

(TRANSLATION)

**REVIEW REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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

I have reviewed the balance sheets of SE-EDUCATION PUBLIC COMPANY LIMITED as of March 31, 2001, the related statements of income, changes in shareholders' equity, retained earnings and cash flow for the quarter ended on March 31, 2001. These financial statements are the responsibility of the company's management as to their correctness and completeness in the presentation. My responsibility is to report on these financial statements based on my review.

I conducted my review in accordance with the standards on auditing applicable to review engagement. Those standards require that I plan and perform the review to obtain moderate assurance about whether the financial statements are free of any significant misstatement. A review is limited primarily to inquiry of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit in accordance with generally accepted auditing standards, and accordingly, I do not express an opinion.

Based on my review, nothing has come to my attention that causes me to believe that the financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED were audited by another auditor in the same firm, who gave an unqualified report dated on February 15, 2001. The comparative balance sheet as of December 31, 2000 is an integral part of the financial statements.

Otherwise, the comparative statements of income, changes in shareholders' equity, retained earnings and cash flow for the quarter ended on March 31, 2000 of SE-EDUCATION PUBLIC COMPANY LIMITED were reviewed by the another auditor in the same firm as report dated on May 10, 2000 who expressed with qualified opinion regarding the company did not recognize participating gain or loss from associated companies because the company did not prepare the quarterly financial statements.

ACCOUNTANTS and MANAGEMENT CONSULTANTS CO., LTD.

(Miss Wanraya Puttasatien )

Authorised Auditor No.4387

Bangkok,

May 8, 2001.

## SE-EDUCATION PUBLIC COMPANY LIMITED

## BALANCE SHEETS

As of March 31,2001 and December 31,2000

(Unit : '000 Baht)

		2001	2000
		Unaudited	Audited
		Limited Review Only	
<u>ASSETS</u>			
CURRENT ASSETS			
Cash on Hand and at Banks	(Note 5)	53,670	41,575
Short-Term Investments	(Note 6)	160,157	157,607
Notes Receivable		4,780	3,718
Accounts Receivable-Net	(Note 7)	48,447	37,774
Inventories-Net	(Note 8)	76,988	100,627
Other Current Assets			
Advance Copyright Expenses		2,964	2,561
Advance Translation Expenses		5,849	5,953
Others		13,315	5,895
TOTAL CURRENT ASSETS		366,170	355,710
LONG-TERM INVESTMENT	(Note 9, 15)	10,749	10,749
INVESTMENTS IN AND LOANS TO			
ASSOCIATED COMPANIES-NET	(Note 10)	8,813	8,813
PROPERTY, PLANT AND EQUIPMENT-NET	(Note 11)	109,371	102,372
LEASEHOLD-BUILDINGS	(Note 12)	142,197	144,321
OTHER ASSETS			
Assets for Sale - Net	(Note 13)	32,560	32,560
Land not Used for Operation - Net	(Note 14)	44,316	44,316
Others		13,479	11,628
TOTAL ASSETS		727,655	710,469

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

## SE-EDUCATION PUBLIC COMPANY LIMITED

## BALANCE SHEETS

As of March 31,2001 and December 31,2000

(Unit : '000 Baht)

		2001	2000
		<b>Unaudited</b>	<b>Audited</b>
		<b>Limited Review Only</b>	
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
CURRENT LIABILITIES			
Bank Overdrafts	(Note 15)	14,248	20,773
Notes Payable		14,346	14,635
Accounts Payable		224,101	218,676
Current Portion of Long-Term Loans	(Note 15,16)	-	7,836
Other Current Liabilities			
Accrued Copyright Expenses Payable		14,001	9,829
Accrued Corporate Income Tax Payable		28,696	22,274
Other Accrued Expenses		12,225	10,782
Others		19,521	7,366
TOTAL CURRENT LIABILITIES		327,138	312,171
LONG - TERM LOANS	(Note 15,16)	-	12,983
OTHER LIABILITIES		2,125	2,205
TOTAL LIABILITIES		329,263	327,359

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

## SE-EDUCATION PUBLIC COMPANY LIMITED

## BALANCE SHEETS

As of March 31,2001 and December 31,2000

(Unit : '000 Baht)

	2001	2000
	Unaudited	Audited
	Limited Review Only	
SHAREHOLDERS' EQUITY		
Share Capital		
Authorized Share Capital		
50,000,000 Ordinary Shares @ Baht 10.00	500,000	500,000
Issued and Paid-Up Share Capital		
21,098,713 Ordinary Shares @ Baht 10.00	210,987	210,987
Premiums on Share Capital	81,043	81,043
Unrealized Loss - Securities Available for Sale	(9,527)	(7,078)
		(Note 6)
Retained Earnings (Loss)		
Appropriated		
Legal Reserve	5,550	5,550
Unappropriated	110,339	92,608
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>398,392</b>	<b>383,110</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>727,655</b>	<b>710,469</b>

