

**SE EDUCATION PUBLIC COMPANY LIMITED**

Financial Statements

December 31, 1998 and 1997



**ACCOUNTANTS  
and MANAGEMENT CONSULTANTS CO.,LTD.**

บริษัท สำนักงาน เอ เอ็ม ซี จำกัด

77/225-226 18th Floor, Rajthevee Tower, Phyathai Rd., Rajthevee, Bangkok 10400

77/225-226 ชั้นที่ 18 อาคารวิชเทิวกวเวอร์ ถนนพญาไท เขตราชเทวี กรุงเทพฯ 10400

Tel. 6538091-3 2527701 2527590 FAX : 6538090 e-mail : aamc@ksc15.th.com

[TRANSLATION]

**AUDITOR'S REPORT**

To the Board of Directors and Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED.


I have audited the balance sheets of SE-EDUCATION PUBLIC COMPANY LIMITED as of December 31, 1998 and 1997 and the related statements of income, changes in shareholders' equity, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness in 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 except for those matters detailed below. 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,

For investments in associated companies as of December 31, 1998 as detailed in notes to financial statements No. 7, the Company did not recognize gain or loss from such investments for the year ended on December 31, 1998 because the financial statements of the associated companies had not been completed in time so they had not yet been audited by their auditors. The associated companies' financial statements as of December 31, 1997, which were used to account investments in associated companies on an equity basis, had also not yet been audited by their auditors.



In my opinion, excluding the effect of possible amendments to the financial statements for the year ended December 31, 1998 should the gain or loss in investments in associated companies be recognized and should the financial statements ending on December 31, 1997 of associated companies be audited by their auditors, as stated in the third paragraph, in order to comply with the Stock Exchange of Thailand's regulation on the status of registered public companies, the financial statements referred to above present fairly, in all material respects, the financial position of SE-EDUCATION PUBLIC COMPANY LIMITED as of December 31, 1998 and 1997, the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.



(Somchai Kurujitkosol)

Authorised Auditor No. 3277

Bangkok,

February 8, 1999.



SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 1998 and 1997

		1998	1997
		Baht	Baht
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash on Hand and at Banks		26,719,832.91	14,406,830.96
Short-Term Investments	(Note 2)	100,120,767.00	-
Notes Receivable		6,308,881.50	20,487,348.58
Trade Accounts Receivable-Net	(Note 3)	39,150,287.91	65,156,788.51
Inventories-Net	(Note 4)	89,331,359.86	116,157,798.66
Advance Copyright Expenses		5,301,473.18	5,897,019.44
Advance Translation Expenses		8,699,160.14	11,170,907.60
Other Current Assets		3,940,643.36	5,901,268.77
<b>TOTAL CURRENT ASSETS</b>		<b>279,572,405.86</b>	<b>239,177,962.52</b>
CERTIFICATE OF DEPOSIT	(Note 5)	10,548,589.89	10,548,589.89
INVESTMENT IN SUBSIDIARY COMPANY	(Note 6)	-	2,951,665.84
INVESTMENTS IN AND LOAN TO ASSOCIATED AND RELATED COMPANIES-NET	(Note 7)	7,903,438.07	7,967,274.91
PROPERTY, PLANT AND EQUIPMENTS-NET	(Note 8)	72,410,913.66	76,616,819.92
LEASEHOLD-BUILDINGS	(Note 9)	164,649,527.48	173,290,980.56
ASSETS FOR SALE	(Note 10)	51,813,963.18	50,609,162.06
LAND AND BUILDING NOT USED FOR OPERATION	(Note 11)	64,241,315.93	64,007,026.00
OTHER ASSETS		6,584,223.84	4,369,492.04
<b>TOTAL ASSETS</b>		<b>657,724,377.91</b>	<b>629,538,973.74</b>

Notes to financial statements are an integral part of the above statements.





**SE-EDUCATION PUBLIC COMPANY LIMITED**

**BALANCE SHEETS**

As of December 31, 1998 and 1997

		1998	1997
		<u>Baht</u>	<u>Baht</u>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Bank Overdrafts	(Note 12)	8,497,507.76	15,042,749.68
Notes Payable		15,312,748.09	15,854,794.45
Accounts Payable-Trade		69,999,184.74	64,094,849.31
Current Portion of Long-Term Loans	(Note 14)	33,384,996.31	23,305,393.00
Accrued Copyright Expenses Payable		7,614,833.72	10,000,660.77
Accrued Translation Expenses Payable		1,380,640.95	2,560,060.56
Accrued Income Tax Payable		4,154,765.91	1,243,131.42
Other Current Liabilities		11,753,373.50	9,600,003.18
<b>TOTAL CURRENT LIABILITIES</b>		<b>152,098,050.98</b>	<b>141,701,642.37</b>
<b>LOAN FROM SUBSIDIARY COMPANY</b>	(Note 13)	-	3,000,000.00
<b>LONG - TERM LOANS</b>	(Note 14)	164,327,181.14	199,548,692.41
<b>TOTAL LIABILITIES</b>		<b>316,425,232.12</b>	<b>344,250,334.78</b>

Notes to financial statements are an integral part of the above statements.



