

JASMINE INTERNATIONAL
PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
REPORT AND INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS OF THREE MONTHS
AND NINE MONTHS ENDED 30th SEPTEMBER, 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 September, 1999, the related statements of earnings and cash flows for the periods of three months and nine months then ended, and the related statements of retained earnings and changes in shareholders' equity for the period of nine 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 September, 1999, the Company and a subsidiary had long-term loans from financial institutions totaling Yen 9,500 million and USD 80 million (The Company only : Yen 9,500 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 September, 1999, the Company and its subsidiary were unable to meet such requirement. Moreover, the subsidiary has defaulted repayment of loan. The Company and its subsidiary are now in the process of negotiation with the related financial institutions for relaxation of the requirement and for debt restructuring.

(b) As at 30th September, 1999, the Company and some of its subsidiaries had significant amount of receivables and loans to a related 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 2,222 million, Baht 406 million and Baht 536 million, respectively. Such amounts include trade receivable and indebtedness due to the Company totaling Baht 25 million and Baht 536 million, respectively. Since the aforementioned related company is in the process of its debt restructuring, the outcome of which cannot be determined by the Management at this time, no provision for doubtful debts has yet been made in the financial statements under report.

(c) As discussed under Note 17.2 to the interim financial statements, as at 30th September, 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 99 million, Baht 1,678 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 believes that the problem is of a temporary nature. They believes 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.

(d) 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 : 29th October, 1999

(UNAUDITED/BUT REVIEWED)

JASMINE INTERNATIONAL PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
NOTES TO 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 September</u>		<u>Percentage of total revenues against consolidated total for the period of nine months ended 30th September</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	19	20	31	32
Jasmine Submarine Telecommunications Co., Ltd.	Operator of submarine optical fibre cable network	100	100	Thailand	20	20	16	10
Jasmine Smart Shop Co., Ltd.	Distributor of telecommunication equipment and accessories	100	100	Thailand	-	-	1	3
Jasmine International Overseas Co., Ltd.	Investment (both domestic and overseas)	87.3	85.6	Thailand	18	13	9	14
Jasmine Cable & Materials Co., Ltd.	Dormant	100	100	Thailand	-	-	-	-

(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 30th September</u>		<u>Percentage of total revenues against consolidated total for the period of nine months ended 30th September</u>	
		<u>1999</u>	<u>1998</u>		<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Siam Teltech Computer Co., Ltd.	System and software development and sales of computer products	71.07	71.07	Thailand	4	3	3	6
T.J.P. Engineering Co., Ltd.	Survey, design and construction of tele-communications-related projects	80	80	Thailand	4	4	2	6
Jasmine Telecom Systems Co., Ltd.	Design, installation and testing of telecommunication systems	100	100	Thailand	13	10	31	18
Jasmine Energy Co., Ltd.	Dormant	90	90	Thailand	-	1	-	-
Mobile Communication Services Co., Ltd.	Dormant	70	70	Thailand	-	-	-	-
Smart Highway Co., Ltd. (67.4% held by Acument Co., Ltd.)	Not yet started operation	-	-	Thailand	-	-	-	-
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	-	-	-

(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 30th September</u>		<u>Percentage of total revenues against consolidated total for the period of nine months ended 30th September</u>	
		<u>1999</u>	<u>1998</u>		<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
ACeS (Thailand) Co., Ltd. (100% held by Jasmine International Overseas Co., Ltd.)	Investment holding	-	-	Thailand	-	5	-	-
Thai Long Distance Telecommunications Co., Ltd. (90% held by Jasmine Submarine Telecommunications Co., Ltd.)	Operator of submarine optical fibre cable network	-	-	Thailand	4	3	3	1
Clippership Investments (BVI) Limited (100% held by Jasmine International Overseas Co., Ltd.)	Investment holding	-	-	British Virgin Island	-	-	-	-

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 nine months ended 30th September, 1999. Such financial statements were not reviewed by other auditors. These companies registered for 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.

