

SE-EDUCATION PUBLIC COMPANY LIMITED

Financial Statements

December 31, 1999 and 1998



ACCOUNTANTS

and MANAGEMENT CONSULTANTS CO., LTD.

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บริษัท สำนักงาน เอ เอ็ม ซี จำกัด

(TRANSLATION)

AUDITORS' REPORT

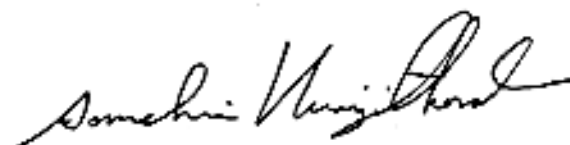
To the Board of Directors and Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED.

I have audited the balance sheets of SE-EDUCATION PUBLIC COMPANY LIMITED as of December 31, 1999 and 1998 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, 1999 and 1998, as detailed in notes to financial statements No.6, the Company did not recognize gain or loss from such investments for the year ended on December 31, 1999 and 1998, because the financial statements of the associated companies had not been completed in time

In my opinion, excluding the effect of possible amendments to the financial statements for the years ended December 31, 1999 and 1998 should the gain or loss in investments in associated companies be recognized 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, 1999 and 1998, 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 4, 2000

SE-EDUCATION PUBLIC COMPANY LIMITED
BALANCE SHEETS
As of December 31, 1999 and 1998

		1999	1998
		<u>Baht</u>	<u>Baht</u>
ASSETS			
CURRENT ASSETS			
Cash on Hand and at Banks		34,304,709.93	26,719,832.91
Short-Term Investments	(Note 2)	176,460,294.75	100,120,767.00
Notes Receivable		7,299,200.26	6,308,881.50
Trade Accounts Receivable-Net	(Note 3)	44,625,478.23	39,150,287.91
Inventories-Net	(Note 4)	85,054,693.42	89,331,359.86
Advance Copyright Expenses		4,418,729.41	5,301,473.18
Advance Translation Expenses		7,522,147.48	8,699,160.14
Other Current Assets		5,626,792.64	3,940,643.36
TOTAL CURRENT ASSETS		365,312,046.12	279,572,405.86
CERTIFICATE OF DEPOSIT	(Note 5)	10,548,589.89	10,548,589.89
INVESTMENTS IN AND LOAN TO ASSOCIATED AND RELATED COMPANIES-NET	(Note 6)	8,291,955.44	7,903,438.07
PROPERTY, PLANT AND EQUIPMENTS-NET	(Note 7)	87,375,695.98	74,840,913.66
LEASEHOLD ON BUILDINGS	(Note 8)	153,049,157.42	164,649,527.48
ASSETS FOR SALE	(Note 9)	32,559,999.99	51,813,963.18
LAND AND BUILDING NOT USED FOR OPERATION	(Note 10)	44,315,707.00	61,811,315.93
OTHER ASSETS		7,232,913.59	6,584,223.84
TOTAL ASSETS		708,686,065.43	657,724,377.91

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 1999 and 1998

		1999	1998
		<u>Baht</u>	<u>Baht</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
CURRENT LIABILITIES			
Bank Overdrafts	(Note 11)	7,053,501.77	8,497,507.76
Notes Payable		25,002,753.68	15,312,748.09
Accounts Payable-Trade		148,797,255.79	69,999,184.74
Current Portion of Long-Term Loans	(Note 12)	44,467,260.91	33,384,996.31
Accrued Copyright Expenses Payable		8,979,905.36	7,614,833.72
Accrued Translation Expenses Payable		869,939.14	1,380,640.95
Accrued Corporate Income Tax Payable		11,556,584.06	4,154,765.91
Other Current Liabilities		14,110,748.46	11,753,373.50
TOTAL CURRENT LIABILITIES		260,837,949.17	152,098,050.98
LONG - TERM LOANS	(Note 12)	104,752,852.71	164,327,181.14
OTHER LIABILITIES		1,015,122.84	-
TOTAL LIABILITIES		366,605,924.72	316,425,232.12

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

SE-EDUCATION PUBLIC COMPANY LIMITED
BALANCE SHEETS
As of December 31, 1999 and 1998