**SE-EDUCATION PUBLIC COMPANY LIMITED**

**BALANCE SHEETS**

As of December 31, 1998 and 1997

	1998	1997
	Baht	Baht
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital (Note 15)		
Authorized Share Capital		
50,000,000 Ordinary Shares @ Baht 10.00	500,000,000.00	500,000,000.00
Issued and Paid-Up Share Capital		
21,098,713 Ordinary Shares @ Baht 10.00	210,987,130.00	
15,222,090 Ordinary Shares @ Baht 10.00	-	152,220,900.00
Premiums on Share Capital	81,042,800.25	40,080,000.00
Retained Earnings		
Appropriated		
Legal Reserve (Note 16)	5,438,801.06	3,480,853.05
Unappropriated	43,830,414.48	89,506,885.91
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>341,299,145.79</b>	<b>285,288,638.96</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>657,724,377.91</b>	<b>629,538,973.74</b>

Notes to financial statements are an integral part of the above statements.



**SE-EDUCATION PUBLIC COMPANY LIMITED**
**INCOME STATEMENTS**
**For the Years ended on December 31, 1998 and 1997**

	1998	1997
	Baht	Baht
<b>REVENUES</b>		
Sales	612,061,442.32	659,667,933.91
Other Income	25,182,826.77	12,784,385.49
<b>TOTAL REVENUES</b>	<b>637,244,269.09</b>	<b>672,452,319.40</b>
<b>EXPENSES</b>		
Cost of Sales	431,702,803.30	416,044,339.38
Selling and Administrative Expenses	163,826,186.65	146,763,923.22
Doubtful Accounts (Note 3)	27,806,773.65	3,419,258.20
Directors' Remuneration (Note 17)	850,000.00	802,000.00
Interest Expenses	32,753,987.66	33,959,404.12
<b>TOTAL EXPENSES</b>	<b>656,939,751.26</b>	<b>600,988,924.92</b>
<b>PROFIT (LOSS) FROM OPERATION BEFORE IMPACT OF USING MANAGED FLOAT EXCHANGE SYSTEM</b>	<b>(19,695,482.17)</b>	<b>71,463,394.48</b>
<b>REALISED GAIN (LOSS) FROM USING MANAGED FLOAT EXCHANGE SYSTEM</b>	<b>-</b>	<b>(14,474,971.19)</b>
<b>PROFIT (LOSS) FROM OPERATION BEFORE CORPORATE INCOME TAX</b>	<b>(19,695,482.17)</b>	<b>56,988,423.29</b>
<b>LESS CORPORATE INCOME TAX (Note 18)</b>	<b>(5,577,373.54)</b>	<b>(18,182,822.01)</b>
<b>PROFIT (LOSS) FROM OPERATION</b>	<b>(25,272,855.71)</b>	<b>38,805,601.28</b>
<b>PLUS PROFIT (LOSS) FROM OPERATION OF</b>		
- SUBSIDIARY COMPANY	-	(104,180.65)
- ASSOCIATED COMPANIES	-	457,539.52
<b>NET PROFIT (LOSS)</b>	<b>(25,272,855.71)</b>	<b>39,158,960.15</b>
<b>EARNINGS (LOSS) PER SHARE (BAHT) (Note 19)</b>	<b>(1.36)</b>	<b>2.57</b>

Notes to financial statements are an integral part of the above statements.

A member of  
**Moore's  
Rowland  
INTERNATIONAL**

An association of independent  
accounting firms throughout the world



SE-EDUCATION PUBLIC COMPANY LIMITED  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
For the Years ended on December 31, 1998 and 1997

	1998	1997
	Baht	Baht
<b>SHARE CAPITAL</b>		
Ordinary Shares		
Beginning Balance	152,220,900.00	152,220,900.00
Increase in this Period	58,766,230.00	-
Ending Balance	210,987,130.00	152,220,900.00
<b>PREMIUMS ON SHARE CAPITAL</b>		
Beginning Balance	40,080,000.00	40,080,000.00
Increase in this Period	40,962,800.25	-
Ending Balance	81,042,800.25	40,080,000.00
<b>RETAINED EARNINGS</b>		
Appropriated - Legal Reserve		
Beginning Balance	3,480,853.05	3,480,853.05
Increase in this Period	1,957,948.01	-
Ending Balance	5,438,801.06	3,480,853.05
Unappropriated		
Beginning Balance	89,506,885.91	72,799,538.12
Increase in this Period	1,343,049.29	39,538,277.79
(Decrease) in this Period	(27,230,803.72)	-
Dividend paid in this Period	(19,788,717.00)	(22,830,930.00)
Ending Balance	43,830,414.48	89,506,885.91

Notes to financial statements are an integral part of the above statements.