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

## SE-EDUCATION PUBLIC COMPANY LIMITED

## INCOME STATEMENTS

For the Quarter Ended on March, 2001 and 2000

	(Unit : '000 Baht)	
	2001	2000
REVENUES FROM OPERATION		
Sales	350,150	221,512
Other Income	7,926	10,711
TOTAL REVENUES	358,076	232,223
EXPENSES FROM OPERATION		
Cost of Sales	257,314	160,053
Selling and Administrative Expenses	75,943	56,581
Directors' Remuneration (Note 17)	147	147
TOTAL EXPENSES	333,404	216,781
PROFIT (LOSS) BEFORE INTEREST		
EXPENSES AND CORPORATE INCOME TAX	24,672	15,442
INTEREST EXPENSES	(167)	(2,778)
CORPORATE INCOME TAX (Note 18)	(6,774)	(2,318)
NET PROFIT	17,731	10,346
PRIMARY EARNINGS PER SHARE (Unit : Baht)	0.84	0.49
ORDINARY SHARE ( Unit : '000 Shares)	21,099	21,099

**Unaudited**  
**Limited Review Only**

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 Quarter ended on March, 2001 and 2000**

**(Unit : '000 Baht)**

	2001	2000
<b>SHARE CAPITAL</b>		
<b>Ordinary Shares</b>		
Beginning Balance	210,987	210,987
Increase in this Period	-	-
Ending Balance	<u>210,987</u>	<u>210,987</u>
<b>Premiums on Share Capital</b>		
Beginning Balance	81,043	81,043
Increase in this Period	-	-
Ending Balance	<u>81,043</u>	<u>81,043</u>
<b>UNREALIZED LOSS - SECURITIES AVAILABLE FOR SALE</b>		
Beginning Balance	(7,077)	-
Increase in this Period	(2,450)	(3,793)
Ending Balance	<u>(9,527)</u>	<u>(3,793)</u>
<b>RETAINED EARNINGS (Loss)</b>		
<b>Appropriated - Legal Reserve</b>		
Beginning Balance	5,550	5,439
Increase in this Period	-	-
Ending Balance	<u>5,550</u>	<u>5,439</u>
<b>Unappropriated</b>		
Beginning Balance	92,608	46,047
Increase in this Period	17,731	10,346
Ending Balance	<u>110,339</u>	<u>56,393</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u><u>398,392</u></u>	<u><u>350,069</u></u>

**Unaudited**  
**Limited Review Only**

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

## SE-EDUCATION PUBLIC COMPANY LIMITED

## RETAINED EARNINGS STATEMENTS

For the Quarter ended on March, 2001 and 2000

(Unit : '000 Baht)

	2001	2000
<b>UNAPPROPRIATED RETAINED EARNINGS</b>		
Beginning Balance	92,608	46,047
Net Profit for the Quarter	17,731	10,346
<b>TOTAL UNAPPROPRIATED RETAINED EARNINGS</b>	<b>110,339</b>	<b>56,393</b>
<b>ENDING BALANCE OF RETAINED EARNINGS</b>		
Consist of:		
Appropriated		
- Legal Reserve	5,550	5,439
Unappropriated	110,339	56,393
<b>TOTAL RETAINED EARNINGS</b>	<b>115,889</b>	<b>61,832</b>

Unaudited

Limited Review Only

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

## SE-EDUCATION PUBLIC COMPANY LIMITED

## CASH FLOW STATEMENTS

For the Quarter ended on March , 2001 and 2000

(Unit : '000 Baht)

	2001	2000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit (Loss)	17,731	10,346
Adjustment to Net Profit for Cash-Received (Used) from Operations		
Depreciation	6,924	5,426
Leasehold Written-Off	2,124	2,124
Loss from Transfer and Writing-off Intangible Assets	-	100
Loss from Defective Goods	2,460	3,372
Allowance for Dilapidated and Lost Goods	-	1,608
Allowance for Slow Moving Goods	540	1,023
Allowance for Returned Goods	498	-
Doubtful Debts (Bad Debts Recovered )	(542)	235
(Gain)Loss from Selling Securities Available for Sale	(408)	-
Profit(Loss) from Operating before Change in Working Capital	29,327	24,234
(Increase)Decrease in Notes Receivable	(1,062)	2,564
(Increase)Decrease in Accounts Receivable	(10,627)	8,804
(Increase)Decrease in Inventories	23,602	1,113
(Increase)Decrease in Advance Copyright Expenses	(403)	(265)
(Increase)Decrease in Advance Translation Expenses	104	124
(Increase)Decrease in Other Current Assets	(7,420)	782
(Increase)Decrease in Other Assets	(1,851)	(792)
Increase(Decrease) in Notes Payable	(289)	(3,501)
Increase(Decrease) in Accounts Payable	2,461	7,962
Increase(Decrease) in Accrued Copyright Expenses Payable	4,171	2,775
Increase(Decrease) in Accrued Corporate Income Tax Payable	6,422	(1,275)
Increase(Decrease) in Others Accrued Expenses	5,905	131
Increase(Decrease) in Other Current Liabilities	7,694	1,688
Increase(Decrease) in Other Liabilities	(80)	(293)
Net Cash Received (Used) from Operating Activities	57,954	44,051

