

JASMINE INTERNATIONAL PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
REPORT AND FINANCIAL STATEMENTS  
31st DECEMBER, 1999 AND 1998

## **Report of Independent Auditor**

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

I have audited the consolidated balance sheets of Jasmine International Public Company Limited and its subsidiaries, and the balance sheets of Jasmine International Public Company Limited, as at 31st December, 1999 and 1998, the related statements of earnings, retained earnings, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Companies' management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jasmine International Public Company Limited and its subsidiaries, and of Jasmine International Public Company Limited, as at 31st December, 1999 and 1998, the results of their operations, changes in their shareholders' equity, and their cash flows for the years then ended, in accordance with accounting principles generally accepted in Thailand, as referred to in Note 3 to the financial statements.

Without qualifying my opinion on the financial statements, I draw attention to the following matters :

- (a) As at 31st December, 1999, the Company and a subsidiary had long-term loans from the financial institutions totaling USD 67 million, and Yen 9,500 million (1998 : Short-term loan of USD 40 million and long-term loans of USD 80 million, Yen 9,500 million, and Baht 880 million) and the Company alone had long-term loans from the financial institutions totaling Yen 9,500 million (1998 : 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 agreements. However, due to unfavourable economic circumstances, as at 31st December, 1999 and 1998, the Company and its subsidiary were unable to meet such requirement. Moreover, the subsidiary has defaulted on the loan repayment. The Company and its subsidiary are currently in the process of their debt restructuring, which is expected to be completed in the year 2000.
  
- (b) As at 31st December, 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 advances to related parties” and “Loans to related party” in the balance sheets, totaling Baht 2,279 million, Baht 406 million and Baht 547 million, respectively (1998 : Baht 2,224 million, Baht 406, million, and Baht 498 million, respectively). Such amounts include trade receivable and indebtedness due to the Company totaling Baht 574 million (1998 : Baht 498 million). Since the aforementioned related company is in the stages of its debt restructuring, the outcome of which cannot be determined by management at this time, no provision for doubtful debts has yet been made in the financial statements under report.

- (c) As described in Note 17 to the financial statements, a subsidiary has made advance payments for service amounting to approximately Baht 309 million, and these are shown as an asset in the 1999 consolidated financial statements. The subsidiary will be compensated for such amount by way of a rebate in the form of promotional minutes of satellite air-time usage over a period of 10 years, with the conditions of the compensation being contingent upon the net cash flow from operations of the satellite service provider (the associated company) and to be agreed upon within August 2000. The subsidiary has not yet provided for loss on impairment of this advance in its account since its management believes that the present value of its future benefit exceeds the amount paid. The adequacy of the allowance for impairment loss is however dependent upon the conditions of compensation to be agreed upon by the parties concerned within August 2000 and upon the volume of the subsidiary's future use of the satellite service.
- (d) Although Thailand's economic crisis, which occurred in 1997, has eased to a certain extent in the current year, financial restructuring within the business community is still prevalent and subject to readjustment. Nevertheless, the accompanying financial statements 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 businesses of the Company and its subsidiaries, without any expectation of significant disruption to the ongoing activities.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited

Bangkok : 18th February, 2000.

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

NOTE 1 - GENERAL INFORMATION

Jasmine International Public Company Limited (hereinafter referred to as “the Company”) was incorporated as a public limited company, existing under Thai law and operating in Thailand. The Company’s principal activity is telecommunication businesses.

NOTE 2 - BASIS OF CONSOLIDATION

2.1 The consolidated financial statements include the financial statements of Jasmine International Public Company Limited 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</u>		<u>Percentage of total revenues against consolidated total for the year ended</u>	
		<u>1999</u>	<u>1998</u>		<u>31st December 1999</u>	<u>1998</u>	<u>31st December 1999</u>	<u>1998</u>
Acumen Co., Ltd.	Satellite telecommunications services	100	100	Thailand	20.48	20.44	29.44	31.43
Jasmine Submarine Telecommunications Co., Ltd.	Operator of submarine optical fibre cable network	100	100	Thailand	20.94	18.36	16.32	20.17

<u>Company</u>	<u>Types of business</u>	<u>Equity interest owned by the Company (%)</u>		<u>Country of incorporation</u>	<u>Percentage of total assets against consolidated total as at 31st December</u>		<u>Percentage of total revenues against consolidated total for the year ended 31st December</u>	
		<u>1999</u>	<u>1998</u>		<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Jasmine Smart Shop Co., Ltd.	Distributor of telecommunication equipment and accessories	100	100	Thailand	0.14	0.16	1.17	2.34
Jasmine International Overseas Co., Ltd.	Investment (both domestic and overseas)	87.3	87.3	Thailand	7.00	13.70	0.37	2.36
Siam Teltech Computer Co., Ltd.	System and software development and sales of computer products	71.07	71.07	Thailand	4.88	3.13	11.01	5.08
T.J.P. Engineering Co., Ltd.	Survey, design and construction of tele-communications-related projects	80	80	Thailand	4.70	4.64	3.29	5.50
Jasmine Telecom Systems Co., Ltd.	Design, installation and testing of telecommunication systems	100	100	Thailand	13.40	12.12	32.81	22.52
Mobile Communication Services Co., Ltd.	Dormant	70	70	Thailand	0.13	0.18	-	-
Jasmine Internet Co., Ltd.	Internet service provider	65	-	Thailand	-	-	-	-
Smart Highway Co., Ltd. (67.4% held by Acumen Co., Ltd.)	Not yet started operation	-	100	Thailand	0.11	0.06	-	-
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	3.15	2.16	-	-