**SE-EDUCATION PUBLIC COMPANY LIMITED**  
**RETAINED EARNINGS STATEMENTS**

**For the Years ended on December 31, 1998 and 1997**

	1998	1997
	<u>Baht</u>	<u>Baht</u>
<b>UNAPPROPRIATED RETAINED EARNINGS</b>		
Beginning Balance	89,506,885.91	72,799,538.12
Net Profit(Loss) for the Current Period	(25,272,855.71)	39,158,960.15
<u>Less</u> Dividend Paid (Note 16)	(19,788,717.00)	(22,830,930.00)
Legal Reserve (Note 16)	(1,957,948.01)	-
Plus Participating Profit from Investment in Associated Companies	1,343,049.29	379,317.64
<b>TOTAL UNAPPROPRIATED RETAINED EARNINGS</b>	<b>43,830,414.48</b>	<b>89,506,885.91</b>
<b>ENDING BALANCE OF RETAINED EARNINGS</b>		
Consist of:		
Appropriated		
- Legal Reserve	5,438,801.06	3,480,853.05
Unappropriated	43,830,414.48	89,506,885.91
<b>TOTAL RETAINED EARNINGS</b>	<b>49,269,215.54</b>	<b>92,987,738.96</b>

Notes to financial statements are an integral part of the above statements.



**SE-EDUCATION PUBLIC COMPANY LIMITED**  
**CASH FLOW STATEMENTS**

For the Years ended on December 31, 1998 and 1997

	1998	1997
	Baht	Baht
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit (Loss)	(25,272,855.71)	39,158,960.15
Adjustment to Net Profit for Cash-Receipts (Payments) from Operation		
Depreciation	23,580,565.11	22,941,633.36
Leasehold written off	8,641,453.08	8,641,453.08
Gain (Loss) for Sales of Fixed Assets	42,316.65	(13,491.24)
Loss from Transfer and Writing-off Intangible Asset	2,079,166.64	
Expenses written off	2,834,476.44	2,702,037.70
Allowance for Dilapidated and Lost Goods	3,073,560.70	1,665,420.74
Allowance for Slow Moving Goods	5,638,552.91	-
Reserve for Returned Goods	724,675.11	(885,898.93)
Doubtful Accounts	27,806,773.65	3,419,258.20
(Gain) Loss from Investments in Subsidiary and Associated Companies	-	(103,358.87)
Loss on Return of Investment in Subsidiary Company	77,955.53	-
Allowance for Diminution in Value of Investments	1,006,886.13	-
(Increase)Decrease in Notes Receivable	14,178,467.08	(8,545,265.95)
(Increase)Decrease in Trade Accounts Receivable	(2,524,948.16)	16,776,641.15
(Increase)Decrease in Inventories	18,114,325.19	1,992,131.73
(Increase)Decrease in Advance Copyright Expenses	595,546.26	6,383,137.90
(Increase)Decrease in Advance Translation Expenses	2,471,747.46	(2,274,154.44)
(Increase)Decrease in Other Current Assets	(873,851.03)	1,463,843.33
Increase(Decrease) in Notes Payable	(542,046.36)	315,115.79
Increase(Decrease) in Accounts Payable	5,904,335.43	786,358.53
Increase(Decrease) in Accrued Copyright Expenses Payable	(2,385,827.05)	(4,755,488.61)
Increase(Decrease) in Accrued Translation Expenses Payable	(1,179,419.61)	(3,366,561.95)
Increase(Decrease) in Accrued Income Tax Payable	2,911,634.49	(8,975,700.99)
Increase(Decrease) in Other Current Liabilities	2,153,370.32	(2,236,322.28)
Net Cash received (used) from Operating Activities	89,056,860.26	75,089,748.40

Notes to financial statements are an integral part of the above statements.