(UNAUDITED/BUT REVIEWED)

- 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 subsidiaries 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 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 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.

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.

(UNAUDITED/BUT REVIEWED)

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 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 declared by the fund management companies as of the balance sheet date . Any change in the valuation of investments in available-for-sale securities is dealt with in the shareholders' equity and is 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
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 fiber 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

Foreign currency transactions incurred during the period are translated at the rates ruling on the transaction dates.

Assets and liabilities denominated in foreign currency outstanding on the balance sheet date are translated at the rates ruling on the balance sheet date, 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.

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 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 are deferred and will form a part of the underlying transactions in the future.

2.9 Earnings per share

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

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

No diluted earnings per share is presented for the period since the result of operations for the period was a loss, and the calculation of diluted earnings per share thus becomes anti-dilution.

(UNAUDITED/BUT REVIEWED)

NOTE 3 - CASH IN HAND AND AT BANKS

Included in the balances as at 30th September, 1999 are savings deposits of approximately Baht 15 million (1998 : Baht 24 million), which have been pledged to secure against letters of guarantee issued by the banks on behalf of the Company.

NOTE 4 - SHORT-TERM INVESTMENTS

Included in the balances of short-term investments as at 30th September, 1999, are fixed deposits of its subsidiaries totaling approximately Baht 45 million (1998 : Baht 6 million) which have been pledged to secure against letters of guarantee issued by the banks on behalf of its subsidiaries.

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		For the periods of nine months		For the periods of three months		For the periods of nine months	
	ended 30th September		ended 30th September		ended 30th September		ended 30th September	
	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
Management income	-	-	-	-	221	84	404	172
Rental and other service income	-	-	-	-	8	6	25	20
Interest income	-	-	-	-	47	35	109	120
Interest expense	-	-	-	-	37	68	122	242
<u>Transactions with associated and related companies</u>								
Sales and service income	26	14	30	122	24	-	24	-
Management income	-	-	4	-	-	-	4	-
Rental and other service income	1	-	2	3	1	-	2	1
Interest income	13	97	38	295	13	19	38	58
Interest expense	1	4	2	29	-	4	-	29
Expenditure relating to installation								
of the rural telephone project	-	-	-	448	-	-	-	-
Leasehold rights	-	415	-	415	-	415	-	415
Other expenses	2	-	6	-	-	-	-	-

(UNAUDITED/BUT REVIEWED)

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

As at 30th September, 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>Subsidiaries :</u>					
Jasmine Telecom Systems Co., Ltd.	-	-	524	465	Cost or cost + margin 0.25 - 1%
T.J.P. Engineering Co., Ltd.	-	-	168	178	Cost or cost + margin 0.25 - 1%
Jasmine International Overseas Co., Ltd.	-	-	1,368	-	Cost or cost + margin 0.25 - 1%
Clippership Investment (BVI) Ltd.	-	25	-	-	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.)	-	127	-	-	Cost or cost + margin 0.25 - 1%
Sky-Serve Co., Ltd.					
(related by way of common director)					
	80	82	-	-	Non-interest bearing loans
<u>Long-term loans granted to :</u>					
<u>Related company :</u>					
Thai Telephone and					
Telecommunication Plc	536	482	536	482	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>Subsidiaries :</u>					
Jasmine Smart Shop Co., Ltd.	-	-	10	10	Cost or cost + margin 0.25 - 1%
Acumen Co., Ltd.	-	-	-	375	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.	-	-	514	887	Cost or cost + margin 0.25 - 1%
Siam Teltech Computer Co., Ltd.	-	-	6	17	Cost or cost + margin 0.25 - 1%
<u>Long-term loans obtained from :</u>					
<u>Subsidiary :</u>					
Jasmine Submarine Telecommunications Co., Ltd.	-	-	877	881	Cost or cost + margin 0.25 - 1%

As at 30th September, 1999, there is a long-term, USD loan obtained from a subsidiary company is USD currency loan amounting to USD 21 million (1998 : USD 22 million). The Company has already entered into foreign exchange contracts to hedge part of that loan totaling USD 16 million (1998 : USD 17 million) of that loan against foreign exchange risk.