		1999	1998
		<u>Baht</u>	<u>Baht</u>
SHAREHOLDERS' EQUITY			
Share Capital	(Note 13)		
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	210,987,130.00
Premiums on Share Capital		81,042,800.25	81,042,800.25
Unrealized Loss From Adjustment to Investment Value	(Note 2)	(1,435,823.00)	-
Retained Earnings			
Appropriated			
Legal Reserve	(Note 14)	5,438,801.06	5,438,801.06
Unappropriated		46,047,232.40	43,830,414.48
TOTAL SHAREHOLDERS' EQUITY		342,080,140.71	341,299,145.79
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		708,686,065.43	657,724,377.91



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

SE-EDUCATION PUBLIC COMPANY LIMITED
INCOME STATEMENTS

For the Years ended on December 31, 1999 and 1998

		1999	1998
		Baht	Baht
REVENUES			
Sales		757,528,487.16	612,061,442.32
Bad Debts Recovered		11,962,167.76	-
Other Income	53,404,514.18	40,453,829.55	25,182,826.77
Participating Profit (Loss) in Associated Companies		988,517.37	-
TOTAL REVENUES		810,933,001.84	637,244,269.09
EXPENSES			
Cost of Sales		517,509,037.91	431,702,803.30
Selling and Administrative Expenses		220,142,718.68	163,826,186.65
Loss from Impairment of Assets	(Notes 9 and 10)	39,056,173.58	-
Doubtful Accounts	(Note 3)	-	27,806,773.65
Director's Remuneration	(Note 15)	489,000.00	850,000.00
TOTAL EXPENSES		777,196,930.17	624,185,763.60
PROFIT (LOSS) FROM OPERATION BEFORE INTEREST			
EXPENSES AND CORPORATE INCOME TAX		33,736,071.67	13,058,505.49
INTEREST EXPENSES		(17,883,459.97)	(32,753,987.66)
CORPORATE INCOME TAX	(Note 16)	(13,635,793.78)	(5,577,373.54)
NET PROFIT (LOSS)		2,216,817.92	(25,272,855.71)
EARNINGS(LOSS) PER SHARE	(Note 17)	0.11	(1.36)

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

SE-EDUCATION PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years ended on December 31, 1999 and 1998

	1999	1998
	<u>Baht</u>	<u>Baht</u>
SHARE CAPITAL		
Ordinary Shares		
Beginning Balance	210,987,130.00	152,220,900.00
Increase in this Period	-	58,766,230.00
Ending Balance	<u>210,987,130.00</u>	<u>210,987,130.00</u>
PREMIUMS ON SHARE CAPITAL		
Beginning Balance	81,042,800.25	40,080,000.00
Increase in this Period	-	40,962,800.25
Ending Balance	<u>81,042,800.25</u>	<u>81,042,800.25</u>
UNREALIZED GAIN(LOSS) FROM ADJUSTMENT TO INVESTMENT VALUE		
Beginning Balance	-	-
Increase in this Period	(1,435,823.00)	-
Ending Balance	<u>(1,435,823.00)</u>	<u>-</u>
RETAINED EARNINGS		
Appropriated - Legal Reserve		
Beginning Balance	5,438,801.06	3,480,853.05
Increase in this Period	-	1,957,948.01
Ending Balance	<u>5,438,801.06</u>	<u>5,438,801.06</u>
Unappropriated		
Beginning Balance	43,830,414.48	89,506,885.91
Increase in this Period	2,216,817.92	1,343,049.29
(Decrease) in this Period	-	(27,230,803.72)
Dividend paid in this Period	-	(19,788,717.00)
Ending Balance	<u>46,047,232.40</u>	<u>43,830,414.48</u>

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, 1999 and 1998**

	1999	1998
	<u>Baht</u>	<u>Baht</u>
UNAPPROPRIATED RETAINED EARNINGS		
Beginning Balance	43,830,414.48	89,506,885.91
Net Profit for the Current Period	2,216,817.92	(25,272,855.71)
<u>Less</u> Dividend Paid (Note 14)	-	(19,788,717.00)
Legal Reserve (Note 14)	-	(1,957,948.01)
<u>Plus</u> Adjustment to Unappropriated Retained Earnings	-	1,343,049.29
TOTAL UNAPPROPRIATED RETAINED EARNINGS	46,047,232.40	43,830,414.48
ENDING BALANCE OF RETAINED EARNINGS		
Consist of:		
Appropriated		
- Legal Reserve	5,438,801.06	5,438,801.06
Unappropriated	46,047,232.40	43,830,414.48
TOTAL RETAINED EARNINGS	51,486,033.46	49,269,215.54