**SE-EDUCATION PUBLIC COMPANY LIMITED**
**CASH FLOW STATEMENTS**
**For the Years ended on December 31, 1998 and 1997**

	1998	1997
	Baht	Baht
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Increase)Decrease in Short - Term Investments	(100,120,767.00)	-
Return of Investment in Subsidiary Company	2,873,710.31	
(Increase)Decrease in Investments in and Loans to Associated and Related Companies	400,000.00	-
(Increase)Decrease in Investment in Financial Institution	-	(548,589.89)
Purchase of Fixed Assets	(21,557,954.32)	(24,042,385.57)
Sale of Fixed Assets	61,812.18	62,565.23
(Increase)Decrease in Assets for Sale	(1,204,801.12)	(7,936,274.04)
(Increase)Decrease in Land and Building not used for Operation	(234,289.93)	-
(Increase)Decrease in Other Assets	(2,214,731.80)	(2,017,454.75)
Net Cash received(used)from Investing Activities	(121,997,021.68)	(34,482,139.02)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase(Decrease) in Bank Overdrafts	(6,545,241.92)	(1,023,933.53)
Increase(Decrease) in Short - Term Loans	-	(10,000,000.00)
Increase(Decrease) in Loan from Subsidiary Company	(3,000,000.00)	3,000,000.00
Increase(Decrease) in Current Portion of Long - Term Loans	10,079,603.31	(4,833,695.42)
Increase(Decrease) in Long - Term Loans	(35,221,511.27)	(5,653,703.38)
Share Capital Increase	58,766,230.00	-
Premiums on Share Capital	40,962,800.25	-
Dividend Paid	(19,788,717.00)	(22,835,340.00)
Net Cash received (used) from Financing Activities	45,253,163.37	(41,346,672.33)

Notes to financial statements are an integral part of the above statements.



**SE-EDUCATION PUBLIC COMPANY LIMITED**

**CASH FLOW STATEMENTS**

**For the Years ended on December 31, 1998 and 1997**

	1998	1997
	<u>Baht</u>	<u>Baht</u>
Increase (Decrease) in Cash on Hand and at Bank	12,313,001.95	(739,062.95)
Cash on Hand and at Bank at the Beginning of the Period	14,406,830.96	15,145,893.91
Cash on Hand and at Bank at the End of the Period	26,719,832.91	14,406,830.96

**Additional Disclosure**

Interest paid	33,005,015.78	34,370,809.68
Corporate Income Tax	1,508,731.86	14,858,565.72

↗

Notes to financial statements are an integral part of the above statements.



**SE-EDUCATION PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**As of December 31, 1998 and 1997**

**1. Summary of Significant Accounting Policies**

- 1.1 - Sales are recognized when goods have already been delivered to customers except goods on consignment whose sales are recognized when such goods are checked at the consignees place at the end of agreed period.
  - Sale from advertising is recognized once the advertisement is released.
- 1.2 Short term investment is recorded at cost or market price whichever is lower.
- 1.3 Allowance for doubtful debt is made by estimating expected uncollectible accounts receivable.
- 1.4 Inventories
  - Raw materials and work-in-process are valued at cost price under FIFO method or market price, whichever is lower.
  - Finished goods produced by the company itself and finished goods purchased for sale are valued at cost price under simple average method or market price, whichever is lower.
  - Returned periodicals are not valued.
- 1.5 Fixed assets are recorded at cost and depreciated on a straight-line method at rates not higher than those allowed by the Revenue Code.
- 1.6 Accrued foreign copyright expenses are calculated by rate specified in the agreement on accrual basis.
- 1.7 Investments in associated companies are recorded by equity method.
- 1.8 Items denominated in foreign currencies are recorded in Baht at the exchange rate ruling on the day that transaction occurs, while the remaining balances of assets and liabilities denominated in foreign currencies at the year-end are converted into Baht at the prevailing exchange rate on that date, and the gain or loss arising from such conversion is included in the related income statement.
- 1.9 Earnings (loss) per share is calculated by dividing net profit (loss) with the weighted average number of issued and paid-up shares at the end of the period.





## 2. Short-Term Investments

Composed of as follows :-

	1998
	<u>Baht</u>
Investments in Open-Ended Mutual Funds :-	
- AYUDHYA JARDINE FLEMING STAR INCOME FUND	40,120,767.00
- ONE ASSET MANAGEMENT FIXED INCOME FUND	50,000,000.00
- NAKORNTHON SCHRODER INCOME PLUS	10,000,000.00
Total	<u>100,120,767.00</u>

These investments are recorded at cost or market price whichever is lower. As of December 31, 1998 their total market value was Baht 103.47 million.

## 3. Trade Accounts Receivable - Net

Composed of as follows :-

	1998	1997
	<u>Baht</u>	<u>Baht</u>
Trade Accounts Receivable-Book Sales	67,549,170.78	59,535,814.87
Trade Accounts Receivable-Advertising	10,375,826.76	15,864,234.51
<u>Less</u> Allowance for Doubtful Accounts (35,461,076.39)	(7,654,302.74)	
Allowance for Returned Goods (3,313,633.24)	(38,774,709.63) (2,588,958.13)	(10,243,260.87)
Net	<u>39,150,287.91</u>	<u>65,156,788.51</u>

As of 31 December 1998, the allowance for doubtful accounts included the amount of Baht 26.40 million made for a trade account receivable which was a big client for printed matters. For the quarter and year ended on 31<sup>st</sup> December 1998 the amount of Baht 20.67 million and Baht 26.40 million respectively was shown as doubtful debt in respect of this client in the income statements.