(UNAUDITED/BUT REVIEWED)

NOTE 7 - ACCOUNTS RECEIVABLE - TRADE

The aging of outstanding balances as at 30th September, 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,</u>				
<u>- related parties :</u>				
Within 3 months	225,727	273,217	25,446	9,285
3 - 6 months	1,923	68,995	-	-
6 - 12 months	65,627	308,369	-	-
Longer than 12 months	<u>2,114,896</u>	<u>1,781,200</u>	<u>255,544</u>	<u>272,172</u>
Total	2,408,173	2,431,781	280,990	281,457
Less : Allowance for doubtful				
accounts	<u>(75,262)</u>	<u>(101,175)</u>	<u>(75,262)</u>	<u>(101,175)</u>
Net	<u>2,332,911</u>	<u>2,330,606</u>	<u>205,728</u>	<u>180,282</u>
<u>Accounts receivable - trade,</u>				
<u>- others :</u>				
Within 3 months	859,786	690,199	24,072	114,612
3 - 6 months	214,218	222,880	7,999	7,072
6 - 12 months	196,919	377,169	4,960	69,374
Longer than 12 months	<u>432,428</u>	<u>453,438</u>	<u>58,494</u>	<u>75,909</u>
Total	1,703,351	1,743,686	95,525	266,967
Less : Allowance for doubtful				
accounts	<u>(18,847)</u>	<u>(30,502)</u>	<u>(14,731)</u>	<u>(26,387)</u>
Net	<u>1,684,504</u>	<u>1,713,184</u>	<u>80,794</u>	<u>240,580</u>
Accounts receivable - trade, net	<u>4,017,415</u>	<u>4,043,790</u>	<u>286,522</u>	<u>420,862</u>

(UNAUDITED/BUT REVIEWED)

Included in the accounts receivable - trade, others as at 30th September, 1999, under the ages thresholds of 3-6 months, 6-12 months and longer than 12 months are the amounts receivable from the government agencies totaling Baht 175 million, Baht 173 million and Baht 394 million, respectively (The Company only : Baht 8 million, Baht 5 million and Baht 29 million, under the ages thresholds of 3-6 months, 6-12 months and longer than 12 months, respectively).

A subsidiary company had a dispute with the Telephone Organisation of Thailand (TOT) regarding the value added tax (VAT) payable on shared revenue. The TOT adopted the policy of deducting VAT from the revenue sharing amounts payable to the subsidiary, whilst the subsidiary believed the TOT was obliged to bear the VAT and pay the gross amount of the subsidiary's share of revenue. The subsidiary thus recorded TOT as a receivable totaling Baht 327 million in the balance sheet . However, on 15th October, 1999, an agreement was reached under which TOT agreed to bear the VAT together with related interest for late payment for the amount of Baht 186 million (out of the full amount of Baht 327 million recorded in the accounts). The subsidiary therefore wrote off the uncollectible amount of Baht 141 million and charged it to the earnings statements in the current period.

(UNAUDITED/BUT REVIEWED)