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, 1999 and 1998

	1999	1998
	<u>Baht</u>	<u>Baht</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (Loss)	2,216,817.92	(25,272,855.71)
Adjustment to Net Profit for Cash Receipts (Payments) from Operation		
Depreciation	22,509,810.38	23,580,565.11
Leaschold Written Off	11,600,370.06	8,641,453.08
Gain (Loss) from Sales of Fixed Assets	-	42,316.65
Loss from Transfer and Writing-off Intangible Asset	-	2,079,166.64
Loss from Defective Stock	14,758,674.75	7,104,329.47
Loss from Impairment of Assets	39,056,173.58	-
Expenses Written Off	1,910,390.95	2,834,476.44
Allowance for Dilapidated and Lost Goods	(654,834.59)	3,073,560.70
Allowance for Slow Moving Goods	18,197,861.62	5,638,552.91
Reserve for Returned Goods	(826,883.71)	724,675.11
(Profit) on Investment in Associated Company	(988,517.37)	-
Loss on Return of Investment in Subsidiary Company	-	77,955.53
Allowance for Diminution in Value of Investments	-	1,006,886.13
Doubtful Debts (Bad Debts Recovered - Net)	(2,095,813.29)	27,806,773.65
(Increase)Decrease in Notes Receivable	(990,318.76)	14,178,467.08
(Increase)Decrease in Trade Accounts Receivable	(2,552,493.32)	(2,524,948.16)
(Increase)Decrease in Inventories	(28,025,035.34)	11,009,995.72
(Increase)Decrease in Advance Copyright Expenses	882,743.77	595,546.26
(Increase)Decrease in Advance Translation Expenses	1,177,012.66	2,471,747.46
(Increase)Decrease in Other Current Assets	(3,596,540.23)	(873,851.03)
Increase(Decrease) in Notes Payable	9,690,005.59	(542,046.36)
Increase(Decrease) in Accounts Payable-Trade	78,798,071.05	5,904,335.43
Increase(Decrease) in Accrued Copyright Expenses Payable	1,365,071.64	(2,385,827.05)
Increase(Decrease) in Accrued Translation Expenses Payable	(510,701.81)	(1,179,419.61)
Increase(Decrease) in Accrued Corporate Income Tax Payable	7,401,818.15	2,911,634.49
Increase(Decrease) in Other Current Liabilities	2,357,374.96	2,153,370.32
Net Cash received (used) from Operating Activities	171,681,058.66	89,056,860.26

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, 1999 and 1998

	1999	1998
	<u>Baht</u>	<u>Baht</u>
CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)Decrease in Short-Term Investments	(77,775,350.75)	(100,120,767.00)
Return of Investment in Subsidiary Company	-	2,873,710.31
Purchase of Fixed Assets	(35,044,592.70)	(21,557,954.32)
Sale of Fixed Assets	-	61,812.18
(Increase)Decrease in Investments in and Loans to Associated and Related Companies	600,000.00	400,000.00
(Increase)Decrease in Assets for Sale	(2,306,601.46)	(1,204,801.12)
(Increase)Decrease in Land and Building not used for Operation	-	(234,289.93)
(Increase)Decrease in Other Assets	(648,689.75)	(2,214,731.80)
Increase(Decrease) in Other Liabilities	1,015,122.84	-
Net Cash received (used) from Investing Activities	(114,160,111.82)	(121,997,021.68)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase(Decrease) in Bank Overdrafts	(1,444,005.99)	(6,545,241.92)
Increase(Decrease) in Loan from Subsidiary Company	-	(3,000,000.00)
Increase(Decrease) in Current Portion of Long - Term Loans	11,082,264.60	10,079,603.31
Increase(Decrease) in Long - Term Loans	(59,574,328.43)	(35,221,511.27)
Share Capital Increase	-	58,766,230.00
Premiums on Share Capital	-	40,962,800.25
Dividend Payment	-	(19,788,717.00)
Net Cash received (used) from Financing Activities	(49,936,069.82)	45,253,163.37