4. Inventories-Net

14

Composed of as follows:-

	1998	1997
	<u>Baht</u>	<u>Baht</u>
Paper	53,785.62	150,617.58
Work-In-Process	8,843,025.00	7,623,639.00
Finished Goods	67,563,199.40	74,917,742.56
Finished Goods at Consignees	5,242,256.46	10,472,006.08
Finished Goods at Branches	18,676,979.21	25,329,565.66
<u>Less</u> Allowance for Dilapidated and Lost Goods	(5,409,332.92)	(2,335,772.22)
Allowance for Slow Moving Goods	(5,638,552.91)	-
Net	89,331,359.86	116,157,798.66

5. Certificate of Deposit

As of December 31, 1998 and 1997, the whole amount was an investment in the form of a certificate of deposit at a commercial bank with an interest rate of 7.50% per annum and 13.05% per annum respectively and redemption in 5 years. This investment was transferred from a short-term investment with a finance company which was permanently closed by the order of the Ministry of Finance and the Financial Sector Restructuring Authority on December 8, 1997. The promissory note of the closed finance company was converted to a certificate of deposit at the bank.

6. Investment in Subsidiary Company

			1997			
	<u>Nature of</u>	<u>Relationship</u>	<u>Paid-Up</u>	<u>Percentage of</u>	<u>Investment by</u>	<u>Dividend</u>
	<u>Business</u>		<u>Share Capital</u>	<u>Shareholdings</u>	<u>Equity Method</u>	
			<u>Baht</u>		<u>Baht</u>	
Uni Direct		Subsidiary				
Co.,Ltd	Direct Sales	Company	3,000,000.00	99.93%	2,951,665.84	-



In the first quarter of 1998, Uni Direct Company Limited was liquidated and fully repaid its capital back to the company after deducting expenses and debts. Thus there was no need to bring in its financial statements for the purpose of preparing the consolidated financial statements.

7. Investments in and Loan to Associated and Related Companies-Net

Investments in associated and related companies

composed of as follows:-

1998						
	Nature of Business	Relationship	Paid-Up Share Capital Baht	Percentage of Share holdings	Investments Cost Method Baht	Dividend Equity Method Baht
THIRD WAVE BROADCASTING CO.,LTD	Television and Radio Program Production	Associated Company	5,000,000.00	30%	1,500,000.00	-
M AND E CO.,LTD.	Printing Office Company Produces Technical magazines and Engineering Manuals	Associated Company	400,000.00	25%	-	7,410,324.20
INTERNATIONAL SOFTWARE FACTORY CO., LTD.	Computer Software for Design and Production International Sales	Co - Management	50,000,000.00	3%	1,500,000.00	-
Less Allowance for Diminution in value of Investments in THIRDWAVE BROADCASTING CO.,LTD INTERNATIONAL SOFTWARE FACTORY CO.,LTD					(1,500,000.00)	
					(1,006,886.13)	-
Net					493,113.87	7,410,324.20



	Nature of Business	Relationship	1997		Investments		Dividend
			Paid-Up	Percentage of	Cost	Equity	
			Share	Share	Method	Method	
			Capital	holdings	Method	Method	
			Baht		Baht	Baht	
THIRD WAVE BROADCASTING CO.,LTD	Television and Radio Program Production	Associated Company	5,000,000.00	30%	1,500,000.00	-	-
M AND E CO.,LTD.	Printing Office Company Produces Technical magazines and Engineering Manuals	Associated Company	400,000.00	25%	-	6,467,274.91	250,000.00
INTERNATIONAL SOFTWARE FACTORY CO., LTD.	Computer Software for Design and Production International Sales	Co - Management	50,000,000.00	3%	1,500,000.00	-	-
Less Allowance for Diminution in value of Investments in THIRDWAVE BROADCASTING CO.,LTD					(1,500,000.00)		
Net					1,500,000.00	6,467,274.91	

For the financial statements as of December 31, 1998, the company did not recognize participating profit or loss from investments in THIRD WAVE BROADCASTING CO.,LTD and M AND E CO.,LTD since the two associated companies had not yet completed their financial statements, thus no audit had been performed by auditors. And as of December 31, 1997, the financial statements of the associated companies, which were used for recording investments in associated companies by equity method, had not yet been audited by their auditors.