NOTE 8 - INVESTMENTS

	CONSOLIDATED									
	1999					1998				
	Paid up capital	Equity interest	Investments		Dividend	Paid up capital	Equity interest	Investments		Dividend
			Cost method	Equity method				Cost method	Equity method	
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 (for 1998)										
Clippership Investments (BVI) Limited (Held by Jasmine International Overseas Co., Ltd.)										
-	-	-	-	-	2	100	2,401	2,401	-	-
Total investment in subsidiary company										
Investments in associated companies :										
Premium Real Estate Co., Ltd.	820	49	401,800	189,768	-	820	49	401,800	395,163	-
Radiophone Co., Ltd.	-	-	-	-	-	270	40	107,999	-	-
Ericsson Thai Network Products Co., Ltd.	15	33.32	4,998	8,050	4	15	33.32	4,998	12,166	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	93	-
PT Mobilkom Telekomindo (Held by Jasmine International Overseas Co.,Ltd.)										
99	43.43	124,514	-	-	71	42.59	124,514	-	-	-
PT Asia Cellular Satellite (Held by Jasmine International Overseas Co.,Ltd.)										
-	-	-	-	-	8,209	28.53	1,774,120	2,652,296	-	-
United Telecoms Ltd. (Held by Jasmine International Overseas Co.,Ltd.)										
105	34.92	702,723	581,381	-	91	34.24	702,723	774,099	-	-
Priyaraj Electronics Ltd. (Held by Jasmine International Overseas Co.,Ltd.)										
19	26.72	25,210	38,135	-	13	34.36	25,210	44,204	-	-
JI Telecoms Holdings Corporation (Held by Jasmine International Overseas Co.,Ltd.)										
5	22.45	1,260	-	-	4	22.02	1,260	1,260	-	-
JT Mobiles Co., Ltd (Held by Jasmine International Overseas Co., Ltd.)										
2,990	30.56	512,670	-	-	2,596	31.40	512,670	490,740	-	-
Island Country Telecommunication Inc. (Held by Jasmine International Overseas Co., Ltd.)										
184	29.18	50,566	10,780	-	176	22.86	29,559	29,559	-	-
Total investments in associated companies										
		1,855,091	864,852	4			3,716,203	4,432,412	6	

(UNAUDITED/BUT REVIEWED)

CONSOLIDATED

	1999					1998				
	Paid up		Investments			Paid up		Investments		
	capital	Equity	Cost	Equity	Dividend	capital	Equity	Cost	Equity	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	1,988,743	-
ACeS International Limited (10.85% held by Jasmine International Overseas Co., Ltd. And 1.08% held by ACeS Regional Services Co., Ltd)	10,467	10.41	867,395	867,395	-	-	-	-	-	-
Others			1,600	1,600	-			1,600	1,600	-
Less : Unrealized loss from change in valuation of investment in Thai Telephone & Telecommunication Plc.			-	(43,584)	-			-	-	-
Total investments in other companies			<u>2,371,829</u>	<u>2,328,245</u>	-			<u>4,348,011</u>	<u>1,990,343</u>	-
Total investments			<u>4,226,920</u>	<u>3,193,097</u>	<u>4</u>			<u>8,066,615</u>	<u>6,425,156</u>	<u>6</u>

THE COMPANY ONLY

	1999					1998				
	Paid up		Investments			Paid up		Investments		
	capital	Equity	Cost	Equity	Dividend	capital	Equity	Cost	Equity	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	1,432,909	-	760	100	759,999	1,169,963	-
Jasmine Submarine Telecommunications Co., Ltd.	1,550	100	1,945,999	1,838,298	190	1,550	100	1,945,999	1,826,315	915
Jasmine Smart Shop Co., Ltd.	110	100	109,999	18,846	-	100	100	99,999	16,674	-
Jasmine International Overseas Co., Ltd.	2,430	87.3	2,088,430	1,105,558	-	2,430	85.6	2,077,970	2,545,667	-
Jasmine Cable & Materials Co., Ltd.	25	100	24,999	5,823	-	25	100	24,999	24,822	-
Siam Teltech Computer Co., Ltd.	23	71.07	15,946	155,426	-	23	71.07	15,946	158,930	-
T.J.P. Engineering Co., Ltd.	200	80	160,000	298,928	-	200	80	160,000	313,846	-
Jasmine Telecom Systems Co., Ltd.	100	100	99,999	55,469	-	100	100	99,999	60,008	-
Jasmine Energy Co., Ltd.	200	90	180,000	78,829	-	200	90	180,000	155,369	-
Mobile Communication Services Co., Ltd.	100	70	<u>100,000</u>	<u>70,363</u>	-	100	70	<u>100,000</u>	<u>100,754</u>	-
Total investments in subsidiary companies			<u>5,485,371</u>	<u>5,060,449</u>	<u>190</u>			<u>5,464,911</u>	<u>6,372,348</u>	<u>915</u>