<u>Company</u>	<u>Types of business</u>	<u>Equity interest</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>31st December</u>		<u>Percentage of total</u> <u>revenues against</u> <u>consolidated total for</u> <u>the year ended</u> <u>31st December</u>	
		<u>owned by the</u> <u>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>
ACeS (Thailand) Co., Ltd. (100% held by Jasmine International Overseas Co., Ltd.)	Investment holding	-	-	Thailand	0.03	0.03	-	0.01
Thai Long Distance Telecommunications Co., Ltd. (90% held by Jasmine Submarine Telecommunications Co., Ltd.)	Operator of submarine optical fibre cable network	-	-	Thailand	3.92	3.70	3.35	3.01
Clippership Investments (BVI) Limited (100% held by Jasmine International Overseas Co., Ltd.)	Investment holding	-	-	British Virgin Island	0.26	0.25	-	-

2.2 The financial statements of the subsidiary companies incorporated in overseas are translated to Thai Baht at the closing exchange rate as to assets and liabilities, and at the average exchange rate as to revenues and expenses. The resultant difference has been shown under the caption of “Translation adjustment” in the shareholders’ equity.

2.3 Outstanding balances and significant intercompany transactions between the Company and its subsidiaries, and investment balances in the Company’s records and share capital of its subsidiaries have been eliminated from the consolidated financial statements.

- 2.4 The excess of cost of investments in subsidiaries over their net book value upon acquisitions is amortised over a period of 10 - 20 years.
- 2.5 The consolidated financial statements did not include the financial statements of two subsidiaries, namely, Jasmine Energy Company Limited and Jasmine Cable & materials Company Limited since such subsidiaries are now in the process of dissolution.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with accounting standards pronounced by the Institute of Certified Accountants and Auditors of Thailand (ICAAT). Such standards are based on and similar to those issued by the International Accounting Standards Committee (IASC), with certain modifications considered appropriate by ICAAT.

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

3.1 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.

### 3.2 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 status of receivable outstanding at the balance sheet dates.

### 3.3 Inventories

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

### 3.4 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 investments are recorded at cost and for each subsequent year the investments are adjusted to incorporate the Company's proportionate share of the operating results in the subsidiary and associated companies.

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

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

### 3.5 Depreciation

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

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

No depreciation is provided for land and construction in progress.

### 3.6 Amortisation

- (a) Costs of the submarine optical fiber cable projects are amortised over the concession periods and calculated by reference to the proportion of the number of circuits available for service in each year against the total number of circuits available throughout the contract periods.
- (b) Costs of the satellite transmission system project are amortised on a straight-line basis over the concession periods.
- (c) Cost of equipment for providing Internet service is amortised on a straight line basis over the period of 10 years.

### 3.7 Capitalisation of borrowing costs

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

### 3.8 Foreign currencies

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

Assets and liabilities denominated in foreign currency outstanding on the balance sheet dates are translated at the rates ruling on the balance sheet dates, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Exchange gains and losses are included in determining earnings.

### 3.9 Financial derivative instruments

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

### 3.10 Earnings per share

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

Diluted earnings per share is calculated by dividing the net earnings (loss) for the year by the total sum of the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares to be issued for conversion of all dilutive potential ordinary shares (warrants) into ordinary shares. However, no diluted earnings per share is presented for the current year since the result of operations for the current year was a loss, and the calculation of diluted earnings per share thus becomes anti-dilutive.

NOTE 4 - CHANGE IN ACCOUNTING POLICY

On 20th January, 2000, the Institute of Certified Accountants and Auditors of Thailand issued the Accounting Standards Interpretation Statement No. 4, prohibiting pre-operating expenses from being recorded as assets, effective for the financial statements for the year ended on or after 31st December, 1999. As a result, the Company and its subsidiaries have written off the remaining balance of pre-operating expenses and deferred expenses previously recorded as assets against the beginning balance of retained earnings, and also restated the previous year's financial statements, presented herein for comparative purposes, as though the pre-operating expenses and deferred expenses had never been capitalised as assets. The adjustment is regarded as a change in accounting policy, made to conform with the newly issued standard. The adjustments have the effect of decreasing the net loss for the years 1999 by Baht 31,001,364 and increasing the net earnings for the year 1998 by Baht 52,113,100. The cumulative effect of the accounting change up to the beginning of the years 1999 and 1998 has been presented under the heading of "Cumulative effect of the change in accounting policy relating to pre-operating expenses and deferred expenses" in the retained earnings statements.

NOTE 5 - CASH IN HAND AND AT BANKS

Included in the balances as at 31st December, 1999 are savings deposits of approximately Baht 85.4 million (1998 : Baht 24 million), which have been pledged to secure letters of guarantee issued by the banks on behalf of the Company.

NOTE 6 - SHORT-TERM INVESTMENTS

Included in the balances of short-term investments as at 31st December, 1999 are fixed deposits of the Company and its subsidiaries totaling approximately Baht 87.9 million (1998 : Baht 56.2 million) and of the Company alone totaling approximately Baht 0.5 million (1998 : Baht 1 million) which have been pledged to secure letters of guarantee issued by the banks on behalf of the Company and its subsidiaries.

