

JASMINE INTERNATIONAL
PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
REPORT AND INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS OF THREE MONTHS AND SIX MONTHS ENDED 30th JUNE, 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 30th June, 1999, the related statements of earnings and cash flows for the periods of three months and six months then ended, and the related statements of retained earnings and changes in shareholders' equity for the period of six 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. Nevertheless, I draw attention to uncertainty, which might have a significant effect to the Company's and its subsidiaries' financial status and operating results, of the following matters :-

(a) As at 30th June, 1999, the Company and a subsidiary had long-term loans from financial institutions totaling Yen 9,500 million and USD 80 million. According to the loan agreements, the Company and its subsidiary are required to maintain certain financial ratios at the level stipulated in the agreement. However, due to unfavourable economic circumstances, as at 30th June, 1999, the Company and its subsidiary were unable to meet such requirement. The Company and its subsidiary, which has now defaulted on loan repayment, are now in the process of negotiation with the related financial institutions for relaxation of the requirement and for debt restructuring.

(b) As discussed in Note 7 to the interim consolidated financial statements, as at 30th June, 1999, one of the Company's subsidiary showed in its books of account a sum of approximately Baht 327 million as receivable from the Telephone Organization 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 30th June, 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 sheet, totaling Baht 2,220 million, Baht 406 million and Baht 523 million, respectively. Such amounts include indebtedness due to the Company totaling Baht 523 million. Since the aforementioned associated company is in the process 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 discussed in Note 16.2 to the interim consolidated financial statements, as at 30th June, 1999, the Company and its one of its subsidiaries had significant amount of receivables and advances due from an associated company incorporated in India. The outstanding balances of those receivables and advances totaling Baht 89 million, Baht 1,572 million and Baht 120 million 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”, respectively, in the balance sheet. This associated company is in the early stages of its commercial operations and is currently experiencing financial difficulties. No provision for doubtful debts has yet been made against these receivables and advances since the management believe that the problem is of a temporary nature. They believe that the debts will be recovered in full since there will be significant changes to the provisions of the telecommunication concession agreements made between the associated company and the Government of India such that operating expenses of the associated company will substantially reduced. Furthermore, the associated company would become able to obtain finances within its own country.

(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, presuming that the realisation of assets and settlement of liabilities and obligations will occur in the ordinary course of business of the Company and its subsidiaries, without significant disruption being anticipated.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited

Bangkok : 30th July, 1999

(UNAUDITED/BUT REVIEWED)

JASMINE INTERNATIONAL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES

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 subsidiaries 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 30th June</u>		<u>Percentage of total revenues against consolidated total for the period of six months ended 30th June</u>	
		<u>1999</u>	<u>1998</u>		<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
		Acumen Co., Ltd.	Satellite telecom- munications services		100	100	Thailand	18
Jasmine Submarine Telecommunications Co., Ltd.	Operator of submarine optical fiber cable network	100	100	Thailand	17	19	15	17
Jasmine Smart Shop Co., Ltd.	Distributor of telecommunication equipment and accessories	100	100	Thailand	-	-	1	2
Jasmine International Overseas Co., Ltd.	Investment (both domestic and overseas)	87.3	85.6	Thailand	18	14	4	12

(UNAUDITED/BUT REVIEWED)

<u>Company</u>	<u>Types of business</u>	<u>Equity interest owned</u>		<u>Country of</u> <u>incorporation</u>	<u>Percentage of total</u> <u>assets against</u> <u>consolidated</u> <u>total as at</u> <u>30th June,</u>		<u>Percentage of total</u> <u>revenues against</u> <u>consolidated total for</u> <u>the period of six months</u> <u>ended 30th June,</u>	
		<u>by the Company (%)</u>			<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
		<u>1999</u>	<u>1998</u>				<u>1999</u>	<u>1998</u>
Jasmine Cable & Materials Co., Ltd.	Dormant	100	100	Thailand	-	-	-	-
Smart Highway Co., Ltd.	Dormant	67.4	-	Thailand	-	-	-	-
Siam Teltech Computer Co., Ltd.	System and software development and sales of computer products	71.07	71.07	Thailand	3	3	5	5
T.J.P. Engineering Co., Ltd.	Survey, design and construction of tele- communications-related projects	80	80	Thailand	4	5	2	5
Jasmine Telecom Systems Co., Ltd.	Design, installation and testing of telecommunication systems	100	100	Thailand	13	9	33	15
Jasmine Energy Co., Ltd.	Dormant	90	90	Thailand	-	1	-	-
Mobile Communication Services Co., Ltd.	Network expansion and maintenance of NMT 470 MHz. mobile phone network	70	70	Thailand	-	-	-	-