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, 1999 and 1998**

	1999	1998
	<u>Baht</u>	<u>Baht</u>
Increase (Decrease) in Cash on Hand and at Bank	7,584,877.02	12,313,001.95
Cash on Hand and at Bank at the Beginning of the Period	26,719,832.91	14,406,830.96
Cash on Hand and at Bank at the End of the Period	<u>34,304,709.93</u>	<u>26,719,832.91</u>

Additional Disclosure

Interest paid	17,964,008.97	33,005,015.78
Corporate Income Tax	4,154,765.91	1,508,731.86

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, 1999 and 1998

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.
 - Sales from advertising are recognized once the advertisement is released.
- 1.2 Short-term investments are investments in mutual fund units, which are treated as available for sale and valued at fair value
- 1.3 Allowance for doubtful debts is made by estimating the uncollectible accounts receivable.
- 1.4 Inventories
 - Paper raw materials and work-in-process are valued at cost price under FIFO method or expected net value, 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 expected net value, whichever is lower.
 - Returned periodicals are not valued.
- 1.5 Fixed assets are recorded at cost and depreciated on a straight-line method as follows : 20 years for buildings, 5 years for building decorations and office equipments, 5 years for air conditioners and 5 years for vehicles.
- 1.6 Accrued foreign copyright expenses are calculated by the rate specified in the agreement on an 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 The appropriation of retained earnings is attributable to the Public Company Act B.E. 2535 (1992)

1.10 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 year end. The company did not calculate the fully - diluted earnings per share since it has no equivalent ordinary shares.

2. Short-Term Investments

Composed of as follows:-

	1999	1998
	Baht	Baht
Investments in Open-Ended Mutual Funds :-		
- AYUDHYA JARDINE FLEMING STAR PLUS	15,211,520.00	-
- AYUDHYA JARDINE FLEMING STAR INCOME FUND	60,173,744.49	40,120,767.00
- ONE ASSET MANAGEMENT FIXED INCOME FUND (ONE FLEXIBLE)	20,020,917.93	-
- ONE ASSET MANAGEMENT FIXED INCOME FUND	56,489,935.33	50,000,000.00
- S - ONE FIXED INCOME FUND	10,000,000.00	-
- NAKORNTHON SCHRODER INCOME PLUS	10,000,000.00	10,000,000.00
Investments in		
- THE PREFERRED SHARE SUBORDINATED DEBENTURES MUTUAL FUND managed by BANK OF AYUDHYA MUTUAL FUND MANAGEMENT CO.,LTD.	6,000,000.00	-
TOTAL	177,896,117.75	100,120,767.00
Less Allowance for Diminution in Value of Investment	(1,435,823.00)	-
Total	176,460,294.75	100,120,767.00

As of December 31,1999, these short - term investments in open-ended mutual funds are recorded at fair value. And as of the same date,their total market value was Baht 176.46 million.

As of December 31,1998, these investments are recorded at cost or market price whichever is lower. And as of the same date, their total market value was Baht 103.47 million.

3. Accounts Receivable-Net

Composed of as follows:-

	1999	1998
	<u>Baht</u>	<u>Baht</u>
Accounts Receivable-Book Sales	62,327,400.49	67,549,170.78
Accounts Receivable-Advertising	9,601,941.90	10,375,826.76
Less Allowance for Doubtful Accounts	(24,817,114.63)	(35,461,076.39)
Allowance for Returned Goods	(2,486,749.53)	(27,303,864.16)
	(3,313,633.24)	(38,774,709.63)
Net	<u>44,625,478.23</u>	<u>39,150,287.91</u>

As of 31 December 1998, the allowance for doubtful accounts included the amount of Baht 26.40 million made for an account receivable which was a big client for printed matters. For the year ended on December 31, 1998 the amount of Baht 26.40 million was shown as doubtful debt in respect of this client in the income statements.

