

**(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, 2000 and 1999, 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 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 any significant 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.

I have expressed a qualified opinion in my report dated February 4, 2000, on the financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED for the year ended on December 31, 1999. The company did not recognize participating gain(loss) from operations of an associated company, because the financial statement of the associated company had not been complete in time. In 2000, the company had received the financial statement of an associated company for the year ended on December 31, 1999 which was audited by another auditor and adjustment of such participating gain(loss) from investment in an associated company in accordance with generally accepted accounting principles; therefore, my present opinion on the financial statement for the year ended 1999 has changed from the previous opinion in the prior year.

In my opinion, 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, 2000 and 1999, the results of its operations, changes in shareholders' equity and cash flows for the years then ended, in conformity with generally accepted accounting principles.

ACCOUNTANTS and MANAGEMENT CONSULTANTS CO., LTD.

(Somchai Kurujitkosol)

Authorised Auditor No.3277

Bangkok,

February 15, 2001.

## SE-EDUCATION PUBLIC COMPANY LIMITED

## BALANCE SHEETS

As of December 31, 2000 and 1999

(Unit : Baht)

		2000	1999
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash on Hand and at Banks	(Note 4)	41,574,870.44	34,304,709.93
Securities for Sale - Net	(Note 5)	157,607,106.00	176,460,294.75
Notes Receivable		3,718,079.80	7,039,242.70
Accounts Receivable-Net	(Note 6)	37,774,555.51	44,625,478.23
Inventories-Net	(Note 7)	100,626,662.33	85,054,693.42
Other Current Assets			
Advance Copyright Expenses		2,561,463.94	4,418,729.41
Advance Translation Expenses		5,953,032.55	7,522,147.48
Others		5,894,715.75	5,886,750.20
<b>TOTAL CURRENT ASSETS</b>		<b>355,710,486.32</b>	<b>365,312,046.12</b>
LONG-TERM INVESTMENT	(Note 8, 14)	10,748,589.89	10,548,589.89
INVESTMENTS IN AND LOANS TO ASSOCIATED AND RELATED COMPANIES-NET	(Note 9)	8,812,868.68	8,291,955.44
PROPERTY, PLANT AND EQUIPMENTS-NET	(Note 10)	102,372,331.16	87,375,695.98
LEASEHOLD BUILDINGS	(Note 11)	144,321,106.52	153,049,157.42
OTHER ASSETS			
Assets for Sale - Net	(Note 12)	32,559,999.99	32,559,999.99
Land not used for Operation - Net	(Note 13)	44,315,707.00	44,315,707.00
Others		11,628,102.30	7,232,913.59
<b>TOTAL ASSETS</b>		<b>710,469,191.86</b>	<b>708,686,065.43</b>

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

## SE-EDUCATION PUBLIC COMPANY LIMITED

## BALANCE SHEETS

As of December 31, 2000 and 1999

(Unit : Baht)

		2000	1999
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
CURRENT LIABILITIES			
Bank Overdrafts	(Note 14)	20,772,609.55	7,053,501.77
Notes Payable		14,635,268.55	25,002,753.68
Accounts Payable		218,676,002.69	148,797,255.79
Current Portion of Long-Term Loans	(Note 15)	7,836,000.00	44,467,260.91
Other Current Liabilities			
Accrued Copyright Expenses Payable		9,829,373.08	8,979,905.36
Accrued Corporate Income Tax Payable		22,274,158.18	11,556,584.06
Other Accrued Expenses		10,781,596.79	4,678,021.31
Others		7,365,570.01	8,601,934.04
TOTAL CURRENT LIABILITIES		312,170,578.85	259,137,216.92
LONG - TERM LOANS	(Note 15)	12,983,170.00	104,752,852.71
OTHER LIABILITIES		2,205,054.73	2,715,855.09
TOTAL LIABILITIES		327,358,803.58	366,605,924.72

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

## SE-EDUCATION PUBLIC COMPANY LIMITED

## BALANCE SHEETS

As of December 31, 2000 and 1999

(Unit : Baht)