(UNAUDITED/BUT REVIEWED)

<u>Company</u>	<u>Types of business</u>	<u>Equity interest owned</u>		<u>Country of</u> <u>incorporation</u>	<u>Percentage of total</u> <u>assets against</u> <u>consolidated</u> <u>total as at</u> <u>30th June,</u>		<u>Percentage of total</u> <u>revenues against</u> <u>consolidated total</u> <u>for the period ended</u> <u>30th June,</u>	
		<u>by the Company (%)</u>			<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
		<u>1999</u>	<u>1998</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	3	2	-	-
ACeS (Thailand) Co., Ltd. (100% held by Jasmine International Overseas Co., Ltd.)	Investment holding	-	-	Thailand	-	6	-	-
Thai Long Distance Telecommunications Co., Ltd. (90% held by Jasmine Submarine Telecommunications Co., Ltd.)	Operator of submarine optical fibre cable network	-	-	Thailand	3	4	4	3
Clippership Investments (BVI) Limited (100% held by Jasmine International Overseas Co., Ltd.)	Investment holding	-	-	British Virgin Island	-	-	-	-

(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 periods of three months and six months ended 30th June, 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

Investments in subsidiary companies (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 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 non-marketable securities which are regarded as other investments are stated at cost. Allowance for diminution in value of the investments will be set aside when there is permanent diminution in the value of 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 closing price quoted on the last working day of the period on the Stock Exchange of Thailand, while the fair value of unit trust is determined on the basis of the net asset value as of the balance sheet date as declared by the fund management companies. A change in the valuation of investments in available-for-sale securities is dealt with in the shareholders' equity and will be credited or charged against earnings when the investments have been disposed of.

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

(UNAUDITED/BUT REVIEWED)

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.

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 Basic earnings per share

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

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 as at 30th June, 1999 are savings deposits of approximately Baht 25 million (1998 : Baht 31 million), which have been pledged to secure against letters of guarantee issued by the banks on behalf of the Company.

(UNAUDITED/BUT REVIEWED)

NOTE 4 - SHORT-TERM INVESTMENTS

The consolidated balance of short-term investments as at 30th June, 1999 included fixed deposits of approximately Baht 48 million (1998 : Baht 5 million) which had been pledged by the Company and some of its subsidiaries to secure letters of guarantee issued by the banks. It also included a fixed deposit of approximately Baht 6 million, which is subject to withdrawal restrictions in accordance with the conditions for the issuance of senior secured notes of a subsidiary company.

NOTE 5 - INVESTMENT IN AVAILABLE-FOR-SALE SECURITY

	<u>1999</u>
	Thousand Baht
<u>Unit Trust</u>	
Bualuang Capital Augmented	
Preferred Securities Fund	10,000
Add : Unrealised gain from change	
in valuation of investment	
in available-for-sale security	<u>270</u>
Total	<u>10,270</u>

(UNAUDITED/BUT REVIEWED)