4. Inventories-Net

Composed of as follows:-

	1999	1998.
	<u>Baht</u>	<u>Baht</u>
Papers	1,041,694.11	53,785.62
Work-In-Process	5,720,016.96	8,843,025.00
Finished Goods	70,689,774.71	67,563,199.40
Finished Goods at Consignees	3,861,341.61	5,242,256.46
Finished Goods at Branches	32,332,778.89	18,676,979.21
Less Allowance for Dilapidated and Lost Stock	(4,754,498.33)	(5,409,332.92)
Allowance for Slow Moving Goods	(23,836,414.53)	(5,638,552.91)
Net	<u>85,054,693.42</u>	<u>89,331,359.86</u>

5. Certificate of Deposit

As of December 31, 1999 and 1998, the whole amount was an investment in the form of certificate of deposit of a commercial bank with interest rate of 4.13 - 4.5625 % per annum and 7.50% per annum respectively, 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 that closed finance company was then converted to a certificate of deposit at the bank.

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

Investments in Associated and Related Companies

composed of as follows:-

1999							
	Nature of Business	Relationship	Paid-Up	Percentage	Investments		Dividend
			Share	of Share	Cost	Equity	
			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%	-	8,291,955.44	600,000.00
INTERNATIONAL SOFTWARE FACTORY CO., LTD.	Computer Software, Design and Production for International Sales	Co - Management	50,000,000.00	3%	1,500,000.00	-	-
Less Allowance for Diminution in Value of Investments in							
- THIRD WAVE BROADCASTING CO.,LTD					(1,500,000.00)	-	
- INTERNATIONAL SOFTWARE FACTORY CO.,LTD					(1,500,000.00)	-	
					-	8,291,955.44	

1998

	Nature of Business	Relationship	Paid-Up Share Capital Baht	Percentage of Share Holdings	Investments		Dividend
					Cost	Equity	
					Method	Method	
					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%	-	7,410,324.20	400,000.00
INTERNATIONAL SOFTWARE FACTORY CO., LTD.	Computer Software, Design and Production for International Sales	Co - Management	50,000,000.00	3%	1,500,000.00	-	-
Less Allowance for Diminution in Value of Investments in							
- THIRD WAVE BROADCASTING CO.,LTD					(1,500,000.00)	-	
- INTERNATIONAL SOFTWARE FACTORY CO.,LTD					(1,006,886.13)	-	
Net					493,113.87	7,410,324.20	

For the financial statements as of December 31, 1999 and 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.

Loan to Associated Company

Composed of as follows:-

	Policy on Inter - Loan			
	1999	1998	1999	1998
	Baht	Baht		
THIRD WAVE			-	-
BROADCASTING CO.,LTD	3,300,000.00	3,300,000.00		
Less Allowance for Doubtful Debts	(3,300,000.00)	(3,300,000.00)		
Net	-	-		

7. Property, Plant and Equipments-Net

Composed of as follows:-

	1999	1998
	Baht	Baht
Land	14,243,213.00	14,243,213.00
Building	15,072,159.47	15,072,159.47
Building Decoration	91,558,325.32	79,402,357.46
Office Equipments	95,310,849.25	75,834,957.45
Air Conditioners	6,303,308.07	6,180,418.10
Vehicles	8,814,986.24	5,531,182.24
Total	231,302,841.35	196,264,287.72
Less Accumulated Depreciation	(143,927,145.37)	(121,423,374.06)
Net	87,375,695.98	74,840,913.66
Beginning as January 1	74,840,913.66	79,046,819.92
Plus Purchases during Period	35,044,592.70	21,557,954.32
Less Depreciation For Year	(22,509,810.38)	(23,580,565.11)
sale during Period - Cost	-	(105,795.43)
- Accumulated depreciation	-	1,666.60
Transfer of Intangible Assets	-	(2,079,166.64)
Ending as December 31	87,375,695.98	74,840,913.66