NOTE 7 - INVESTMENT IN AVAILABLE-FOR-SALE SECURITY

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

NOTE 8 - RELATED PARTY TRANSACTIONS

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

	CONSOLIDATED		THE COMPANY ONLY	
	1999	1998	1999	1998
	Million Baht	Million Baht	Million Baht	Million Baht
<u>Transactions with subsidiary companies</u>				
Sales and service income	-	-	-	8
Management income	-	-	525	342
Rental and other service income	-	-	38	29
Interest income	-	-	161	155
Interest expense	-	-	1	274
<u>Transactions with associated and related companies</u>				
Sales and service income	47	261	26	-
Management income	4	-	4	-
Rental and other service income	1	34	1	1
Interest income	49	344	49	74
Interest expense	-	30	-	30
Expenditure relating to installation of the rural telephone project	-	448	-	-
Leasehold rights	-	415	-	415

In August 1998, the Company (“lessor”) leased office space of 12,704 square metres from an associated company. The Baht 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 31st December, 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	
<b><u>Short-term loans granted to :</u></b>					
<u>Subsidiaries :</u>					
Jasmine Telecom Systems Co., Ltd.	-	-	511	513	Cost or cost + margin 0.25 - 1%
T.J.P. Engineering Co., Ltd.		-	168	173	Cost or cost + margin 0.25 - 1%
Jasmine International Overseas Co., Ltd.	-	-	797	241	Cost or cost + margin 0.25 - 1%
<b><u>Long-term loans granted to :</u></b>					
<u>Related company :</u>					
Thai Telephone and Telecommunication Plc.	547	497	547	497	Cost or cost + margin 0.25 - 1%
<b><u>Short-term loans obtained from :</u></b>					
<u>Subsidiaries :</u>					
Jasmine Submarine Telecommunications Co., Ltd.	-	-	62	127	Cost or cost + margin 0.25 - 1%
Jasmine Smart Shop Co., Ltd.	-	-	10	10	Cost or cost + margin 0.25 - 1%
Acumen Co., Ltd.	-	-	-	136	Cost or cost + margin 0.25 - 1%
Jasmine International Overseas Co., Ltd.	-	-	-	558	Cost or cost + margin 0.25 - 1%
Siam Teltech Computer Co., Ltd.	-	-	6	17	Cost or cost + margin 0.25 - 1%
<b><u>Long-term loans obtained from :</u></b>					
<u>Subsidiary :</u>					
Jasmine Submarine Telecommunications Co., Ltd.	-	-	785	612	Cost or cost + margin 0.25 - 1%

As at 31st December, 1999, the long-term loan obtained from a subsidiary represents a USD loan amounting to USD 20.8 million (1998 : USD 22 million). The Company has already entered into forward exchange contracts to hedge a part of that loan totaling USD 15.6 million (1998 : USD 16 million) against foreign exchange risk.

NOTE 9 - ACCOUNTS RECEIVABLE-TRADE

The aging of outstanding balances as at 31st December, 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>
	Baht	Baht	Baht	Baht
<u>Related parties :</u>				
Within 3 months	2,003,040	8,242,874	2,003,040	3,906,760
3 - 6 months	25,448,048	3,885,004	25,445,748	-
6 - 12 months	1,055	165,681,653	-	9,284,814
Longer than 12 months	<u>2,331,323,434</u>	<u>2,209,948,685</u>	<u>248,938,107</u>	<u>238,303,846</u>
Total	2,358,775,577	2,387,758,216	276,386,895	251,495,420
Less : Allowance for doubtful accounts	<u>(68,655,921)</u>	<u>(67,306,474)</u>	<u>(68,655,921)</u>	<u>(67,306,474)</u>
Net	<u>2,290,119,656</u>	<u>2,320,451,742</u>	<u>207,730,974</u>	<u>184,188,946</u>
<u>Others :</u>				
Within 3 months	1,582,580,216	771,511,786	9,132,514	29,035,267
3 - 6 months	25,901,401	108,328,968	19,197,573	11,503,508
6 - 12 months	51,545,120	344,966,958	7,676	11,149,276
Longer than 12 months	<u>245,653,866</u>	<u>451,165,558</u>	<u>60,868,234</u>	<u>54,532,203</u>
Total	1,905,680,603	1,675,973,270	89,205,997	106,220,254
Less : Allowance for doubtful accounts	<u>(39,117,745)</u>	<u>(4,115,186)</u>	<u>(26,876,520)</u>	<u>-</u>
Net	<u>1,866,562,858</u>	<u>1,671,858,084</u>	<u>62,329,477</u>	<u>106,220,254</u>
Accounts receivable - trade, net	<u>4,156,682,514</u>	<u>3,992,309,826</u>	<u>270,060,451</u>	<u>290,409,200</u>

Included in trade receivable from other companies as at 31s December, 1999 and 1998, under the age thresholds of over 3 months is the amount receivable from the government agencies, which can be summarised 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>
	Million Baht	Million Baht	Million Baht	Million Baht
3 - 6 months	20	108	19	11
6 - 12 months	50	236	-	11
Longer than 12 months	<u>57</u>	<u>330</u>	<u>34</u>	<u>28</u>
Total	<u>127</u>	<u>674</u>	<u>53</u>	<u>50</u>

On 15th October, 1999, the long standing dispute regarding the value added tax (VAT) payable on shared revenue between a subsidiary and the Telephone Organization of Thailand (TOT) was settled, whereby 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 statement in the current year.

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

NOTE 10 - INVENTORIES

	<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	BAHT	BAHT	BAHT	BAHT
Satellite transmission equipment	122,467,872	163,054,167	-	-
Finished goods and spare parts	464,024,126	799,460,596	52,276,336	79,255,875
Goods in transit	<u>2,435,186</u>	<u>48,266,227</u>	-	-
Total inventories	588,927,184	1,010,780,990	52,276,336	79,255,875
Less : Allowance for damaged or obsolete inventories	<u>(10,642,493)</u>	<u>(1,407,958)</u>	<u>(7,487,815)</u>	-
Inventories - net	<u>578,284,691</u>	<u>1,009,373,032</u>	<u>44,788,521</u>	<u>79,255,875</u>

NOTE 11 - 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	
<b><u>Investments in the dissolved subsidiaries :</u></b>										
Jasmine Energy Co., Ltd.	200	90	180,000	45,516	-	200	90	180,000	80,445	-
Jasmine Cable & Materials Co., Ltd.	25	100	<u>24,999</u>	<u>5,823</u>	-	25	100	<u>24,999</u>	<u>5,831</u>	-
Total investments in the dissolved subsidiaries			<u>204,999</u>	<u>51,339</u>				<u>204,999</u>	<u>86,276</u>	