NOTE 6 - 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			
	For the periods of three months ended 30th June		For the periods of six months ended 30th June		For the periods of three months ended 30th June		For the periods of six months ended 30th June	
	1999	1998	1999	1998	1999	1998	1999	1998
	Million Baht	Million Baht	Million Bah	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<u>Transactions with subsidiary companies</u>								
Sales and service income	-	-	-	-	-	8	-	8
Management income	-	-	-	-	91	44	183	88
Rental and other service income	-	-	-	-	8	7	17	14
Interest income	-	-	-	-	41	50	62	85
Interest expense	-	-	-	-	41	88	85	174
<u>Transactions with associated and related companies</u>								
Sales and service income	-	69	4	108	-	-	-	-
Management income	4	-	4	-	4	-	4	-
Rental and other service income	1	-	4	-	1	-	1	-
Interest income	12	108	25	198	12	17	25	39
Interest expense	-	8	-	25	-	8	-	25
Expenditure relating to installation of the rural telephone project	-	331	-	448	-	-	-	-
Other expense	1	-	4	-	-	-	-	-

In August 1998, the Company (“lessor”) has leased office space of 12,704 square metres from an associated company. The rental for that property of Baht 415 million for the lease period of 30 years shall be payable on an installment basis within 10 years commencing as from April 1999.

(UNAUDITED/BUT REVIEWED)

As at 30th June, 1999 and 1998, the Company and its subsidiaries 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.	-	-	509	471	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.	-	-	1,305	-	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.)	-	124	-	-	Cost or cost + margin 0.25 - 1%
Sky-Serve Co., Ltd. (related by way of common director)	80	85	-	-	Cost or cost + margin 0.25 - 1%
<u>Long-term loans granted to :</u>					
<u>Associated company :</u>					
Thai Telephone and Telecommunication Plc.	523	463	523	463	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.	-	-	-	662	Cost or cost + margin 0.25 - 1%
Jasmine Smart Shop Co., Ltd.	-	-	10	15	Cost or cost + margin 0.25 - 1%
Acumen Co., Ltd.	-	-	101	467	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.	-	-	522	914	Cost or cost + margin 0.25 - 1%
Siam Teltech Computer Co., Ltd.	-	-	12	49	Cost or cost + margin 0.25 - 1%
<u>Long-term loans obtained from :</u>					
<u>subsidiary company :</u>					
Jasmine Submarine					
Telecommunications Co., Ltd.	-	-	599	519	Cost or cost + margin 0.25 - 1%

As at 30th June, 1999, long-term loan obtained from a subsidiary company is USD currency loan amounting to USD 21 million. The Company has already entered into foreign exchange contracts to hedge such loan against foreign exchange risk of approximately USD 16 million.

(UNAUDITED/BUT REVIEWED)

NOTE 7 - ACCOUNTS RECEIVABLE - TRADE

The aging of outstanding balances as at 30th June, 1999 and 1998 are as follows :-

<u>Past due period</u>	<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
<u>Accounts receivable -trade, related parties :</u>				
Within 3 months	202,062	358,219	76	9,285
3 - 6 months	56,968	134,301	-	-
6 - 12 months	35,392	228,585	396	-
More than 12 months	<u>2,093,129</u>	<u>1,846,347</u>	<u>247,906</u>	<u>368,752</u>
Total	2,387,551	2,567,452	248,378	378,037
Less : Allowance for doubtful accounts	<u>(67,624)</u>	<u>(125,658)</u>	<u>(67,624)</u>	<u>(125,658)</u>
Net	<u>2,319,927</u>	<u>2,441,794</u>	<u>180,754</u>	<u>252,379</u>
<u>Accounts receivable - trade, others :</u>				
Within 3 months	1,087,391	991,063	11,776	112,623
3 - 6 months	510,272	508,791	8,712	71,129
6 - 12 months	125,189	106,858	42	25,943
More than 12 months	<u>777,955</u>	<u>454,540</u>	<u>61,594</u>	<u>102,562</u>
Total	2,500,807	2,061,252	82,124	312,257
Less : Allowance for doubtful accounts	<u>(4,115)</u>	<u>(32,592)</u>	<u>-</u>	<u>(28,477)</u>
Net	<u>2,496,692</u>	<u>2,028,660</u>	<u>82,124</u>	<u>283,780</u>
Accounts receivable - trade, net	<u>4,816,619</u>	<u>4,470,454</u>	<u>262,878</u>	<u>536,159</u>

(UNAUDITED/BUT REVIEWED)

Included in the accounts receivable - trade, others as at 30th June, 1999, 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 489 million, Baht 116 million and Baht 600 million, respectively (The Company only : Baht 9 million and Baht 35 million, under the age thresholds of 3-6 months and over 12 months, respectively).