Loan to Associated Company

Composed of as follows:-

	Policy on Inter - Loan Charge			
	1998	1997	1998	1997
	Baht	Baht		
THIRDWAVE	3,300,000.00	3,300,000.00	-	-
BROADCASTING CO.,LTD				
<u>Less</u> Allowance for Doubtful Debt	(3,300,000.00)	(3,300,000.00)		
Net	-	-		

8. Property, Plant and Equipments - Net

Composed of as follows:-

	1998	1997
	Baht	Baht
Land	11,813,213.00	11,813,213.00
Building	15,072,159.47	15,145,159.47
Building Decoration	79,402,357.46	66,366,266.73
Office Equipments	75,834,957.45	72,994,182.36
Air Conditioners	6,180,418.10	6,553,405.37
Vehicles	5,531,182.24	5,641,862.61
Work-In-Progress	-	1,570,543.59
Total	193,834,287.72	180,084,633.13
<u>Less</u> Accumulated Depreciation	(121,423,374.06)	(103,467,813.21)
Net	72,410,913.66	76,616,819.92





Depreciation expenses for the years ended on December 31, 1998 and 1997 were Baht 23.58 million and 22.94 million respectively.

Land together with construction were pledged as collateral against bank overdrafts and long-term loans from commercial banks.

9. Leasehold - Buildings

Composed of leaseholding of areas in buildings as follows:-

	1998	1997
	<u>Baht</u>	<u>Baht</u>
Leasehold - Fortune Town	15,144,623.49	16,340,251.65
Leasehold - Silom Complex	12,430,334.65	13,392,683.17
Leasehold - Imperial World	15,888,150.57	16,739,301.45
Leasehold - Central City	24,847,066.69	25,861,232.77
Leasehold - Future Park Bangkai	16,432,086.24	17,181,839.16
Leasehold - The Mall Bangkok	19,041,197.89	19,848,598.57
Leasehold - The Mall Petkasem	18,915,631.19	19,717,707.47
Leasehold - Future Park Rangsit	18,767,377.89	19,577,480.49
Leasehold - Central Pinklao	23,041,630.71	24,466,886.19
Other	141,428.16	164,999.64
Total	164,649,527.48	173,290,980.56

All amount of leaseholds were pledged as collateral against long - term loans from commercial banks and financial institutions.



**10. Assets for Sale**

As of December 31, 1998 and 1997, the whole amount consisted of land and buildings which the company originally purchased to use for operations but after examining their condition they were no longer fit for that purpose. The company had to improve them for sale thus they were classified as assets for sale.

Land together with construction were pledged as collateral against bank overdrafts and long-term loans from commercial banks.

**11. Land and Buildings not used for Operation**

Land together with construction were pledged as collateral against bank overdrafts and long-term loans from commercial banks.

**12. Credits and Guarantees**

Credit facilities in the form of bank overdrafts and long-term loans were secured by land together with construction as detailed in Note 8, leasehold buildings as detailed in Note 9, assets for sale as detailed in Note 10, and land and construction not used for operations as detailed in Note 11.

**13. Loan from Subsidiary Company**

Composed of as follows:

		Policy on Inter - Loan Charge	
	1998	1997	
	Baht	Baht	
UNI DIRECT CO.,LTD	-	3,000,000.00	7%

As of December 31, 1997, the whole amount was in promissory note



As of December 31,1997, the whole amount was in promissory note.

20

#### 14. Long - Term Loans

Composed of as follows:-

	1998	1997
	<u>Baht</u>	<u>Baht</u>
Loans from Banks	187,040,066.68	212,145,385.83
Loan from Financial Institution	10,672,110.77	10,708,699.58
Total	197,712,177.45	222,854,085.41
Less Current Portion of Long - Term Loans	(33,384,996.31)	(23,305,393.00)
Net	164,327,181.14	199,548,692.41

Long - term loans had credit limit, interest rate and collateral as follows:

<u>Baht Million</u>				<u>Lender</u>	<u>Interest Rate</u>		<u>Collateral</u>				
<u>No.</u>	<u>As of December 31,</u>										
	<u>Credit Limit</u>	<u>Outstanding Balance</u>									
		<u>1998</u>	<u>1997</u>		<u>1998</u>	<u>1997</u>					
1.	15.30	14.19	15.09	A Commercial Bank	MLR	MLR	Leasehold-The Mall Pedkasem				
2.	16.50	15.31	16.27	A Commercial Bank	MLR	MLR	Leasehold-The Mall Bangkok				
3.	30.00	28.29	30.00	A Commercial Bank	MLR	MLR	Land together with Construction				
4.	19.10	17.05	18.62	A Commercial Bank	MLR	MLR	Leasehold-Central Pinklao				
5.	72.00	53.21	59.64	A Commercial Bank	MLR	MLR	Land together with Construction Leasehold-Fortune Town Leasehold-Imperial World				
6.	16.95	15.73	16.95	A Commercial Bank	MLR	MLR	Leasehold-Future Park Rangsit				
7.	17.00	12.19	13.16	A Commercial Bank	MOR+1	MOR+1	Leasehold-Central City				
8.	12.88	10.67	11.15	A Financial Institution	MLR	MLR	Leasehold-Future Park Bangkok				
9.	10.00	1.59	3.29	A Commercial Bank	MOR+1	MOR+1	Leasehold-Silom Complex				
10.	26.86	20.56	25.96	A Commercial Bank	MLR+1	MLR+1	Land together with Construction				
11.	13.00	8.92	12.73	A Commercial Bank	MLR	MLR	Land together with Construction				



