600</u>	<u>-</u>
			<u>10,208,538</u>	<u>8,248,126</u>	<u>-</u>			<u>10,582,000</u>	<u>11,217,119</u>	<u>-</u>

(UNAUDITED/BUT REVIEWED)

Exchange rates used for the translation of paid-up capital of overseas investments are as follows :-

			<u>1999</u>	<u>1998</u>
			BAHT	BAHT
1,000	Indonesian Rp.	=	461	4,9281
1	Indian Rs.	=	0.9527	1.1187
1	Philippines Peso	=	0.9827	1.0407
1	USD	=	37.7915	39.0807

Share of profit or loss from investments in associated companies for the period has been recognised on the basis of reviewed financial statements of those companies, or the latest unreviewed accounts as prepared by the management of those companies in the case where the reviewed financial statements are not available.

NOTE 8- LOAN TO RELATED PARTY

This represents a subordinated loan granted to Thai Telephone & Telecommunication Public Company Limited and carries interest rate of MLR + 0.5 percent per annum, semi-annually compounded. The loan will be repayable, together with interest thereof, in the year 2011.

NOTE 9- OTHER INVESTMENTS

These include a subsidiary company's deposit with an overseas financial institution totaling USD 16.6 million, which is subject to withdrawal restrictions in accordance with the conditions for the issuance of senior secured notes of a subsidiary company. They also included the subsidiary company's negotiable certificates of deposit of Krung Thai Bank Public Company Limited amounting to Baht 12.2 million, carrying interest at the market rate and due for redemption in the year 2002.

(UNAUDITED/BUT REVIEWED)

NOTE 10 - LONG-TERMLIABILITIES

Long-term liabilities consisted of the following items :-

		<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>	
		<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
10.1	USD 80 million loan, at the interest rate of LIBOR + 0.75% per annum, repayable within 1999	3,023,320	3,126,456	-	-
10.2	Yen 9,500 million loan, at the interest rate of LIBOR + 0.75% to LIBOR + 0.875% per annum, repayable within 2001	2,992,719	3,134,792	2,992,719	3,134,792
10.3	USD 180 million, 8.483% senior secured notes due 2011, repayable semi-annually as from 1997 to 2011 (outstanding balance as at 31st March, 1999 amounted to approximately USD 169 million) and secured by				
	a) all rights and benefits pertaining to concession agreements of its subsidiaries				
	b) the subsidiary company's deposit (see Note 9)				
	c) a pledge of ordinary shares held in its subsidiary company				
	d) a pledge of the vessels owned by its subsidiary				
	e) a guarantee of the subsidiary	4,776,211	3,939,984	-	-

(UNAUDITED/BUT REVIEWED)

	CONSOLIDATED		THE COMPANY ONLY		
	1999	1998	1999	1998	
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
10.4	Baht loan, at the interest rate of MLR + 1% per annum, repayable quarterly as from 1998 to 2002	825,000	1,045,000	-	-
10.5	Baht loan, at the interest rate of Prime + 1% per annum, repayable monthly as from May 1999 to July 2000	45,910	-	-	-
10.6	Others	2,137	4,333	-	-
Total		11,665,297	11,250,565	2,992,719	3,134,792
Less : Current portion		(3,945,606)	(388,875)	-	-
Long-term liabilities - net of current portion		<u>8,169,691</u>	<u>10,861,690</u>	<u>2,992,719</u>	<u>3,134,792</u>

To hedge against foreign exchange risk, the Company and some of its subsidiaries have entered into foreign exchange contracts as follows :-

(a) Loan as stated in Note 10.3

The Company and some of its subsidiaries have entered into forward exchange contracts to buy from the counterparties USD 180 million (outstanding balance as at 31st March, 1999 amounted to approximately USD 126.6 million), which is due for delivery on a semi-annual basis at the amount of approximately USD 3.6 - 8.7 million as from 1997 through 2011. The details of the said contracts are summarized as follows :-

(UNAUDITED/BUT REVIEWED)

- Forward exchange contracts to buy USD 135 million (outstanding balance as at 31st March, 1999 amounted to approximately USD 126.6 million) at an average strike price of Baht 25.12 per USD 1, under which the Company and its subsidiaries are obliged to pay a premium to the counterparty at the rate as specified in the agreement.
- (b) In addition, the Company and some of its subsidiaries have entered into a number of forward exchange contracts to hedge against their short-term loans, business transactions and commitments as follows :-
- Forward exchange contract to buy USD 38.6 million at the strike price ranging from Baht 37.62 to 56.31 per USD 1.
 - Forward exchange contract to buy DEM 0.1 million at strike price ranging from Baht 23.95 to 24.34 per DEM 1.
 - Forward exchange contract to buy FRF 0.3 million at strike price ranging from Baht 7.29 to 7.32 per FRF 1.

(UNAUDITED/BUT REVIEWED)

- (c) Foreign currency loans as stated in Note 10.2 and 10.5 to the consolidated interim financial statements are due for repayment as follows :-

<u>Year</u>	<u>USD Million</u>	<u>Yen Million</u>
1999	8	-
2000	8	-
2001	10	9,500
2002	11	-
2003	13	-
2004 onwards	<u>119</u>	<u>-</u>
	<u>169</u>	<u>9,500</u>

NOTE 11 - TRANSLATION ADJUSTMENTS

In prior years, the Company recorded investments in overseas subsidiary and associated companies using the historical exchange rate but during the year 1998, the Company recorded such investments using the closing exchange rate to better reflect the current value of the investments. For comparative purposes, the Company has restated the value of investments as at 31st March, 1998 with no effect on previously reported net earnings.