(UNAUDITED/BUT REVIEWED)

THE COMPANY ONLY

	1999					1998				
	Paid up capital	Equity interest	Investments		Dividend	Paid up capital	Equity interest	Investments		Dividend
	Million Baht	Percent	Thousand Baht	Thousand Baht	Million Baht	Million Baht	Percent	Thousand Baht	Thousand Baht	Million Baht
Investments in associated companies :										
Premium Real Estate Co., Ltd.	820	49	401,800	189,768	-	820	49	401,800	395,163	-
Radiophone Co., Ltd.	-	-	-	-	-	270	40	107,999	-	-
Ericsson Thai Network Products Co., Ltd.	15	33.32	4,998	8,050	4	15	33.32	4,998	12,166	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	93	-
JT Mobiles Co., Ltd.	-	-	-	-	-	2,596	10	222,900	200,970	-
Total investments in associated companies			<u>438,148</u>	<u>234,556</u>	<u>4</u>			<u>769,047</u>	<u>641,224</u>	<u>6</u>
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	1,988,743	-
Other			1,600	1,600	-			1,600	1,600	-
<u>Less</u> Unrealised loss from change in valuation of investment in Thai Telephone & Telecommunication Plc.			-	(43,584)	-			-	-	-
Total investments in other companies			<u>1,504,434</u>	<u>1,460,850</u>	<u>-</u>			<u>4,348,011</u>	<u>1,990,343</u>	<u>-</u>
Total investments			<u>7,427,953</u>	<u>6,755,855</u>	<u>194</u>			<u>10,581,969</u>	<u>9,003,915</u>	<u>921</u>

In April and May, 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.

In June and July, 1999, Jasmine International Overseas Co., Ltd. (a subsidiary) sold 34.2 million ordinary shares in ACeS International Limited (a company incorporated in Bermuda) to a former shareholder of that company for USD 34.2 million. The carrying value of such shares under the equity method was USD 32.9 million, or equivalent to Baht 826 million. The subsidiary has already transferred 34.2 million shares to the buyer, resulting in a gain on disposal of Baht 435 million (In the second quarter totaling Baht 138 million and in the third quarter totaling Baht 297 million) and this is included in the statements of earnings under the caption of "Gain on sales of investments".

(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.	=	5.3480	3.4982
1	Indian Rs.	=	0.9965	0.8652
1	Philippines Peso	=	1.0152	0.8802
1	USD	=	41.1339	39.0921

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

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, JI Telecoms Holdings Corporation, 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 at the 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 that subsidiary company. They also included the subsidiary company's negotiable certificates of deposit with 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 :-

	CONSOLIDATED		THE COMPANY ONLY	
	<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 and guaranteed by the Company	3,290,712	3,157,896	-	-
11.2 Baht loan, at the interest rate of Prime + 1% per annum, repayable monthly as from May 1999 to July 2000	33,410	-	-	-

(UNAUDITED/BUT REVIEWED)