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	
<b>Investments in associated companies :</b>										
Premium Real Estate Co., Ltd.	820	49	401,800	-	-	820	49	401,800	324,471	-
Radiophone Co., Ltd.	-	-	-	-	-	270	40	108,000	-	-
Ericsson Thai Network Products Co., Ltd.	15	33.32	4,998	8,009	4	15	33.32	4,998	12,158	6
Internet Knowledge Service Center Co., Ltd.	33	25	31,250	44,405	-	33	25	31,250	37,879	-
Telecom KSC Co., Ltd.	0.3	40	100	94	-	0.3	40	100	94	-
PT Mobilkom Telekomindo (Held by Jasmine International Overseas Co., Ltd.)	92	43.43	124,514	-	-	90	43.43	124,514	-	-
United Telecoms Ltd. (Held by Jasmine International Overseas Co., Ltd.)	-	-	-	-	-	96	40	702,723	687,075	-
Priyaraj Electronics Ltd. (Held by Jasmine International Overseas Co., Ltd.)	-	-	-	-	-	17	40.14	25,210	31,943	-
Jl Telecoms Holdings Corporation (Held by Jasmine International Overseas Co., Ltd.)	5	22.45	1,260	-	-	5	22.45	1,260	-	-
Island Country Telecommunication Inc. (Held by Jasmine International Overseas Co., Ltd.)	167	22.45	50,566	8,760	-	172	22.45	50,566	19,228	-
Total investments in associated companies			<u>614,488</u>	<u>61,268</u>				<u>1,450,421</u>	<u>1,112,848</u>	

CONSOLIDATED

	1999				1998			
	Paid up capital	Equity interest	Investments	Dividend	Paid up capital	Equity interest	Investments	Dividend
<b>General investments :</b>								
JT Mobiles Limited (Held by Jasmine International overseas Co., Ltd.)	-	-	-	-	2,704	19.7	349,646	-
ACeS International Limited (10.85% held by Jasmine International Overseas Co., Ltd. and 1.08% held by ACeS Regional Services Co., Ltd.) (1998 : Associated Company)	11,199	10.41	867,395	-	9,387	23.33	2,476,442	-
Others			<u>1,600</u>	-			<u>1,600</u>	-
Total general investments			<u>868,995</u>				<u>2,827,506</u>	
<b>Investment in available-for-sale security</b>								
Thai Telephone & Telecommunication Plc. (1998 : Treated as an associated company)	11,250	19.96	1,520,834	-	11,250	22.58	1,895,288	-
Add : Unrealized gain from change in value of the investment in available-for-sale security			<u>1,696,292</u>				-	
Total investments in available-for-sale security			<u>3,199,126</u>				<u>1,895,288</u>	

THE COMPANY ONLY

	1999					1998				
	Investments					Investments				
	Paid up	Equity	Cost	Equity	Dividend	Paid up	Equity	Cost	Equity	Dividend
	capital	interest	method	method		capital	interest	method	method	
Million Baht	Percent	Thousand Baht	Thousand Baht	Million Baht	Million Baht	Percent	Thousand Baht	Thousand Baht	Million Baht	
<b>Investments in subsidiary companies :</b>										
Acumen Co., Ltd.	760	100	759,999	1,437,332	-	760	100	759,999	1,234,962	-
Jasmine Submarine Telecommunications Co., Ltd.	1,550	100	1,945,999	1,785,942	190	1,550	100	1,945,999	1,866,306	915
Jasmine Smart Shop Co., Ltd.	110	100	109,999	15,431	-	100	100	99,999	12,704	-
Jasmine International Overseas Co., Ltd.	2,430	87.3	2,088,430	-	-	2,430	87.3	2,088,430	2,264,653	-
Jasmine Cable & Materials Co., Ltd.	25	100	24,999	5,823	-	25	100	24,999	5,831	-
Siam Teltech Computer Co., Ltd.	23	71.07	15,946	180,176	-	23	71.07	15,946	161,862	-
T.J.P. Engineering Co., Ltd.	200	80	160,000	316,071	-	200	80	160,000	303,820	-
Jasmine Telecom Systems Co., Ltd.	100	100	99,999	147,276	-	100	100	99,999	112,506	-
Jasmine Energy Co., Ltd.	200	90	180,000	45,516	-	200	90	180,000	80,445	-
Mobile Communication Services Co., Ltd.	100	70	100,000	70,281	-	100	70	100,000	100,483	-
Smart Highway Co., Ltd. (1999 : held by a subsidiary)	-	-	-	-	-	16	100	15,500	15,387	-
Jasmine Internet Co., Ltd.	15	65	<u>1,000</u>	<u>1,000</u>	-	-	-	<u>-</u>	<u>-</u>	-
Total investments in subsidiary companies			<u>5,486,371</u>	<u>4,004,848</u>				<u>5,490,371</u>	<u>6,158,959</u>	

**Investments in associated companies :**

Premium Real Estate Co., Ltd.	820	49	401,800	-	-	820	49	401,800	324,471	-
Radiophone Co., Ltd.	-	-	-	-	-	270	40	108,000	-	-
Ericsson Thai Network Products Co., Ltd.	15	33.32	4,998	8,009	4	15	33.32	4,998	12,158	6
Internet Knowledge Service Center Co., Ltd.	33	25	31,250	44,405	13	33	25	31,250	37,879	-
Telecom KSC Co., Ltd.	0.3	40	<u>100</u>	<u>94</u>	-	0.3	40	<u>100</u>	<u>94</u>	-
Total investments in associated companies			<u>438,148</u>	<u>52,508</u>				<u>546,148</u>	<u>374,602</u>	