NOTE 12 - 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 in the subsidiary and associated companies.

(UNAUDITED/BUT REVIEWED)

NOTE 13- STATEMENTS OF CASH FLOWS

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and at banks and short-term investments with an original maturity of 3 months or less and without commitment.

Cash and cash equivalents as reflected in the statements of cash flows consist of the following items :-

	<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Cash in hand and at banks	1,307,678	542,764	158,070	47,329
Short-term investments	<u>165,164</u>	<u>183,827</u>	<u>1,000</u>	<u>-</u>
Total	1,472,842	726,591	159,070	47,329
Less : Cash in hand and at banks (pledged)	(24,085)	(30,697)	(24,085)	(30,697)
Short-term investments (pledged)	<u>(71,899)</u>	<u>(2,025)</u>	<u>(1,000)</u>	<u>-</u>
Cash and cash equivalents	<u>1,376,858</u>	<u>693,869</u>	<u>133,985</u>	<u>16,632</u>

NOTE 14 - COMMITMENTS AND CONTINGENT LIABILITIES

As at 31st March, 1999, there were outstanding commitments and contingent liabilities as follows :-

(UNAUDITED/BUT REVIEWED)

141 The Company acts as a guarantor against credit facilities of an associated company incorporated in Indonesia to the extent of USD 25 million. As at 31st March, 1999, the associated company had a capital deficit of approximately USD 18 million. As the result, the Company has made a provision of Baht 301 million or equivalent to USD 8 million against possible loss that may arise from the guarantee on the basis that investee company will continue its operation as a going concern. The amount provided has been shown under the caption of "Provision for loss from guarantee to associated companies" in the balance sheets.

Moreover, the Company acts as a guarantor of an associated company which is in the process of dissolution and liquidation procedure. The Company has made a provision of Baht 119 million against possible loss that may arise from the guarantee, which has been shown under the caption of "Provision for loss from guarantee to associated companies" in the balance sheets.

142 The Company acts as a guarantor against credit facilities of the subsidiaries and associated companies totaling Baht 2,813 million and USD 120 million.

143 The Company and its subsidiary companies had outstanding commitments of approximately Baht 1,636.3 million, INR 1,580.2 million in respect of performance bonds and bid bonds issued by the banks and financial institutions on behalf of the Company and its subsidiary companies (the Company only : Baht 529.3 million and INR 1,580.2 million).

144 Subsidiary companies had outstanding commitments of approximately Baht 81.5 million in respect of lease agreements for motor vehicles, office space and related services.

(UNAUDITED/BUT REVIEWED)

- 145 One subsidiary company had an outstanding commitment of approximately USD 6.4 million in connection with the procurement of gateway station equipment for cellular satellite mobile phone system project.
- 146 One subsidiary company had an outstanding commitment of approximately USD 5.1 million in connection with production and design of satellite-based cellular mobile phones for sales to mobile phone users.
- 147 Subsidiary companies had outstanding commitments to purchase goods of approximately Baht 245 million.
- 148 One subsidiary company had an outstanding commitment of approximately USD 0.7 million in respect of repair service agreement.
- 149 One subsidiary company had a commitment to sell a portion of its investment in an overseas associated company (the carrying value of such investment to the equity method amounted to USD 26.5 million). The Company expects to received proceeds from the sale of approximately of USD 40 - 50 million within 1999.

NOTE 15- FINANCIAL INFORMATION BY SEGMENT

The operations of the Company and its subsidiaries involve a single business segment i.e. telecommunications business, which is carried on virtually in the single geographic area in 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.

NOTE 16- SUBSEQUENT EVENT

On 27h April, 1999, the Company's Shareholders General Meeting approved the issuance of warrants to subscribe for ordinary share of 333.6 million units to the existing shareholders with the exercise period within 5 years at the offering price at Baht 0.10 per unit. One warrant will be exercise per one new ordinary share at the price of Baht 5 per share.

In addition, the Company's Shareholders General Meeting approved the increase of the registered share capital from the existing registered share capital of Baht 3,336 million to Baht 6,672 million by issuing 333.6 million new ordinary shares at the par value of Baht 10 and allocate such ordinary shares to be reserved for an issue of warrants.

NOTE 17- PRESENTATION

Certain amounts in the financial statements for the period of three months ended 31st March, 1998 have been reclassified to conform to the current period classifications, with no effect on previously reported net earnings.

NOTE 18- APPROVAL OF FINANCIAL STATEMENTS

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

UNAUDITED/BUT REVIEWED
EXCEPT NOTE 19 WHICH IS UNREVIEWED)

NOTE 19 IMPACT OF YEAR 2000

The Company and its subsidiaries has completed an assessment of the impact of the so-call Year 2000 issue that might have on its existing computer systems, both hardware and software. According to the assessment made so far, the Company and its subsidiaries may need to upgrade, modify or replace some portions of its hardware and software in order for them to function properly with respect to dates in the year 2000 and thereafter. Preliminary action plans to remediate the computer systems have been developed by the Company and its subsidiaries. The total cost to implement the action plans is estimated by the management at Baht 12.5 million (The Company : 2.7 million Baht). The remediation project has already started and is scheduled for completion within 1999.

The estimated costs in implementing these Year 2000 action plans and the date on which the Company and its subsidiaries believes they will be completed are based on management's estimates, which were derived from utilizing numerous assumptions of future events; and hence there can be no guarantee that these estimates will be achieved and the eventual results could differ materially from those anticipated. Specific factors that might cause such material differences include, but not limited to, the availability and cost of personnel trained in this area, the ability to locate and correct all relevant computer codes, and similar uncertainties.