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

8. Leasehold-Buildings

Composed of leaseholding of areas in buildings as follows:-

	1999	1998
	Baht	Baht
Leasehold - Fortune Town	13,832,753.67	15,144,623.49
Leasehold - Silom Complex	11,467,985.99	12,430,334.65
Leasehold - Imperial World	14,585,889.46	15,888,150.57
Leasehold - Central City	23,170,876.80	24,847,066.69
Leasehold - Future Park Bangkai	15,246,664.73	16,432,086.24
Leasehold - The Mall Bangkok	18,016,728.48	19,041,197.89
Leasehold - The Mall Petkasem	17,897,917.52	18,915,631.19
Leasehold - Future Park Rangsit	17,547,147.01	18,767,377.89
Leasehold - Central Pinklao	21,166,033.98	23,041,630.71
Other	117,159.78	141,428.16
Total	153,049,157.42	164,649,527.48

Most of the leaseholds were pledged as collateral against long-term loans from commercial banks and financial institutions and against bank overdrafts from commercial banks.

9. Assets for Sale

As of December 31, 1999 and 1998, the whole amount consisted of land and buildings which the company purchased for the original objective to use for operation but after examining their condition they were considered no longer fit for the purpose. The company had improved them for sale, thus they were classified as assets for sale.

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



In 1999, the company assigned an independent valuation consultant to appraise all of its assets for sale. The result was that the net value of assets for sale shown in company's balance sheet is higher than the recoverable amount, which is the price the company would receive if sold in an active market, amounting to Baht 32.56 million, which is Baht 21.56 million less than its stated book value of Baht 54.12 million. This is shown as loss from impairment of assets in the income statement.

10. Land and Building not used for Operation

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

In 1999, the company assigned an independent valuation consultant to appraise all of land and construction not used for operation. The result was that the net value of land and construction not used for operation shown in company's balance sheet is higher than the recoverable amount, which is the price the company would receive if sold in an active market, amounting to Baht 32 million, which is Baht 17.50 million less than its stated book value of Baht 49.50 million. This is shown as loss from impairment of assets in the income statement. The recoverable amount of another piece of land is higher than the net value.

11. Credits and Guarantees

Credit facilities in the form of bank overdrafts and long-term loans were secured by land and construction as detailed in Note 7, leasehold on buildings as detailed in Note 8, assets for sale as detailed in Note 9, and land and construction not used for operation as detailed in Note 10.

12. Long-Term Loans

Composed of as follows:-

	1999	1998
	Baht	Baht
Loans from Banks	140,419,066.69	187,040,066.68
Loan from Financial Institution	8,801,046.93	10,672,110.77
Total	149,220,113.62	197,712,177.45
Less Current - Portion of Long - Term Loans	(44,467,260.91)	(33,384,996.31)
Net	104,752,852.71	164,327,181.14

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

Unit : Baht million

No.	As of December 31,			Lender	Interest Rate		Securities
	Credit Limit	Outstanding Balance			1999	1998	
		1999	1998				
1.	15.30	12.36	14.19	A Commercial Bank	MLR	MLR	Leasehold-The Mall Petkasem
2.	16.50	13.35	15.31	A Commercial Bank	MLR	MLR	Leasehold-The Mall Bangkokpi
3.	30.00	24.77	28.29	A Commercial Bank	MLR	MLR	Land and Construction
4.	19.10	14.31	17.05	A Commercial Bank	MLR	MLR	Leasehold-Central Pinklao
5.	72.00	42.94	53.21	A Commercial Bank	MLR	MLR	Land and Construction , Leasehold-Fortune Town and Leasehold-Imperial World
6.	16.95	13.49	15.73	A Commercial Bank	MLR	MLR	Leasehold-Future Park Rangsit
7.	17.00	-	12.19	A Commercial Bank	MOR+1	MOR+1	Leasehold-Central City
8.	12.88	8.80	10.67	A Financial Institution	MLR	MLR	Leasehold-Future Park Bangkok
9.	10.00	-	1.59	A Commercial Bank	MOR+1	MOR+1	Leasehold-Silom Complex
10.	26.86	15.16	20.56	A Commercial Bank	MLR+1	MLR+1	Land and Construction
11.	13.00	4.04	8.92	A Commercial Bank	MLR+2	MLR+2	Land and Construction

Term of Repayment

As of December 31, 1999, long - term loans Nos.1-8 required the company to repay the remaining balances in between 43-86 instalments, at Baht 176,000 - 1,250,000 per instalment and the whole amount had to be fully repaid in 2003 - 2005.