	CONSOLIDATED		THE COMPANY ONLY	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
11.3 Yen 9,500 million loan, at the interest rate of LIBOR + 0.75% to LIBOR + 0.875% per annum, repayable within 2001	3,678,714	2,782,540	3,678,714	2,782,540
11.4 USD 180 million, 8.483% senior secured notes due 2011, repayable semi-annually as from 1997 to 2011 (outstanding balance as at 30th September, 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 d) a pledge of the vessels owned by its subsidiary e) a letter of guarantee of the subsidiary	4,804,611	4,961,505	-	-
11.5 Baht 1,100 million loan at the interest rate of MLR + 1% per annum, repayable quarterly as from 1998 to 2002	715,000	935,000	-	-
11.6 Baht 1,700 million loan at the interest rate of MLR+1.5% per annum, repayable monthly in 63 installments on commencing from August 1999	1,670,000	-	-	-
11.7 Baht 464 million loan at the interest rate of PRIME - 0.5% per annum, repayable monthly in 63 installments commencing from August 1999	634,583	-	-	-
11.8 USD 8 million loan, at the interest rate of LIBOR+3.5% per annum, repayable monthly in 63 installments commencing from August 1999	323,280	-	-	-
11.9 Others	<u>1,740</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	15,152,050	11,836,941	3,678,714	2,782,540
Less : Current portion and default loans	<u>(4,104,426)</u>	<u>(447,412)</u>	<u>-</u>	<u>-</u>
Long-term liabilities - net of current portion	<u>11,047,624</u>	<u>11,389,529</u>	<u>3,678,714</u>	<u>2,782,540</u>

(UNAUDITED/BUT REVIEWED)

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 11.4

The Company and some of its subsidiaries have entered into forward exchange contracts to buy USD 135 million (outstanding balance as at 30th September, 1999 amounted to approximately USD 123.7 million) from the counterparties at an average strike price of Baht 25.12 per USD 1. This is due for delivery on a semi-annual basis in the amount of approximately USD 3.6-8.7 million each delivery, as from 1997 through to 2011. The Company and its subsidiaries are obliged to pay a premium to the counterparty, at rates specified in the agreement.

(b) Loan as stated in Note 11.6-11.8

As referred to under note 16 to the financial statements, on 26th July, 1999, Acumen Company Limited (a subsidiary) entered into a loan restructuring agreement with two financial institutions regarding short term loans and trust receipt loans. Under the agreement, part of the foreign currency loans was converted to Baht loans and all of the loans were rescheduled to be long-term loans to be repaid between August 1999 to October 2004.

The loans have been guaranteed by the Company and the subsidiary's right and benefits pertaining to the concession agreement for the "Rural Telephone Project Through Satellite System-Phase III" (3,786 villages project).

(UNAUDITED/BUT REVIEWED)

(c) In addition, one of its subsidiaries has 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 20.2 million at the strike price ranging from Baht 37.00 to 45.74 per USD 1.
- Forward exchange contract to buy DEM 0.7 million at strike price ranging from Baht 24.681 to 24.709 per DEM 1.
- Forward exchange contract to buy FRF 9.3 million at strike price ranging from Baht 6.2395 to 7.4218 per FRF 1.
- Forward exchange contract to buy SEK 16.1 million at a strike price of Baht 8.387 per SEK 1.

d) The loans as stated in Note 11.3 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	-	117
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>3,020</u>

NOTE 12 - WARRANTS

In July 1999, the Company issued 333.6 million units of warrants, Baht 0.10 each, to existing shareholders to subscribe for ordinary shares. The warrants were issued in the ratio of 1 warrant per 1 existing ordinary share. The warrants have an exercise period of 5 years, and are exercisable every 3 months. The first and the last exercise dates are 15th September, 1999 and 15th June, 2004, respectively. A warrant provides the right to purchase one ordinary share at the exercise price of Baht 5.

During the period, 1,647,050 warrants were exercised to purchase 1,647,050 new ordinary shares, leaving 331,952,950 warrants unexercised as at 30th September, 1999.

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 period, 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 them. 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.