	2000	1999
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital		
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 - Securities for Sale	(7,077,491.75)	(1,435,823.00)
(Note 5)		
Retained Earnings		
Appropriated		
Legal Reserve	5,549,641.96	5,438,801.06
(Note 16)		
Unappropriated	92,608,307.82	46,047,232.40
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>383,110,388.28</b>	<b>342,080,140.71</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>710,469,191.86</b>	<b>708,686,065.43</b>

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, 2000 and 1999

	(Unit : Baht)	
	2000	1999
REVENUES FROM OPERATION		
Sales	1,136,658,671.45	757,528,487.16
Bad Debts Recovered	-	11,962,167.76
Other Income	36,248,373.47	40,453,829.55
Participating Gain (Loss) in the Associated Company	920,913.24	988,517.37
TOTAL REVENUES	<u>1,173,827,958.16</u>	<u>810,933,001.84</u>
EXPENSES FROM OPERATION		
Cost of Sales	787,411,312.74	517,509,037.91
Selling and Administrative Expenses	274,971,142.59	220,142,718.68
Loss from Impairment in Value of Assets	(Note 10, 12 and 13) 824,921.39	39,056,173.58
Directors' Remuneration	(Note 16) 588,000.00	489,000.00
TOTAL EXPENSES	<u>1,063,795,376.72</u>	<u>777,196,930.17</u>
PROFIT (LOSS) BEFORE INTEREST		
EXPENSES AND CORPORATE INCOME TAX	110,032,581.44	33,736,071.67
INTEREST EXPENSES	(8,227,549.95)	(17,883,459.97)
CORPORATE INCOME TAX	(Note 17) (34,034,402.17)	(13,635,793.78)
NET PROFIT	<u>67,770,629.32</u>	<u>2,216,817.92</u>
PRIMARY EARNINGS PER SHARE	3.21	0.11
COMMON SHARE ( SHARES)	21,098,713	21,098,713

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 Year Periods ended on December 31, 2000 and 1999**

(Unit : Baht)

	2000	1999
<b>SHARE CAPITAL</b>		
Ordinary Shares		
Beginning Balance	210,987,130.00	210,987,130.00
Increase in this Period	-	-
Ending Balance	210,987,130.00	210,987,130.00
Premiums on Share Capital		
Beginning Balance	81,042,800.25	81,042,800.25
Increase in this Period	-	-
Ending Balance	81,042,800.25	81,042,800.25
<b>UNREALIZED LOSS - SECURITIES FOR SALE</b>		
Beginning Balance	(1,435,823.00)	-
Increase in this Period	(5,641,668.75)	(1,435,823.00)
Ending Balance	(7,077,491.75)	(1,435,823.00)
<b>RETAINED EARNINGS</b>		
Appropriated - Legal Reserve		
Beginning Balance	5,438,801.06	5,438,801.06
Increase in this Period	(Note 16) 110,840.90	-
Ending Balance	5,549,641.96	5,438,801.06
Unappropriated		
Beginning Balance	46,047,232.40	43,830,414.48
Increase in this Period	67,770,629.32	2,216,817.92
(Decrease) in this Period	(Note 16) (110,840.90)	-
Dividend Payment	(Note 16) (21,098,713.00)	-
Ending Balance	92,608,307.82	46,047,232.40
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>383,110,388.28</b>	<b>342,080,140.71</b>

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, 2000 and 1999**

(Unit : Baht)

	2000	1999
<b>UNAPPROPRIATED RETAINED EARNINGS</b>		
Beginning Balance	46,047,232.40	43,830,414.48
Net Profit for the Year	(Note 16) 67,770,629.32	2,216,817.92
<u>Less</u> Dividend Payment	(Note 16) (21,098,713.00)	-
Appropriation for a Legal Reserve	(110,840.90)	-
<b>TOTAL UNAPPROPRIATED RETAINED EARNINGS</b>	<b>92,608,307.82</b>	<b>46,047,232.40</b>
<b>ENDING BALANCE OF RETAINED EARNINGS</b>		
Consist of:		
Appropriated		
- Legal Reserve	5,549,641.96	5,438,801.06
Unappropriated	92,608,307.82	46,047,232.40
<b>TOTAL RETAINED EARNINGS</b>	<b>98,157,949.78</b>	<b>51,486,033.46</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, 2000 and 1999**