THE COMPANY ONLY

	1999				1998			
	Paid up	Equity	Investments	Dividend	Paid up	Equity	Investments	Dividend
	capital	interest			capital	interest		
	Million Baht	Percent	Million Baht	Million Baht	Million Baht	Percent	Million Baht	

**General investments :**

Investments in other companies			<u>1,600</u>	-			<u>1,600</u>	-
Total general investments			<u>1,000</u>				<u>1,600</u>	

**Investments in available-for-sale security**

Thai Telephone & Telecommunication Plc. (1998 : Treated as an associated company)	11,250	19.96	1,502,834	-	11,250	22.58	1,895,288	-
<u>Add</u> : Unrealised gain from change in value the of investments in available-for-sale security			<u>1,696,292</u>				<u>-</u>	
Total investments in available-for-sale security			<u>3,199,126</u>				<u>1,895,288</u>	

Share of the current year's profit or loss of four associated companies, namely, Island Country Telecommunication Inc., Internet Knowledge Service Center Company Limited, Telecom KSC 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 audited by their auditors.

In addition, the financial statements did not include a share of profit or loss of a associated company, namely, JI Telecoms Holdings Corporation, 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 12 - LOAN TO RELATED PARTY

This represents subordinated loans 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 loans will be repayable, together with interest thereof, in the year 2011.

NOTE 13 - OTHER INVESTMENTS

These include a subsidiary company's deposit with an overseas financial institution totaling USD 13.5 million (1998 : 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.

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED						
	<u>Land</u> Baht	<u>Buildings, leasehold rights and improvement</u> Baht	<u>Equipment for the rural telephone project through satellite system</u> Baht	<u>Satellite transmission installed for customers</u> Baht	<u>Others</u> Baht	<u>Construction in progress</u> Baht	<u>Total</u> Baht
Cost :							
As at 31st December, 1998	4,800,000	608,665,653	4,027,948,277	311,178,821	233,088,135	56,814,996	5,242,495,882
Additions	-	14,007,696	12,130,590	410,220	50,939,658	10,704,445	88,192,609
Disposal	-	(765,971)	(14,381,200)	-	(19,349,347)	(1,449,000)	(35,945,518)
Transfer in (out)	-	(41,645,479)	17,408,945	(29,213,449)	848,374	(30,564,886)	(83,166,495)
As at 31st December, 1999	<u>4,800,000</u>	<u>580,261,899</u>	<u>4,043,106,612</u>	<u>282,375,592</u>	<u>265,526,820</u>	<u>35,505,555</u>	<u>5,211,576,478</u>
Accumulated depreciation :							
As at 31st December, 1998	-	57,843,492	576,534,029	143,100,940	143,808,531	-	921,286,992
Depreciation charge for the year	-	35,703,141	469,391,617	50,028,723	36,489,633	-	591,613,114
Accumulated depreciation on disposed assets	-	(431,059)	(2,135,209)	-	(12,142,057)	-	(14,708,325)
Transfer in (out)	-	(19,748,809)	71,878	(37,718,526)	-	-	(57,395,457)
As at 31st December, 1999	<u>-</u>	<u>73,366,765</u>	<u>1,043,862,315</u>	<u>155,411,137</u>	<u>168,156,107</u>	<u>-</u>	<u>1,440,796,324</u>
Allowance for impairment of assets :							
As at 31st December, 1998	-	-	-	-	-	-	-
Additional allowance	<u>232,000</u>	<u>12,535,835</u>	-	-	-	-	<u>12,767,835</u>
As at 31st December, 1999	<u>232,000</u>	<u>12,535,835</u>	-	-	-	-	<u>12,767,835</u>
Net book value :							
As at 31st December, 1998	<u>4800,000</u>	<u>550,822,161</u>	<u>3,451,414,248</u>	<u>168,077,881</u>	<u>89,279,604</u>	<u>56,814,996</u>	<u>4,321,208,890</u>
As at 31st December, 1999	<u>4,568,000</u>	<u>494,359,299</u>	<u>2,999,244,297</u>	<u>126,964,455</u>	<u>97,370,713</u>	<u>35,505,555</u>	<u>3,758,012,319</u>
Depreciation for the year (included in the statements of earning)							
1998							<u>550,806,818</u>
1999							<u>591,613,114</u>

THE COMPANY ONLY

	Land	Buildings, leasehold rights and improvement	Furniture, fixtures and office equipment	Tools, machinery and equipment	Motor vehicles	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Cost :							
As at 31st December, 1998	2,800,000	538,703,497	41,327,590	35,856,230	2,993,497	1,449,000	623,129,814
Additions	-	6,271,230	9,557,452	2,236,876	275,880	-	18,341,438
Disposal	-	-	(4,256,147)	-	(419,044)	(1,449,000)	(6,124,191)
Transfer out	-	(51,348,416)	-	-	-	-	(51,348,416)
As at 31st December, 1999	<u>2,800,000</u>	<u>493,626,311</u>	<u>46,628,895</u>	<u>38,093,106</u>	<u>2,850,333</u>	<u>-</u>	<u>583,998,645</u>
Accumulated depreciation :							
As at 31st December, 1998	-	43,015,063	31,718,470	10,272,707	2,195,353	-	87,201,593
Depreciation charge for the year	-	25,447,670	5,194,939	6,951,648	232,483	-	37,826,740
Accumulated depreciation on disposed assets	-	-	(1,621,953)	-	(32,962)	-	(1,654,915)
Transfer out	-	(19,748,809)	-	-	-	-	(19,748,809)
As at 31st December, 1999	<u>-</u>	<u>48,713,924</u>	<u>35,291,456</u>	<u>17,224,355</u>	<u>2,394,874</u>	<u>-</u>	<u>103,624,609</u>
Allowance for impairment of assets:							
As at 31st December, 1998	-	-	-	-	-	-	-
Additional allowance	<u>232,000</u>	<u>12,535,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,767,835</u>
As at 31st December, 1999	<u>232,000</u>	<u>12,535,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,767,835</u>
Net book value :							
As at 31st December, 1998	<u>2,800,000</u>	<u>495,688,434</u>	<u>9,609,120</u>	<u>25,583,523</u>	<u>798,144</u>	<u>1,449,000</u>	<u>535,928,221</u>
As at 31st December, 1999	<u>2,568,000</u>	<u>432,376,552</u>	<u>11,337,439</u>	<u>20,868,751</u>	<u>455,459</u>	<u>-</u>	<u>467,606,201</u>
Depreciation for the year (included in the statements of earning)							
1999							<u>27,134,087</u>
1998							<u>37,826,740</u>

The subsidiary has pledged its vessels to secure senior secured notes as referred to  
under Note 19.4 to the financial statements.