Furthermore, the balance of accounts receivable - trade, others as at 30th June, 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 8 - INVESTMENTS

	CONSOLIDATED									
	1999					1998				
			Investments					Investments		
	Paid up capital	Equity interest	Cost method	Equity method	Dividend	Paid up capital	Equity interest	Cost method	Equity method	Dividend
Million Baht	Percent	Thousand Baht	Thousand Baht	Million Baht	Million Baht	Percent	Thousand Baht	Thousand Baht	Million Baht	
Investment in subsidiary company not included in the consolidated financial statement										
Clippership Investments (BVI)										
Limited (Held by Jasmine International Overseas Co., Ltd.)										
	-	-	-	-	-	2	100	2,401	2,401	-
Total investment in subsidiary company			-	-	-	100	2,401	2,401	2,401	-
Investments in associated companies :										
Premium Real Estate Co., Ltd.	820	49	401,800	233,781	-	820	49	401,800	401,353	-
Radiophone Co., Ltd.	270	40	108,000	-	-	270	40	108,000	-	-
Ericsson Thai Network Products Co., Ltd.	15	33.32	4,998	8,074	4	15	33.32	4,998	12,232	6
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	92	-
PT Mobikom Telekomindo										
(Held by Jasmine International Overseas Co.,Ltd.)										
	109	49.75	124,514	-	-	55	49.75	124,514	-	-
PT Asia Cellular Satellite										
(Held by Jasmine International Overseas Co.,Ltd.)										
	-	-	-	-	-	8,860	33.33	1,774,120	2,870,982	-
United Telecoms Ltd.										
(Held by Jasmine International Overseas Co.,Ltd.)										
	96	40.00	702,723	544,986	-	110	40	702,723	1,032,526	-
Priyaraj Electronics Ltd.										
(Held by Jasmine International Overseas Co.,Ltd.)										
	17	30.61	25,210	34,503	-	15	40.14	25,210	41,401	-
JI Telecoms Holdings Corporation										
(Held by Jasmine International Overseas Co.,Ltd.)										
	5	25.72	1,260	-	-	5	25.72	1,260	1,312	-
JT Mobiles Co., Ltd										
(Held by Jasmine International Overseas Co., Ltd.)										
	2,743	23	512,670	-	-	3,144	21.13	512,670	671,003	-
Island Country Telecommunication Inc.										
(Held by Jasmine International Overseas Co., Ltd.)										
	179	25.71	50,566	12,934	-	201	19	29,559	31,825	-
Total investments in associated companies			1,163,091	871,015	4			3,176,204	5,095,558	6

(UNAUDITED/BUT REVIEWED)

CONSOLIDATED										
1999						1998				
Investments						Investments				
Paid up	Equity	Cost	Equity			Paid up	Equity	Cost	Equity	
capital	interest	method	method	Dividend		capital	interest	method	method	Dividend
Million Baht	Percent	Thousand Baht	Thousand Baht	Million Baht		Million Baht	Percent	Thousand Baht	Thousand Baht	Million Baht
Investments in other companies :										
Thai Telephone & Telecommunication										
Plc. (1998 : Associated company)	11,250	19.96	1,502,834	1,502,834	-	11,250	23.07	4,346,411	1,893,570	-
ACeS International Limited										
(18.62% held by Jasmine International Overseas Co., Ltd. And 1.08% held by ACeS Regional Senior Co., Ltd)										
	9,415	19.7	1,693,758	2,099,321	-	-	-	-	-	-
Others			1,600	1,600	-			1,600	1,600	-
Add : Unrealized gain from change in valuation										
of investment in available-for-sale security										
			-	1,640,167	-			-	-	-
Total investments in other companies			3,198,192	5,243,922	-			4,348,011	1,895,170	-
Total investments			5,161,283	6,128,347	4			8,064,215	6,993,129	6