	(Unit : Baht)	
	2000	1999
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit (Loss)	67,770,629.32	2,216,817.92
Adjustment to Net Profit for Cash-Receipts (Payments) from Operation		
Depreciation	26,917,699.98	22,509,810.38
Leasehold Written-Off	8,728,050.90	11,600,370.06
Loss from Transfer and Writing-off Intangible Assets	200,975.23	-
Loss from Impairment in Value for Assets	824,921.39	39,056,173.58
Loss from Defective Goods	13,470,102.41	14,758,674.75
Allowance for Dilapidated and Lost Goods	9,757,627.83	(654,834.59)
Allowance for Slow Moving Goods	454,936.74	18,197,861.62
Allowance for Returned Goods	-	(826,883.71)
Doubtful Debts (Bad Debts Recovered )	110,756.13	(2,095,813.29)
(Gain)Loss from Associated Company	(920,913.24)	(988,517.37)
(Gain)Loss from Selling Securities for Sale	(725,656.56)	93,380.00
(Gain) from Selling Investment in Associated and Related companies	(3,000.00)	-
Profit(Loss) from Operating before Change in Working Capital	126,586,130.13	103,867,039.35
(Increase)Decrease in Notes Receivable	3,321,162.90	(990,318.76)
(Increase)Decrease in Accounts Receivable	6,740,166.59	(2,552,493.32)
(Increase)Decrease in Inventories	(39,254,635.89)	(28,025,035.34)
(Increase)Decrease in Advance Copyright Expenses	1,857,265.47	882,743.77
(Increase)Decrease in Advance Translation Expenses	1,569,114.93	1,177,012.66
(Increase)Decrease in Other Current Assets	(7,965.55)	(1,686,149.28)
(Increase)Decrease in Other Assets	(4,395,188.71)	(648,689.75)
Increase(Decrease) in Notes Payable	(10,367,485.13)	9,690,005.59
Increase(Decrease) in Accounts Payable	69,878,746.90	78,798,071.05
Increase(Decrease) in Accrued Copyright Expenses Payable	849,467.72	1,365,071.64
Increase(Decrease) in Accrued Corporate Income Tax Payable	10,717,574.12	7,401,818.15
Increase(Decrease) in Others Accrued Expenses	6,103,575.48	1,673,212.72
Increase(Decrease) in Other Current Liabilities	(1,236,364.03)	173,460.43
Increase(Decrease) in Other Liabilities	(510,800.36)	1,015,122.84
Net Cash received (used) from Operating Activities	171,850,764.57	172,140,871.75

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, 2000 and 1999

(Unit : Baht)

	2000	1999
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Securities for Sale	(32,000,000.00)	(92,750,590.75)
Sales of Securities for Sale	45,937,176.56	14,881,860.00
Sales of Investments in Associated and Related companies	3,000.00	-
(Increase)Decrease in Long-Term Investments	(200,000.00)	-
Dividend Received from Associated Company	400,000.00	600,000.00
Purchase of Fixed Assets	(42,940,231.78)	(35,044,592.70)
(Increase)Decrease in Assets for Sale	-	(2,306,601.46)
Net Cash received (used) from Investing Activities	(28,800,055.22)	(114,619,924.91)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase(Decrease) in Bank Overdrafts	13,719,107.78	(1,444,005.99)
Increase(Decrease) in Long - Term Loans	(128,400,943.62)	(48,492,063.83)
Dividend Payment	(21,098,713.00)	-
Net Cash received (used) from Financing Activities	(135,780,548.84)	(49,936,069.82)
Increase (Decrease) in Cash on Hand and at Banks	7,270,160.51	7,584,877.02
Cash on Hand and at Banks at the Beginning of the Period	34,304,709.93	26,719,832.91
Cash on Hand and at Banks at the End of the Period	41,574,870.44	34,304,709.93

## Supplemental disclosures to the cash flow statements

## 1. Cash paid during the period:

Interest Expense	8,272,275.55	17,964,008.97
Corporate Income Tax	23,316,828.05	4,154,765.91

## 2. Non cash item

- In 2000 the company adjusted unrealizable gain(loss) on revaluation of available for sale securities with the shareholders'equ amounting Baht (5.62) million and Baht (1.44) million respectively.