Term of Repayment

As of December 31, 1998, the remaining balance of long - term loans Nos.1-8, had to be repaid by the company in 55 - 98 instalments, Baht 176,000 - 1,250,000 per instalment and the whole amount had to be fully repaid in 2003 - 2005.

In 1997, the company amended agreements on loans in foreign currency. These foreign currency loans were converted to Baht loans as of the new date of agreement and are now loans Nos. 10 and 11 respectively.

Long - term loan Nos.9 , 10 , 11 had remaining 11, 46 , 23 instalments respectively with Baht 175,000, 450,000 and 470,000 to be repaid per instalment respectively and the whole amount had to be fully repaid in 2002.

15. Share Capital Increase

The shareholders' ordinary meeting No. 1/1998 on April 30, 1998 resolved unanimously to increase capital from 15.22 million shares at Baht 10.00 each amounting to Baht 152.22 million to 21.50 million shares at Baht 10.00 each amounting to Baht 215.00 million. To do this, 6.278 million ordinary shares at Baht 10.00 each amounting to Baht 62.78 million had to be issued and appropriated as follows:

1. The company appropriated by private placement 3.74 million new shares at Baht 20.95 per share (including premium Baht 10.95 per share) to THE SOUTHEAST ASIA FRONTIER FUND. The company received full payment on April 28, 1998 for the amount of Baht 78.36 million (including Baht 40.96 million premium on shares) and had registered this capital increase with the Ministry of Commerce on May 28, 1998.

2. The company appropriated 2.54 million shares to existing shareholders at Baht 10.00 per share in the ratio of 6 existing shares to one new share. The company received the subscription of Baht 21.36 million, thus 0.40 million shares were not yet appropriated. The company had registered this capital increase at the Ministry of Commerce on June 26, 1998.



**16. Dividend Payment & Legal Reserve**

The shareholders' ordinary meeting No.1/1998 on April 30,1998 resolved unanimously to pay dividends out of the operating result for the year 1997 to shareholders still remaining on the register book as of April 9,1998 at Baht 1.30 per share, which in total is not less than 50% of net profit after the deduction of corporate income tax for 1997. Based on outstanding shares as at the end of the year, Baht 19.79 million had to be paid for dividends. It was paid on May 29, 1998. The meeting also authorised to appropriate net profit for capital reserve of Baht 1.96 million.

The shareholders' ordinary meeting No.1/1997 on April, 29, 1997 resolved unanimously to pay dividends out of the operating result of the year 1996 to shareholders still remaining on the register book as of April 10, 1997 at Baht 1.50 per share which in total is not less than 50% of net profit after the deduction of corporate income tax under the company's policy, the total dividends were Baht 22.83 million

**17. Directors' Remuneration**

The shareholders' ordinary meeting No. 1/1998 on April 30, 1998 resolved unanimously to pay remuneration to board directors who still held their position as at December 31, 1997 for the service in 1997 at Baht 30,000 each and Baht 40,000 to the chairman.

The shareholders' ordinary meeting No.1/1997 on April 29, 1997 resolved unanimously to pay remuneration to board directors and independent directors for the service in 1996 at Baht 30,000 each and Baht 40,000 to the chairman.

**18. Corporate Income Tax**

Corporate income tax was calculated at 30% of net book profit before recognition of participating profit or loss from investments in subsidiary and associated companies plus those expenses which are excluded by the Revenue Code.