THE COMPANY ONLY										
1999						1998				
Investments						Investments				
Paid up	Equity	Cost	Equity			Paid up	Equity	Cost	Equity	
capital	interest	method	method	Dividend		capital	interest	method	method	Dividend
Million Baht	Percent	Thousand Baht	Thousand Baht	Million Baht		Million Baht	Percent	Thousand Baht	Thousand Baht	Million Baht
Investments in subsidiary companies :										
Acumen Co., Ltd.	760	100	759,999	1,482,660	-	760	100	759,999	1,019,568	-
Jasmine Submarine Telecommunications										
Co., Ltd.	1,550	100	1,945,999	1,955,593	190	1,550	100	1,945,999	3,249,257	-
Jasmine Smart Shop Co., Ltd.	100	100	99,999	9,481	-	100	100	99,999	27,547	-
Jasmine International Overseas Co., Ltd.	2,430	87.3	2,088,430	1,704,430	-	2,430	85.6	2,077,999	2,979,990	-
Jasmine Cable & Materials Co., Ltd.	6	100	6,000	5,818	-	25	100	25,000	24,822	-
Siam Teltech Computer Co., Ltd.	23	71.07	15,946	160,454	-	23	71.07	15,946	158,088	-
T.J.P. Engineering Co., Ltd.	200	80	160,000	301,809	-	200	80	160,000	307,704	-
Jasmine Telecom Systems Co., Ltd.	100	100	99,999	131,126	-	100	100	99,999	59,814	-
Jasmine Energy Co., Ltd.	115	90	103,438	78,829	-	200	90	180,000	155,369	-
Mobile Communication Services Co., Ltd.	100	70	100,000	100,472	-	100	70	100,000	100,712	-
Smart Highway Co., Ltd.	16	67.4	15,500	15,545	-	-	-	-	-	-
Total investments in subsidiary companies			5,395,310	5,946,217	190			5,464,941	8,082,871	-
Investments in associated companies :										
Premium Real Estate Co., Ltd.	820	49	401,800	233,781	-	820	49	401,800	401,353	-
Radiophone Co., Ltd.	270	40	108,000	-	-	270	40	108,000	-	-
Ericsson Thai Network Products Co., Ltd.	15	33.32	4,998	8,074	4	15	33.32	4,998	12,232	6
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	92	-
JT Mobiles Co., Ltd.	-	-	-	-	-	3,144	10	222,900	249,998	-
Total investments in associated companies			546,148	278,592	4			769,048	696,507	6

(UNAUDITED/BUT REVIEWED)

CONSOLIDATED										
1999						1998				
Investments						Investments				
Paid up capital	Equity interest	Cost method	Equity method	Dividend		Paid up capital	Equity interest	Cost method	Equity method	Dividend
Million Baht	Percent	Thousand Baht	Thousand Baht	Million Baht		Million Baht	Percent	Thousand Baht	Thousand Baht	Million Baht
Investments in other companies :										
Thai Telephone & Telecommunication Plc.	11,250	19.96	1,502,834	1,502,834	-	11,250	23.07	4,346,411	1,893,570	-
Other			1,600	1,600	-			1,600	1,600	-
<u>Add</u>	Unrealised gain from change in valuation of investment in available-for-sale security									
			-	1,640,167	-			-	-	-
Total investments in other companies			<u>1,504,434</u>	<u>3,144,601</u>	-			<u>4,348,011</u>	<u>1,895,170</u>	-
Total investments			<u>7,445,892</u>	<u>9,369,410</u>	<u>194</u>			<u>10,582,000</u>	<u>10,674,548</u>	<u>6</u>

During the second quarter ended 30th June, 1999, the Company disposed of a portion of its shares in Thai Telephone & Telecommunication Public Company Limited (TT&T) at market value, resulting in a gain on disposal of approximately Baht 12 million. The disposal has resulted in a decrease in the Company's equity interest in TT&T from 22.58 percent to 19.96 percent. As the result, TT&T is not longer regarded as an associated company; and the remaining balance of the shares has since been treated as available-for-sale marketable securities.