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

**SE-EDUCATION PUBLIC COMPANY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31,2000 AND 1999**

---

1. Basis of Financial Statement

Reclassification of Accounting Items

Items in the balance sheets as of December 31, 1999 and income statement for the years then ended as used for comparison were reclassified in order to conform with those as of December 31, 2000.

2. General Information

- The company was registered for establishment as a limited company on July 29, 1974 and was converted to a public company limited on April 29, 1993, registration number 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. Sell books and magazines on a retail basis through their own SE-ED Book Centers.
  2. Publish and distribute their own technical books and magazines, as well as distribute books from other publishers and organizations to nationwide bookshops.
  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

	For the Years Period ended on December 30,	
	<u>2000</u>	<u>1999</u>
Average Number of Employees	700	586
Employee Expenses (Million Baht)	100.82	80.29

- 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 of whom have qualifications as prescribed by the Stock Exchange of Thailand.

3. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with the accounting standard announced by the Institute of Certified Accountants and Auditors of Thailand. The main accounting policies can be summarized as follows.

3.1 - 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.

3.2 The short term investments in mutual fund units are treated as available for sale and valued at fair value

3.3 Allowance for doubtful debts is made by estimating the uncollectible accounts receivable.

3.4 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.

- Allowance for decline in value of inventories is based on obsolete, out of date, dilapidated, and lost stock.

- 3.5 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.
- 3.6 Accrued foreign copyright expenses are calculated by the rate specified in the agreement on an accrual basis.
- 3.7 Investments in associated companies are recorded by equity method.
- 3.8 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.
- 3.9 The appropriation of retained earnings is attributable to the Public Company Act B.E. 2535 (1992) and appropriated when authorised from the shareholders' meeting.
- 3.10 Primary 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. The company did not calculate the fully - diluted earnings per share since it has no equivalent ordinary shares.
4. Cash on hand and at banks

As of December 31, 2000 and 1999 , some of cash on hand for the amount of Baht 10.36 million and Baht 7.70 million respectively were received from selling goods through SE-ED Book Centers as at the end of accounting period which were deposited on working day in the next period.

5. Securities for Sale - Net

Composed of as follows:-

	2000	1999
	<u>Baht</u>	<u>Baht</u>
Investments in Open-Ended Mutual Funds	158,684,597.75	171,896,117.75
Investments in the Preferred Share - Subordinated Debenture Mutual Fund	6,000,000.00	6,000,000.00
Total	<u>164,684,597.75</u>	<u>177,896,117.75</u>
<u>Less</u> Allowance for Diminution in Value of Investments	<u>(7,077,491.75)</u>	<u>(1,435,823.00)</u>
Net	<u><u>157,607,106.00</u></u>	<u><u>176,460,294.75</u></u>

6. Accounts Receivable-Net

Composed of as follows:-

	2000		1999	
	<u>Baht</u>		<u>Baht</u>	
Accounts Receivable-Book Sales	54,029,800.23		62,327,400.49	
Accounts Receivable-Advertising	11,159,375.57		9,601,941.90	
<u>Less</u> Allowance for Doubtful Accounts	(24,927,870.76)		(24,817,114.63)	
Allowance for Returned Goods	(2,486,749.53)	(27,414,620.29)	(2,486,749.53)	(27,303,864.16)
Net	<u>37,774,555.51</u>		<u>44,625,478.23</u>	

Accounts Receivable - Book Sales as of December 2000 and 1999 , separated by period over due credit term :

	2000	1999
	<u>Baht</u>	<u>Baht</u>
In Credit term	13,490,568.97	36,440,718.86
Over Credit term 1 – 6 months	17,305,158.81	161,123.14
Over Credit term more than 6 months - 1 year	203,575.71	1,096,174.62
Over Credit time more than 1 year	23,030,496.74	24,629,383.87
Total	<u>54,029,800.23</u>	<u>62,327,400.49</u>

As of December 2000 and 1999 , some of allowance for doubtful accounts with the amount of Baht 14.97 million were doubtful accounts of a big client for printed matters and were shown as doubtful debt in the income statement for the year 1998.