19. Earnings (loss) per Share

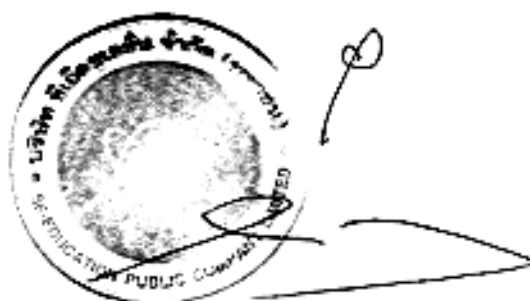
As of December 31, 1998, loss per share was calculated by dividing net loss amount with the weighted average number of shares as follows :

Date	Number of Shares	Issued Period		Number of Shares in Days	
		3 Month Period (days)	12 Month Period (days)	3 Month	12 Month
1 Jan. 98	15,222,090	-	148	-	2,252,869,320
28 May 98	18,962,985	-	29	-	549,926,565
26 Jun. 98	21,098,713	92	188	1,941,081,596	3,966,558,044
		92	365	1,941,081,596	6,769,353,929

Number of shares by weighted average for 3 month period =  $\frac{1,941,081,596}{92}$  = 21,098,713 shares

Number of shares by weighted average for 12 month period =  $\frac{6,769,353,929}{365}$  = 18,546,175 shares

	For the fourth quarter 3 months	For the period of 12 months
Net Loss	(17,641,454.60)	(25,272,855.71)
Loss per Share (Baht)	$\frac{(17,641,454.60)}{21,098,713} = (0.84)$	$\frac{(25,272,855.71)}{18,546,175} = (1.36)$



20. The Income Statements for the Quarter ended on December 31, 1998 and 1997

The income statements for the quarter ended on December 31, 1998 and 1997 which were reviewed in accordance with the auditing standard issued by the Institute of Certified Accountants and Auditors of Thailand as follows :

		<b>Unaudited</b>	
		<b>Limited Review Only</b>	
		1998	1997
		'000 Baht	'000 Baht
<b>REVENUES</b>			
Sales		168,037	149,568
Other Income		10,967	5,355
Total Revenues		179,004	154,923
<b>EXPENSES</b>			
Cost of Sales		112,353	96,221
Selling and Administrative Expenses		50,601	38,547
Doubtful Accounts	(Note 3)	20,924	2,970
Directors' Remuneration	(Note 17)	125	108
Interest Expenses		7,066	9,454
Corporate Income Tax	(Note 18)	5,577	(590)
Total Expenses		196,646	146,710
<b>PROFIT (LOSS) FROM OPERATING BEFORE IMPACT ON USING MANAGED FLOAT EXCHANGE SYSTEM</b>			
		(17,642)	8,213
<b>GAIN (LOSS) FROM USING MANAGED FLOAT EXCHANGE SYSTEM</b>			
		-	(14,096)
<b>PROFIT (LOSS) FROM OPERATION</b>			
		(17,642)	(5,883)
<b>PLUS(LESS) PROFIT (LOSS) FROM OPERATION OF</b>			
- SUBSIDIARY COMPANY		-	(244)
- ASSOCIATED COMPANIES		-	-
<b>NET PROFIT (LOSS)</b>			
		(17,642)	(6,127)
<b>EARNINGS (LOSS) PER SHARE (Baht)</b>		(Note 19)	(0.84) (0.40)



**21. Disclosure of Sectoral Business Operations**

The company operates in one principal business sector, namely the production and sale of books. It confines operations to only one geographical area i.e. Thailand. Thus all income, profit and assets shown in the financial statements were related to the said business sector and geographical area.

**22. Obligations and Contingent Liabilities**

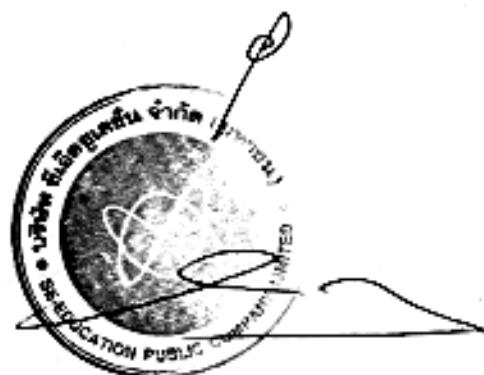
Apart from various liabilities which appeared on the financial statements as of December 31, 1998, the company also had an obligation with a bank in relation to letter of guarantee for the amount of Baht 2.03 million

**23. Y2K Problem**

Early in 1998, the company had analysed and modified its computer system in order to overcome the Y2K problem. By its own estimates Y2K problem will have no impact on the company's computer system, internal operations, production, sales, distribution, retail sales or management. In any case, the company has appointed a capable internal work unit to be responsible for making the computer system Y2K compliant.

The business results of associated companies has had no significant impact on the company since their operations use modern technology.

However, the company's accounting system would be affected, so presently the company is in the process of selecting a new accounting program which should be ready by the first quarter of 1999. The company aims to implement this new program so there is no impact on disclosure in the financial statements. The associated expenses are insignificant due to the suitability of existing computer equipments.



24. Reclassification of Accounting Items

Items in the financial statements as of December 31, 1997 were reclassified in order to conform with those as of December 31, 1998.

•   
\_\_\_\_\_