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.	=	5.9273	2.6962
1	Indian Rs.	=	0.9145	1.0479
1	Philippines Peso	=	0.9852	1.0069
1	USD	=	37.0009	42.1879

(UNAUDITED/BUT REVIEWED)

Interim financial statements of Clippership Investments (BVI) Limited (an overseas subsidiary company), which was included in the consolidated financial statements, was prepared by the management of that company and unreviewed by its auditors.

A share of the current period's profit or loss of four associated companies, namely, PT Mobilkom Telekomindo, Island Country Telecommunication Inc., JT Mobiles Company Limited and Ericsson Thai Network Products Co., Ltd. was based on the accounts prepared by the management of those companies, which have not yet been reviewed by their auditors.

In addition, the financial statements did not include a share of profit or loss of five associated companies, namely, Internet Knowledge Service Center Company Limited, Telecom KSC Company Limited, ACeS International Limited, United Telecoms Limited and Priyaraj Electronics Limited since the financial statements of those companies are not available. Nevertheless, the management believes that such non-inclusion would not have any material effect to the financial statements as a whole.

NOTE 9 - 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 10 - OTHER INVESTMENTS

These include a subsidiary company's deposit with an overseas financial institution totaling USD 13.5 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.

NOTE 11 - LONG-TERM LIABILITIES

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
11.1				
USD 80 million loan, at the interest rate of LIBOR + 1.75% per annum, repayable within 1999	2,960,072	3,407,176	-	-
11.2				
Yen 9,500 million loan, at the interest rate of LIBOR + 0.75% to LIBOR + 0.875% per annum, repayable within 2001	2,916,225	3,368,975	2,916,225	3,368,975

(UNAUDITED/BUT REVIEWED)

	CONSOLIDATED		THE COMPANY ONLY	
	1999	1998	1999	1998
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
11.3	USD 180 million, 8.483% senior secured notes due 2011, repayable semi-annually as from 1997 to 2011 (outstanding balance as at 30th June, 1999 amounted to approximately USD 165 million) and secured by			
	a) all rights and benefits pertaining to concession agreements of its subsidiaries			
	b) the subsidiary company's deposit (see Note 10)			
	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			
	4,634,138	4,012,646	-	-
11.4	Baht loan, at the interest rate of MLR + 1% per annum, repayable quarterly as from 1998 to 2002			
	770,000	990,000	-	-
11.5	Baht loan, at the interest rate of Prime + 1% per annum, repayable monthly as from May 1999 to July 2000			
	43,410	-	-	-
11.6	Baht loan, at the interest rate of 10% per annum, repayable at call			
	228,255	-	-	-
11.7	USD 40 million loan, at the interest rate of LIBOR + 3% per annum, repayable within July, 1999			
	1,480,036	-	-	-
11.8	USD 20 million trust receipt including foreign exchange effect from forward foreign exchange contracts			
	961,269	-	-	-
11.9	Others			
	<u>1,938</u>	<u>2,548</u>	-	-
Total	13,995,343	11,781,345	2,916,225	3,368,975
Less : Current portion	<u>(3,701,813)</u>	<u>(401,161)</u>	-	-
Long-term liabilities - net of current portion	<u>10,293,530</u>	<u>11,380,184</u>	<u>2,916,225</u>	<u>3,368,975</u>

(UNAUDITED/BUT REVIEWED)

On 26th July, 1999, Acumen Company Limited (a subsidiary company) entered into a loan restructuring agreement with two financial institutions whereby the lenders agreed to postpone the repayment of the short-term loans then outstanding for a period of 5 years. The restructured loans comprise of three loan tranches, namely, a Baht loan of Baht 1,700 million (interest rate of MLR+1 percent per annum), another Baht loan of Baht 646 million (interest rate of prime rate - 0.5 percent per annum) and a US dollar loan of USD 8 million (interest rate of LIBOR+3.5 percent per annum). The loans are repayable in 63 monthly installments commencing August 1999. As a result of the loan restructuring, the short-term loans outstanding on 30th June, 1999 were classified as long-term loans (loan items 11.6 to 11.8) in the balance sheets.