7. Inventories-Net

Composed of as follows:-

	2000	1999
	<u>Baht</u>	<u>Baht</u>
Paper	986,191.32	1,041,694.11
Work-In-Process	5,377,205.57	5,720,016.96
Finished Goods	65,842,184.44	70,689,774.71
Finished Goods at Consignees	6,062,509.42	3,861,341.61
Finished Goods at Branches	61,162,049.01	32,332,778.89
<u>Less</u> Allowance for Dilapidated and Lost Stock	(14,512,126.16)	(4,754,498.33)
Allowance for Slow Moving Goods	(24,291,351.27)	(23,836,414.53)
Net	<u>100,626,662.33</u>	<u>85,054,693.42</u>

8. Long-Term Investments

Composed of as follows:-

	2000	1999
	<u>Baht</u>	<u>Baht</u>
Certificates of Deposits	10,548,589.89	10,548,589.89
Fixed Deposit	200,000.00	-
Total	<u>10,748,589.89</u>	<u>10,548,589.89</u>

As of December 31, 2000 and 1999 part of long-term investments was an investment in the form of certificates of deposits of a commercial bank with interest rate of 3.445 % and 4.13 – 4.5625% 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 certificates of deposits at the bank.

9. Investments in and Loans to Associated and Related Companies-Net

Investments in Associated and Related Companies

Composed of as follows:-

<u>December 31, 2000</u>							
	<u>Nature of Business</u>	<u>Relationship</u>	<u>Paid-Up Share Capital</u> <u>Baht</u>	<u>Percentage of Share Holdings</u>	<u>Investments Cost</u> <u>Method</u> <u>Baht</u>	<u>Equity</u> <u>Method</u> <u>Baht</u>	<u>Dividend</u> <u>Baht</u>
M AND E CO.,LTD.	Printing Office Company , Produces Technical Magazines and Engineering Manuals	Associated Company	400,000.00	25%	-	8,812,868.68	400,000.00
<u>December 31, 1999</u>							
	<u>Nature of Business</u>	<u>Relationship</u>	<u>Paid-Up Share Capital</u> <u>Baht</u>	<u>Percentage of Share Holdings</u>	<u>Investments Cost</u> <u>Method</u> <u>Baht</u>	<u>Equity</u> <u>Method</u> <u>Baht</u>	<u>Dividend</u> <u>Baht</u>
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	-	-
<u>Less</u> 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)	-	
Net					-	8,291,955.44	600,000.00



The financial statements for the quarter and the year ended on December 31,2000 , the company did not recognize participating gain or loss from investments in M AND E CO.,LTD. since the associated company had not yet completed the preparation of its financial statements, thus no audit had been performed on them by relevant auditors. However, in the 2<sup>nd</sup> Quarter,2000 , the company received the financial statements for the year ended on December 31, 1999 of M AND E CO.,LTD. which were audited by another auditor. The company, consequently recorded investment in such associated company in the income statement for the year ended December 31,2000 in the amount of Baht 0.92 million.

Loans to an associated company amounting Baht 3.30 million were loans granted to THIRD WAVE BROADCASTING CO., LTD originally , the company fully recorded of allowance for doubtful debt. However , in Quarter 4 , 2000 , such associated company had been ordered to bankrupt from the Central Bankruptcy Court. The company considered that an associated company remained insufficient assets to repay debt . The company, therefore ,fully deleted Loans to Associated Company and Allowance for Doubtful Debt in Quarter 4 , 2000.