NOTE 15 - NON - OPERATING FIXED ASSETS

	<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	BAHT	BAHT	BAHT	BAHT
Land	26,070,950	26,070,950	26,070,950	26,070,950
Office condominium units-net	62,203,037	31,687,821	31,599,607	-
Total	<u>88,273,987</u>	<u>57,758,771</u>	<u>57,670,557</u>	<u>26,070,950</u>
Less : Allowance for impairment of assets	<u>(31,546,907)</u>	<u>(10,000,000)</u>	<u>(21,546,907)</u>	<u>-</u>
Non-operating fixed asset-net	<u><u>56,727,080</u></u>	<u><u>47,758,771</u></u>	<u><u>36,123,650</u></u>	<u><u>26,070,950</u></u>

NOTE 16 - ADVANCE FOR INVESTMENT PROJECTS

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

NOTE 17 - ADVANCE PAYMENTS FOR SERVICE

Jasmine International Overseas Co., Ltd. (a subsidiary) and another two co-founders of ACeS International Limited (AIL) paid for development costs of cellular phones to be used with the ACeS satellite transmission system. Pursuant to the Development Co-ordination and Terminal Supply Agreement dated 24th September 1996, the subsidiary and the co-founders agreed to pay USD 18.33 million each in exchange for the license and the sole distribution rights over that product. As at 31st December, 1999, the subsidiary has already paid Baht 309 million (equivalent to USD 10.44 million) of such costs. During the current year, the subsidiary, the co-founders and the counterparty terminated the agreements to pave the way for AIL to assume the rights. In this regard, AIL agreed to compensate the subsidiary and the co-founders by way of a rebate in the form of promotional minutes of satellite air-time usage over a period of 10 years, with the conditions of the compensation being contingent upon the net cash flow from the operations of AIL, and to be agreed upon at the latest six months after the launch of the satellite (the satellite launch date is 12th February, 2000). As a result, the subsidiary has presented the advance payments made as assets, and shown them under the caption of "Advance payments for service" in the balance sheet. The subsidiary has not provided for any impairment loss in its accounts since the management believes that the present value of the future benefit exceeds the development costs already paid by the company.

NOTE 18 - DEFERRED PROJECT COST

	CONSOLIDATED	
	<u>1999</u>	<u>1998</u>
	BAHT	BAHT
Submarine optical fibre cable project cost	5,123,436,213	5,123,436,213
Satellite transmission system project cost	988,350,679	989,284,734
Cost of equipment for providing Internet service	10,576,828	-
Project under development		
- Base station for cellular		
satellite mobile phone system	<u>616,414,446</u>	<u>440,662,559</u>
Total	6,738,778,116	6,553,383,506
Less : Accumulated amortisation	<u>(1,811,084,688)</u>	<u>(1,437,278,483)</u>
Deferred project cost - net	<u>4,927,693,478</u>	<u>5,116,105,023</u>
Amortisation for the year	<u>375,219,485</u>	<u>333,642,249</u>

The submarine optical fiber cable project costs represent costs incurred under the joint investment contract dated 4th October, 1991 with the Telephone Organization of Thailand. Under the terms of the contract, the ownership of the equipment has reverted to the TOT and in return the subsidiaries are entitled to a share of revenue earned from the projects over a period of 20 years as from the date of the agreements.

The satellite transmission system project costs represent costs incurred under the joint investment contracts dated 27th June, 1990, 20th June, 1991 and 9th September, 1996 with the Telephone Organization of Thailand for the Time Division Multiple Access project, Integrated Satellite Business Network project and the Rural Telephone project. Under the terms of the contracts, the subsidiary is entitled to a share of revenue earned from the projects over a period of 9 to 15 years as from the service commencement date.

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

NOTE 19 - LONG-TERM LIABILITIES

Long-term liabilities consisted of the following items :-

	CONSOLIDATED		THE COMPANY ONLY	
	1999 Baht	1998 Baht	1999 Baht	1998 Baht
19.1 USD 80 million loan, at the interest rate of LIBOR + 1.75% per annum, repayable within 1999 and guaranteed by the Company (outstanding balance as at 31st December, 1999 amounted to approximately USD 67 million)	2,526,556,600	2,951,200,000	-	-
19.2 Baht loan, at the interest rate of Prime + 1% per annum, repayable monthly as from May 1999 to July 2000	25,910,100		-	-
19.3 Yen 9,500 million loan, at the interest rate of LIBOR + 0.75% to LIBOR + 0.875% per annum, repayable within 2001	3,523,284,000	3,044,427,000	3,523,284,000	3,044,427,000
19.4 USD 180 million, 8.483% senior secured notes due 2011, repayable semi-annually as from 1997 to 2011 (outstanding balance as at 31st December, 1999 amounted to approximately USD 161 million) and secured by				
a) all rights and benefits pertaining to concession agreements of its subsidiaries				
b) the subsidiary company’s deposit (see Note 13)				
c) a pledge of ordinary shares held in its subsidiary				
d) a pledge of the vessels owned by its subsidiary (see note 14)				
e) a letter of guarantee of the subsidiary	4,550,431,263	4,738,155,468	-	-