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 11.3

The Company and some of its subsidiaries have entered into forward exchange contracts to buy from the counterparties USD 135 million (outstanding balance as at 30th June, 1999 amounted to approximately USD 123.7 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 :-

- Forward exchange contracts to buy USD 135 million (outstanding balance as at 30th June, 1999 amounted to approximately USD 123.7 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.

(UNAUDITED/BUT REVIEWED)

(b) In addition, the Company and some of its subsidiaries have entered into a number of forward exchange contracts for the purpose of hedging their short-term loans, business transactions and commitments as follows :-

- Forward exchange contract to buy USD 34.8 million at the strike price ranging from Baht 37.620 to 56.2237 per USD 1.
- Forward exchange contract to buy DEM 0.1 million at strike price Baht 24.545 per DEM 1.
- Forward exchange contract to buy FRF 0.2 million at strike price Baht 7.346 per FRF 1.

The loans as stated in Note 11.2 to 11.8 to the consolidated interim financial statements are due for repayment as follows :-

<u>Year</u>	<u>USD Million</u>	<u>Yen Million</u>	<u>Baht Million</u>
1999	4	-	213
2000	10	-	558
2001	11	9,500	684
2002	13	-	684
2003	15	-	505
2004 onwards	<u>120</u>	<u>-</u>	<u>472</u>
	<u>173</u>	<u>9,500</u>	<u>3,116</u>

NOTE 12 - 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 30th June, 1998 with no effect on previously reported net earnings.

NOTE 13 - 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.

NOTE 14 - EXTRAORDINARY ITEM

During the second quarter ended 30th June, 1999, the Company and one of its subsidiaries made a full repayment of short-term loans totaling Baht 102 million to a commercial bank. A principal reduction of Baht 30 million was granted by the bank to the companies. Such reduction was shown as an extraordinary item in the earnings statements.

NOTE 15 - 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.

(UNAUDITED/BUT REVIEWED)

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	1,571,118	403,662	182,367	48,594
Short-term investments	<u>101,919</u>	<u>184,058</u>	<u>1,000</u>	<u>-</u>
Total	1,673,037	587,720	183,367	48,594
Less : Cash at banks (pledged)	(24,618)	(31,451)	(24,618)	(31,451)
Short-term investments (pledged)	<u>(54,412)</u>	<u>(5,336)</u>	<u>(1,000)</u>	<u>-</u>
Cash and cash equivalents	<u>1,594,007</u>	<u>550,933</u>	<u>157,749</u>	<u>17,143</u>

NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES

As at 30th June, 1999, there were outstanding commitments and contingent liabilities as follows :-

- 16.1 The Company acts as a guarantor against credit facilities of PT Mobilkom Telekomindo, which was incorporated in Indonesia, to the extent of USD 25 million. As at 30th June, 1999, the associated company had a capital deficit of approximately USD 19 million. As the result, the Company has made a provision of Baht 232 million or equivalent to USD 6 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.

(UNAUDITED/BUT REVIEWED)

Moreover, the Company acts as a guarantor of another 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.

- 16.2 The Company earlier requested two commercial banks to issue letters of guarantee totalling Indian Rs 1,634 million (equivalent to approximately Baht 1,494 million) to guarantee obligations payable by JT Mobiles Company Limited (an associated company incorporated in India) under certain telecommunications concessions. During the period, the associated Company failed to make payment of Indian Rs 1,175 million (1998 : Indian Rs 324 million) to the counter-party, which amount was therefore paid by the banks. As the result, the banks made claims for payment of USD 16 million and Baht 467 million from the Company, equivalent to the amount the banks paid. As of 30th June, 1999, the claims were recorded by the Company as a liability in the balance sheet, with the corresponding amount treated as an advance to the associated company.