#### 10. Property, Plant and Equipments-Net

Composed of as follows:-

	(Baht)						
Descriptions	Land	Building	Building Decoration	Office Equipments	Air Conditioners	Vehicles	Total
<b>Cost:</b>							
As of December 31, 1999	14,243,213.00	15,072,159.47	91,558,325.32	95,310,849.25	6,303,308.07	8,814,986.24	231,302,841.35
Purchase	-	-	15,964,028.58	23,767,877.90	270,495.68	2,937,829.62	42,940,231.78
Adjustment of Error	-	-	-	(277,165.25)	-	-	(277,165.25)
As of December 31, 2000	14,243,213.00	15,072,159.47	107,522,353.90	118,801,561.90	6,573,803.75	11,752,815.86	273,965,907.88
<b>Accumulated Depreciation:</b>							
As of December 31, 1999	-	7,557,245.57	63,946,379.73	61,632,396.78	5,348,974.91	5,442,148.38	143,927,145.37
Depreciation For year	-	1,059,103.97	10,032,842.77	14,255,079.10	411,549.23	1,159,124.91	26,917,699.98
Adjustment of Error	-	-	-	5,846.68	-	(82,036.70)	(76,190.02)
As of December 31, 2000	-	8,616,349.54	73,979,222.50	75,893,322.56	5,760,524.14	6,519,236.59	170,768,655.33
<b>Allowance for Impairment:</b>							
As of December 31, 1999	-	-	-	-	-	-	-
Loss from Impairment	-	824,921.39	-	-	-	-	824,921.39
As of December 31, 2000	-	824,921.39	-	-	-	-	824,921.39
<b>Net Book Value:</b>							
As of December 31, 1999	14,243,213.00	7,514,913.90	27,611,945.59	33,678,452.47	954,333.16	3,372,837.86	87,375,695.98
As of December 31, 2000	14,243,213.00	5,630,888.54	33,543,131.40	42,908,239.34	813,279.61	5,233,579.27	102,372,331.16
<b>Depreciation in the income statement</b>							
<b>For the Year ended on December 31, 1999</b>							<b>22,509,810.38</b>
<b>For the Year ended on December 31, 2000</b>							<b>26,917,699.98</b>

In February,2001 , the company assigned an independent valuation consultant to appraise buildings available for rental which was part of building account with the book value of Baht 3.63 million . The result was that as of February 21,2001 , the net appraised value of building showed amount of Baht 2.8 million which is the price the company would received if sold in an active market but lower than the book value in amount of baht 0.83 million. The different arised showed as loss from Impairment of Assets in the income statement for the year ended on December 31 ,2000.

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

#### 11. Leasehold-Buildings

The leasehold-buildings are mainly areas leased in leading shopping center for SE-ED Book Center branches.

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.

#### 12. Assets for Sale – Net

	<u>Land and Building for Sale</u>
	<u>Baht</u>
Cost As of December 31, 1999	54,120,564.64
Purchase	-
Sale	-
Adjustment of Errors	-
As of December 31, 2000	<u>54,120,564.64</u>
Allowance for Impairment of Assets	
As of December 31, 1999	21,560,564.65
Loss from Impairment of Assets	-
As of December 31, 2000	<u>21,560,564.65</u>
Net Book Value	
As of December 31, 1999	<u>32,559,999.99</u>
As of December 31, 2000	<u>32,559,999.99</u>

As of December 31, 2000 and 1999 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 as of December 27, 1999 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.

13. Land not used for Operation – Net

	<u>Land not used for Operation Baht</u>
Cost As of December 31, 1999	61,811,315.93
Purchase	-
Sale	-
Adjustment of Error	-
As of December 31, 2000	<u>61,811,315.93</u>
Allowance for Impairment of Assets	
As of December 31, 1999	17,495,608.93
Loss from Impairment of Assets	-
As of December 31, 2000	<u>17,495,608.93</u>
Net Book Value	
As of December 31, 1999	<u>44,315,707.00</u>
As of December 31, 2000	<u>44,315,707.00</u>

Land not used for operation was 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 not used for operation. The result was that as of December 27, 1999 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.

#### 14. Credits and Guarantees

Credit facilities in the form of bank overdrafts and long-term loans were secured by fixed account, land and construction as detailed in Note 10, leasehold on buildings as detailed in Note 11, assets for sale as detailed in Note 12, and land and construction not used for operation as detailed in Note 13.