		<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>	
		<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
		Baht	Baht	Baht	Baht
19.5	Baht 1,100 million loan at the interest rate of MLR + 1% per annum, repayable quarterly as from 1998 to 2002. However, the remaining was repaid in full in 1999	-	880,000,000	-	-
19.6	Others	<u>1,541,830</u>	<u>1,983,719</u>	-	-
	Total	10,627,723,793	11,615,766,187	3,523,284,000	3,044,427,000
	Less : Current portion and default loans	<u>(2,790,855,125)</u>	<u>(3,392,600,287)</u>	-	-
	Long-term liabilities - net of current portion	<u>7,836,868,668</u>	<u>8,223,165,900</u>	<u>3,523,284,000</u>	<u>3,044,427,000</u>

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

(a) Loan as stated in Note 19.4

The Company and some of its subsidiaries have entered into forward exchange contracts to buy USD 135 million (outstanding balance as at 31st December, 1999 amounted to approximately USD 121 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) In addition, the Company and 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 at 31st December, 1999, the Company and its subsidiaries have outstanding forward commitment to buy USD 6.4 million at the strike prices ranging from Baht 37.37 to 45.832 per USD 1 and to sell SEK 9.4 million at the strike price of Baht 4.597 per SEK 1.

- (c) The long-term loans as stated under Note 19.3 and 19.4 to the financial statements are due for repayment as follows :-

<u>Year</u>	<u>USD Million</u>	<u>Yen Million</u>
2000	8	-
2001	10	9,500
2002	11	-
2003	13	-
2004 onwards	<u>119</u>	<u>-</u>
	<u>161</u>	<u>9,500</u>

NOTE 20 DEBENTURES

	<u>BAHT</u>
Debentures	3,500,000,000
<u>Less : Current portion</u>	<u>(593,122,961)</u>
Debentures - net of current portion	<u>2,906,877,039</u>

On 7th December, 2000, Acumen Co., Ltd. (a subsidiary) issued 3.5 million units of secured debentures at Baht 1,000 each (equivalent to par value) with a maturity date 5 years from the debenture issuance date and with a fixed interest rate of 8.125 percent per annum. Principal and interest are payable on a semi-annual basis. The subsidiary accepted to transfer the rights over collection from the Telephone Organization of Thailand under the Rural Telephone Through Satellite System Project and the pledge of approximately Baht 75 million of the subsidiary's bank deposits to secure such debenture.

According to the conditions in issuing the secured debentures, the subsidiary has to comply with certain covenants such as those relating to maintenance of financial ratios e.g. debt to equity ratio and debt service coverage ratio and the dividend payment.

NOTE 21 - REGISTERED AND ISSUED SHARE CAPITAL AND SHARE PREMIUM

On 27th April, 1999, the Annual General Meeting of the shareholders passed a resolution to increase the company's registered share capital from Baht 3,336 million to Baht 6,672 million by issuing 333.6 million new ordinary shares of a par value of Baht 10 each. The shares will be reserved for the exercise of warrants.

On 16th August, 1999, an Extraordinary General Meeting of the shareholders 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.

	No. Of shares	Issued share capital	Share premium (discount)	Total
		Baht	Baht	Baht
As at 31st December, 1998	333,600,000	3,336,000,000	4,139,366,000	7,475,366,000
Shares issued in respect of				
warrants exercised	<u>9,920,950</u>	<u>99,209,500</u>	<u>(48,612,656)</u>	<u>50,596,844</u>
As at 31st December, 1999	<u>343,520,950</u>	<u>3,435,209,500</u>	<u>4,090,753,344</u>	<u>7,525,962,844</u>

NOTE 22 - 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 par value of 10 Baht each) at the exercise price of Baht 5.

During the year, 9,920,950 warrants have been exercised to purchase 9,920,950 new ordinary shares, leaving 323,679,050 warrants unexercised as at 31st December, 1999.

NOTE 23 - STATUTORY RESERVE

According to the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered share capital.

NOTE 24 - LOSSES ON SALES OF INVESTMENTS

Loss on sales of investments of Baht 705 million in 1999 consisted of gain (loss) on sales of investment for the following companies :-

	<u>Million Baht</u>
Thai Telephone and Telecommunication Public Company Limited	13
ACeS International Limited	435
Priyaraj Electronics Limited and United Telecoms Limited	(39)
JT Mobiles Limited	<u>(1,114)</u>
Total	<u><u>(705)</u></u>

- 24.1 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 13 million. After the disposal, the Company's equity interest in TT&T has decreased from 22.58 percent to 19.96 percent. As a consequence, TT&T is no longer regarded as an associated company; and the remaining balance of the shares has since been treated as available-for-sale marketable securities.
- 24.2 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 and recorded a gain on disposal of Baht 435 million.
- 24.3 In November 1999, Jasmine International Overseas Co., Ltd. (a subsidiary) sold all of its shares in Priyaraj Electronics Limited and United Telecoms Limited for USD 11 million. The carrying value of such shares under the equity method and advance payment made by the subsidiary were approximately USD 12 million, or equivalent to Baht 468 million. The subsidiary has already transferred those shares to the buyer and recorded a loss on disposal of Baht 39 million.
- 24.4 In November, 1999, Jasmine International Overseas Co., Ltd. entered into an agreement to transfer its 23 percent equity interest including the administrative control in JT Mobiles Limited to another company. The carrying value of the said equity interest and advance payments made by the subsidiary on behalf of JT Mobiles Limited were approximately USD 47 million, or equivalent to Baht 1,842 million. The subsidiary has received USD 19 million for transfer of the equity interest and recorded a loss on disposal of Baht 1,114 million.