Long - term loan Nos. 10 , 11 had remaining 34 and 11 instalments respectively with Baht 450,000 and 470,000 to be paid per instalment respectively and the whole amount had to be fully repaid in 2002.

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13. Share Capital Increase

The shareholders' ordinary meeting No.1/1998 on April 30, 1998 resolved unanimously to appropriate capital increase 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. By 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 (included premium Baht 10.95 per share) to THE SOUTHEAST ASIA FRONTIER FUND. The company had received full payment already 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 had 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.

14. 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, which was paid on May 29, 1998. The meeting also authorised to appropriate net profit for legal reserve of Baht 1.96 million.

15. Directors' Remuneration

The shareholders' ordinary meeting No.1/1999 on April 30, 1999 resolved unanimously to pay remuneration to board directors for the service in 1998 .

The shareholders' ordinary meeting No.1/1998 on April 30, 1998 resolved unanimously to pay remuneration to board directors and independent directors for the service in 1997 of Baht 30,000 each and Baht 40,000 to the chairman.

16. 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 that are not deductible under the Revenue Code.

17. 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 Months	12 Months
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

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

18. The Income Statements for the Quarter ended on December 31, 1999 and 1998

The comparative income statements for the quarter ended on December 31, 1999 and 1998 were reviewed in accordance with the auditing standard issued by the Institute of Certified Accountants and Auditors of Thailand as follows:

		Unaudited	
		Limited Review Only	
		1999	1998
		'000 Baht	'000 Baht
REVENUES			
Sales		225,887	168,037
Other Income		9,277	10,967
Total Revenues		235,164	179,004
EXPENSES			
Cost of Sales		174,830	112,353
Selling and Administrative Expenses		54,938	50,601
Loss from Impairment of Assets	(Notes 9 and 10)	39,056	-
Doubtful Accounts	(Note 3)	-	20,924
Directors' Remuneration	(Note 15)	117	125
Total Expenses		268,941	184,003
PROFIT (LOSS) FROM OPERATION BEFORE INTEREST			
EXPENSES AND CORPORATE INCOME TAX		(33,777)	(4,999)
INTEREST EXPENSES		(3,772)	(7,066)
CORPORATE INCOME TAX	(Note 16)	(13,636)	(5,577)
NET PROFIT (LOSS)		(51,185)	(17,642)
EARNINGS (LOSS) PER SHARE (Baht)			
	(Note 17)	(2.43)	(0.84)

19. Disclosure of Sectoral Business Operations

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

20. Obligations and Contingent Liabilities

Apart from various liabilities which appeared on the financial statements as of December 31, 1999, the company also had an obligation with a bank in relation to letter of guarantee for the amount of Baht 2.66 million.

21. 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 proof.

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

However, the company's computer accounting system will be affected, so presently since the third quarter of 1999 the company has started using a new accounting program. 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 equipment. The company has solved the Y2K problem already and an examination of the computer system after 2000 has found nothing that will affect company operations.

22. Reclassification of Accounting Items

Items in the financial statements as of December 31, 1998 were reclassified in order to conform with those as of December 31, 1999.

23. General Information

- The company was established as a registered company on July 29, 1974 and their registration number is Bor Mor Jor 102. The company is situated at 800/30, 43-45 Soi Trakulsuk, Asoke-Dindang Road, Dindang, Bangkok 10400 Thailand.
- Major areas of business
 1. Publish and distribute their own magazines and technical books, as well as distribute books from other publishers and organizations to nationwide bookshops.
 2. Sell magazines and books on a retail basis through their own SE-ED Book Centers.
 3. Advertise products and services in 7 monthly magazines published by SE-ED.
 4. Do publishing jobs and sell electronic parts and equipment.

- Employee Information

	1999	1998
Average Number of Employees	586	542
Employee Expenses (Million Baht)	80.29	69.58

- A resolution appointing the audit committee

The Board of directors meeting of SE-Education Public Company Limited No. 6/1999 held on December 22, 1999 passed a resolution appointing the Audit Committee of 3 members all the qualifications prescribed by the Stock Exchange of Thailand.