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

	CONSOLIDATED		THE COMPANY ONLY	
	<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	2,519,272	934,262	208,975	251,626
Short-term investments	<u>93,814</u>	<u>424,530</u>	<u>-</u>	<u>1,474</u>
Total	2,613,086	1,358,792	208,975	253,100
Less : Cash at banks (pledged)	(15,129)	(23,451)	(15,129)	(23,451)
Short-term investments (pledged)	<u>(44,937)</u>	<u>(5,834)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents	<u>2,553,020</u>	<u>1,329,507</u>	<u>193,846</u>	<u>229,649</u>

NOTE 16 - DEBT RESTRUCTURING

On 26th July, 1999, Acumen Company Limited (a subsidiary) entered into a loan restructuring agreement with two commercial banks, under which short-term loans amounting to Baht 228 million and USD 40 million, and trust receipts amounting to USD 20 million were restructured. The lenders agreed to reschedule the terms of loan repayment as follows :-

	<u>Before Debt Restructuring</u>	<u>After Debt Restructuring</u>
1. Total loan principal	Baht 228 million and USD 60 million	Baht 2,346 million and USD 8 million
2. Interest rate	10 percent per annum for Baht loan and LIBOR+3 percent per annum for USD loan	MLR+1.5 percent per annum for Baht 1,700 million loan and PRIME - 0.5 percent per annum for Baht 646 million loan and LIBOR + 3.5 percent per annum for USD 8 million loan
3. Repayment period		
- Principal	At call or when due (within one year)	Monthly, commencing from August 1999 to October 2004
- Interest	Monthly	Monthly

NOTE 17 - COMMITMENTS AND CONTINGENT LIABILITIES

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

17.1 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 September, 1999, the associated company had a capital deficit of approximately USD 16 million. As the result, the Company has made a provision of Baht 262 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 an on going basis. The amount provided has been shown under the caption of "Provision for loss from guarantee to associated companies" in the balance sheet.

Moreover, the Company acts as a guarantor of another associated company which is in the process of dissolution and liquidation procedures. 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 sheet.

(UNAUDITED/BUT REVIEWED)

17.2 The Company earlier requested two commercial banks to issue letters of guarantee totaling Indian Rs 1,634 million (equivalent to approximately Baht 1,629 million) to guarantee obligations payable by JT Mobiles Limited (an associated company incorporated in India) under certain telecommunications concessions and loan agreement. During the period, the associated company failed to make payment under the telecommunication concessions of Indian Rs 1,175 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 September, 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 September, 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 believes 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 be able to obtain finances within its own country.

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

(UNAUDITED/BUT REVIEWED)

- 17.3 The Company acts as a guarantor against credit facilities of the subsidiaries totaling Baht 3,020 million and USD 253 million.
- 17.4 With respect to the syndicated loan obtained from various financial institutions by Premium Real Estate Company Limited (an associated company) and 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 as to be fixed by the lenders to enable to the associated company to discharge its obligations.

As at 30th September, 1999, the balance of the syndicated loan and related accrued interest amounted to Baht 1,277 million, and Baht 374 million respectively. The associated company has already defaulted repayment of the loan principal and payment of 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.

- 17.5 The Company and its subsidiary companies had outstanding commitments of approximately Baht 1,275 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 453 million and Indian Rs 270 million).

(UNAUDITED/BUT REVIEWED)

17.6 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.

NOTE 18 - 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 19 - SUBSEQUENT EVENTS

On 11th October, 1999, the extraordinary meeting of shareholders passed a resolution to purchase, for Baht 1 million, 975,000 shares of Info Access Company Limited (representing 65 percent of the total issued and paid up share capital) at par value of Baht 10 each.

On 26th October, 1999, the extraordinary meeting of the shareholders of Acumen Company Limited passed a resolution to approve the issuance of debentures of not more than Baht 4,000 million, with the terms and conditions of the debentures to be determined by the consideration of the Board of Directors of the company, or any other parties the Board assigns.

NOTE 20 - PRESENTATION

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

(UNAUDITED/BUT REVIEWED
EXCEPT NOTE 22 WHICH IS UNREVIEWED)

NOTE 21 - APPROVAL OF FINANCIAL STATEMENTS

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

NOTE 22 - 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.