#### 15. Long-Term Loans

Composed of as follows:-

	2000	1999
	<u>Baht</u>	<u>Baht</u>
Loans from Banks	20,819,170.00	140,419,066.69
Loan from Financial Institution	-	8,801,046.93
Total	20,819,170.00	149,220,113.62
<u>Less</u> Current – Portion of Long - Term Loans	(7,836,000.00)	(44,467,260.91)
Net	12,983,170.00	104,752,852.71

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

Unit : Baht million

<u>No.</u>	<u>Credit Limit</u>	<u>Outstanding Balance</u>		<u>Lender</u>	<u>Interest Rate</u>		<u>Securities</u>
		<u>As of</u>			<u>2000</u>	<u>1999</u>	
		<u>December 30,</u>	<u>December 31,</u>				
		<u>2000</u>	<u>1999</u>		<u>2000</u>	<u>1999</u>	
1.	80.73	11.06	62.31	Commercial Bank and Financial Institutions	MLR	MLR	Leasehold
2.	30.00	-	24.77	A Commercial Bank	MLR	MLR	Land and Construction
3.	72.00	-	42.94	A Commercial Bank	MLR	MLR	Land, Construction and Leasehold
4.	26.86	9.76	15.16	A Commercial Bank	MLR+1	MLR+1	Land and Construction
5.	13.00	-	4.04	A Commercial Bank	MLR+2	MLR+2	Land and Construction

#### Term of Repayment

As of December 31, 2000 long-term loans Nos. 1-5 comprising 9 credit limits had 22 to 54 unpaid remaining installments at Baht 203,000-450,000 per installment and the whole amount had to be fully repaid in 2004-2005.

## 16 Dividend Payment and Appropriated Legal Reserve

### 16.1 Dividend Payment & Legal Reserve

The shareholders' ordinary meeting No.1/2000 on April 28, 2000 resolved unanimously to pay dividends out of the operating result for the year 1999 to shareholders still remaining on the register book as of April 7, 2000 at Baht 1.00 per share. Based on outstanding shares as at the end of the year Baht 21.10 million will be paid for dividends, which will be paid on May 26, 2000. The meeting also authorised to appropriate net profit for legal reserve of Baht 0.11 million.

#### 16.2 Directors' Remuneration

The shareholders' ordinary meeting No.1/2000 on April 28, 2000 resolved unanimously to pay remuneration to board directors those names existed as at December 31, 1999 of Baht 30,000 each and Baht 40,000 to the chairman for the operating result of the company in 1999.

#### 17. Corporate Income Tax

Corporate income tax was calculated at 30% of net book profit before recognition of participating gain (loss) from investments in associated companies plus those expenses that are not deductible under the Revenue Code.

#### 18. 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.

19. The Income Statements for the Quarter ended on December 31, 2000 and 1999

The income statements for the quarters ended on December 31, 2000 and 1999, 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>	
	For the Quarters	
	ended on December 31,	
	<u>2000</u>	<u>1999</u>
	<u>'000 Baht</u>	<u>'000 Baht</u>
REVENUES FROM OPERATION		
Sales	326,820	225,887
Other Income	5,858	9,277
Participating Gain (Loss) in the Associated Company	921	-
TOTAL REVENUES	<u>333,599</u>	<u>235,164</u>
EXPENSES FROM OPERATION		
Cost of Sales	238,931	174,830
Selling and Administrative Expenses	77,498	54,938
Loss from Impairment in Value of Assets	825	39,056
Directors' Remuneration	147	117
TOTAL EXPENSES	<u>317,401</u>	<u>268,941</u>
PROFIT (LOSS) BEFORE INTEREST EXPENSES AND		
CORPORATE INCOME TAX	16,198	(33,777)
INTEREST EXPENSES	(1,050)	(3,772)
CORPORATE INCOME TAX	(5,073)	6,705
NET PROFIT	<u>10,075</u>	<u>(30,844)</u>
PRIMARY EARNINGS PER SHARE (BAHT)	0.48	(1.46)
COMMON SHARE ('000 SHARES)	21,099	21,099

## 20. Obligations and Contingent Liabilities

Apart from various liabilities which appeared on the financial statements as of December 31, 2000 and 1999 the company also had an obligation with a bank in relation to letter of guarantee for the amount of Baht 3.95 million and Baht 2.66 million respectively.

## 21. Y2K Problem (Unaudited)

Early in 1998, the company had analyzed 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. After balance sheet date until February 15, 2001 nothing has been found that will affect company operations.

---