NOTE 25 - DIRECTORS' REMUNERATION

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

NOTE 26 - 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 27 - EXTRAORDINARY ITEM

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

NOTE 28 PRIOR YEARS ADJUSTMENT

This represents an exchange loss incurred by an overseas associated company, which had previously reported it as an expense item in its unaudited financial statements (which were used for the preparation of the 1997 consolidated financial statements). The loss was subsequently treated as a part of the assets in the audited financial statements of the associated company, thereby reducing the operating loss for the year 1997 of the company.

NOTE 29 - 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>
	Baht	Baht	Baht	Baht
Cash in hand and at banks	3,179,197,182	820,725,956	248,361,709	164,154,606
Short-term investments	<u>287,880,549</u>	<u>122,720,576</u>	<u>500,000</u>	<u>1,000,000</u>
Total	3,467,077,731	943,446,532	248,861,709	165,154,606
Less : Cash at banks (pledged)	(85,421,142)	(24,085,028)	-	(24,085,028)
Short-term investments (pledged)	<u>(87,882,547)</u>	<u>(56,154,698)</u>	<u>(500,000)</u>	<u>(1,000,000)</u>
Cash and cash equivalents	<u>3,293,774,042</u>	<u>863,206,805</u>	<u>248,361,709</u>	<u>140,069,578</u>

NOTE 30 - COMMITMENTS AND CONTINGENT LIABILITIES

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

30.1 The Company acts as a guarantor of credit facilities of up to USD 25 million granted to PT Mobilkom Telekomindo, which was incorporated in Indonesia. As at 31st December, 1999, this associated company had a significant capital deficit and the bank has called the Company make payment under such guarantee. As a result, the Company has set a provision of Baht 943 million, or equivalent to USD 25 million, against the possible loss that may arise from the guarantee. The amount provided has been shown under the caption of “Provision for loss from guarantee to associated companies” in the balance sheets.

The Company also acts as a guarantor of another associated company which is in the process of dissolution and liquidation. The Company has made a provision of Baht 136 million against the possible loss that may arise from the guarantee, and this has been shown under the caption of “Provision for loss from guarantee to associated companies” in the balance sheets.

30.2 The Company acts as a guarantor of the credit facilities of a subsidiary totaling USD 67 million.

30.3 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 31st December, 1999, the balance of the syndicated loan and related accrued interest amounted to Baht 1,277 million, and Baht 444 million, respectively. The associated company has already defaulted on repayment of loan principal and payment of interest.

Pursuant to the debt restructuring term sheets of both the Company and the associated company, the Company committed to grant a loan of Baht 166.5 million to the associated company in repayment of the associated company's outstanding syndicated loans. As at 31st December, 1999, that associated company had a significant capital deficit of Baht 806 million. Therefore, the Company has provided for a full amount of loss on such obligation and included this in the balance sheets under the caption of "Provision for loss on guarantee to associated companies".

30.4 The Company and its subsidiary companies had outstanding commitments of approximately Baht 1,284 million in respect of performance bonds and bid bonds issued by banks and financial institutions on behalf of the Company and its subsidiary companies (the Company only : Baht 451 million).

In addition, the Company has issued guarantees for performance bonds and loans of JT Mobiles Limited in an amount of Indian Rs 405 million. The Company is in the process of changing the guarantor's name to that of the company which acquired the equity interest from the Company (see Note 24.4). In February 2000, a bank called upon the Company to make payment of Indian Rs 189 million covered under the guarantee. The Company has not set aside a provision for such liability in the accounts since the management believes that the acquiring company is responsible for such obligation in accordance with the agreement made with that company.

30.5 ACeS Regional Services Company Limited (a subsidiary company) has an outstanding commitment of approximately USD 2.8 million under an agreement to purchase base station equipment to provide satellite-based mobile services.

30.6 Commitment in respect of rental of satellite transponders used for ISBN and Rural Telephone projects, for which the rental shall be payable as follows :-

<u>Year</u>	<u>Million Baht</u>	<u>Million USD</u>
2000	41.2	2.8
2001	41.2	2.8
2002	<u>17.2</u>	<u>1.8</u>
	<u>99.6</u>	<u>7.4</u>

NOTE 31 - NUMBER OF EMPLOYEES AND RELATED COSTS

	<u>CONSOLIDATED</u>		<u>THE COMPANY ONLY</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Number of employees as at				
31st December (persons)	1,020	1,045	98	133
Employee costs for the year ended				
31st December (Baht million)	327	376	45	54

NOTE 32 - NET FOREIGN CURRENCY POSITION

The Company and its subsidiary have net liabilities denominated in foreign currencies which have not yet been hedged against foreign exchange risk as follows :-

<u>CURRENCY</u>	<u>CONSOLIDATED</u>	<u>THE COMPANY ONLY</u>
	stated in Million	stated in Million
USD	74	14
YEN	9,500	9,500
FRF	4	4
SEK	13	-
ITL	2	-

NOTE 33 - 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 34 - YEAR 2000 PROBLEMS (UNAUDITED)

The Company and its subsidiaries completed its Year 2000 remediation program in 1999. Events subsequent to the balance sheet date, up to 18th February, 2000, have not revealed any adverse effect on the Company's and its subsidiaries, business operations which might have been caused by Year 2000 glitches. Nevertheless' the Company and its subsidiaries have remained cautious in monitoring its computer systems during this transitional period.

NOTE 35 - PRESENTATION

The presentation of the financial statements has been made in compliance with the Ministerial Regulation No. 7 dated 25th October, 1996 as empowered under the Public Limited Companies Act B.E. 2535.

Certain amounts in the financial statements for the year ended 31st December, 1998 have been reclassified to conform to the current year classifications, with no effect on previously reported net earnings and shareholders' equity.

NOTE 36 - APPROVAL OF FINANCIAL STATEMENTS

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