As at 30th June, 1999, this associated company is in the early stages of its commercial operations and is experiencing financial difficulties. No provision for doubtful debts has yet been made against this amount since the management believe that the problem is of a temporary nature. They believe that the debts will be recovered in full since there will be significant changes to the provisions of the concessions made between the associated company and the Government of India, such that operating expenses of the associated company will substantially reduced. Furthermore, the associated company will become able to obtain financing from within its own country.

(UNAUDITED/BUT REVIEWED)

The balance of commitment under the aforementioned letters of guarantee was thus reduced to approximately Indian Rs 135 million as at 30th June 1999.

- 16.3 The Company acts as a guarantor against credit facilities of the subsidiaries totaling Baht 1,449 million and USD 120 million.
- 16.4 With respect to the syndicated loan obtained from various financial institutions by Premium Real Estate Company Limited (an associated company) pursuant to the Agreement for the Financial Support of Jasmine International Tower Project, the Company (as a shareholder of the associated company) has made a commitment with the financial institutions that, in the event the associated company fails to service loan principal and interest payment, it would give a loan to the associated company in an amount to be fixed by the lenders to enable to the associated company to discharge its obligations.

As at 30th June, 1999, the balance of the syndicated loan amounted to Baht 1,277 million, with accrued interest of Baht 305 million but the associated company has already defaulted on repayment of the loan principal and payment interest. The Company and the associated company are in the process of debt restructuring negotiations with the lenders, the outcome of which cannot be determined at this stage.

(UNAUDITED/BUT REVIEWED)

- 16.5 The Company and its subsidiary companies had outstanding commitments of approximately Baht 1,527 million and Indian Rs 270 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 497 million).
- 16.6 ACeS Regional Services Company Limited (a subsidiary company) had an outstanding commitment of approximately USD 2.8 million in connection with production and design of satellite-based cellular mobile phones for sales to mobile phone users.
- 16.7 Jasmine International Overseas Company Limited (a subsidiary company) had a commitment to sell 34.2 million shares in ACeS International Limited (a company incorporated in Bermuda) for USD 1 each to another shareholder (the carrying value of such shares under the equity method amounted to USD 32.9 million or Baht 826 million). The subsidiary was required to transfer the first lot of the shares (totaling 10.9 million shares) to the buyer within 17th June, 1999 and the balance by 2nd August, 1999. During the period, the subsidiary has already transferred 10.9 million shares to the buyer, resulting in a gain on disposal of Baht 138 million

In respect of payment of the share price, up to 30th June, 1999, the buyer has already paid a total sum of USD 15.8 million to the subsidiary. Applying USD 10.9 million against the sale of 10.9 million shares leaves a balance of USD 4.9 million (equivalent to Baht 180 million), which was shown under the caption of “Advance received from sale of investment” in the balance sheet.

NOTE 17 - 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 18 - SUBSEQUENT EVENTS

18.1 In July 1999, the Company offered warrants to subscribe for ordinary shares of 333.6 million units at Baht 0.10 per unit to the existing shareholders. The warrant subscription period is from 19 July 1999 to 23 July 1999. The warrant period is 5 years. One warrant will be exercised for one new ordinary share at the price of Baht 5 per share.

18.2 On 30th June, 1999, the meeting of the Board of Directors passed a resolution to increase the Company's registered share capital from Baht 6,672 million to Baht 12,672 million by issuing 600 million new ordinary shares of a par value of Baht 10 each. The shares will be offered through a private placement or will be issued in exchange for assets or shares of the telecommunication-related business.

NOTE 19 - PRESENTATION

Certain amounts in the financial statements for the period of three months and six months ended 30th June, 1998 have been reclassified to conform to the current period classifications, with no effect on previously reported net earnings (loss).

(UNAUDITED/BUT REVIEWED
EXCEPT NOTE 21 WHICH IS UNREVIEWED)

NOTE 20 - APPROVAL OF FINANCIAL STATEMENTS

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

NOTE 21 - 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.