Unaudited

Limited Review Only

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



## SE-EDUCATION PUBLIC COMPANY LIMITED

## CASH FLOW STATEMENTS

For the Quarter ended on March, 2001 and 2000

(Unit : '000 Baht)

	2001	2000
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Securities Available for Sale	(27,000)	-
Cash Receipt from Sale of Securities Available for Sale	22,408	-
(Increase)Decrease in Investments in Long-Term Investments	-	(200)
Purchase of Property, Plant and Equipment	(13,924)	(9,648)
Cash Receipt from Sale of Property, Plant and Equipment	1	-
Net Cash received (used) from Investing Activities	(18,515)	(9,848)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase(Decrease) in Bank Overdrafts	(6,525)	4,995
Increase(Decrease) in Long - Term Loans	(20,819)	(30,757)
Net Cash received (used) from Financing Activities	(27,344)	(25,762)
Cash on Hand and at Banks Increase(Decrease)-Net	12,095	8,441
Cash on Hand and at Banks at the Beginning of the Period	41,575	34,305
Cash on Hand and at Banks at the Ending of the Period	53,670	42,746

## Supplemental disclosures to the cash flow statements

## 1. Cash payment during the period:

Interest Expenses	244	2,897
Corporate Income Tax	352	3,249

## 2. Non-cash Transactions

- As of March 31, 2001 and 2000 , the company adjusted unrealizable gain(loss) on revaluation of securities available for sale with the shareholders'equity amounting Baht (2.45) million and Baht (3.79) million respectively.

**Unaudited**  
**Limited Review Only**

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

**SE-EDUCATION PUBLIC COMPANY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**

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1. Basis of Financial Statement

Items in the cash flow statement for the quarter ended on March 31,2000 as used for comparison was reclassified in order to conform with the financial statement for the quarter ended on March 31, 2001.

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 Quarter Period	
	ended on March 31,	
	<u>2001</u>	<u>2000</u>
Average Number of Employees (Person)	814	635
Employee Expenses (Million Baht)	30.15	25.47

- 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, it was resolved to appointed 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 are delivered to customers except goods on consignment whose sales are recognized when such goods are counted 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 determined as securities 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 net realizable 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 net realizable 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 Property plant and equipment are recorded at cost and depreciated on a straight-line method over the estimated useful life as follows :

-Building	20	years
-Furniture and Office Equipment	5	years
-Air-Conditions	5	years
-Vehicles	5	years

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 period-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 period. The company does not calculate the fully - diluted earnings per share since it has no equivalent ordinary shares.

#### 4. Inter-Transactions

Significant inter-transactions between the company and the associated company were as follows

##### 4.1 Inter-Revenues and Expenses

(Unit : '000 Baht)

For the Quarter

Ended on March 31,

2001                      2000

Purchased goods values

- M AND E COMPANY LIMITED	575	209
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4.2 Inter-Asset and Liabilities

	(Unit : '000 Baht)	
	As of March 31,	As of December 31,
	<u>2001</u>	<u>2000</u>
Accounts Payable		
- M AND E COMPANY LIMITED	1,381	1,561

Significant inter-transactions between the company and the associated company were made at market price, which thus were comparable to those transactions incurred with outsiders.

5. Cash on Hand and at Banks

As of March 31, 2001 and December 31, 2000, some of cash on hand for the amount of Baht 6.20 million and Baht 10.36 million respectively were received from selling goods through SE-ED Book Center as at the end of accounting period which were deposited on working business day in the next period.

6. Short-Term Investments

Consisted of :-

	(Unit : '000 Baht)	
	As of March 31,	As of December 31,
	<u>2001</u>	<u>2000</u>
Securities Available for Sale:-		
Investments in Open-Ended Mutual Funds	163,684	158,685
Investments in the Preferred Share - Subordinated Debenture Mutual Fund	6,000	6,000
Total	169,684	164,685
<u>Less</u> Allowance for Changes in Value of Securities	(9,527)	(7,078)
Net	160,157	157,607

7. Accounts Receivable-Net

Consisted of :-

	(Unit : '000 Baht)			
	As of March 31,		As of December 31,	
	<u>2001</u>		<u>2000</u>	
Accounts Receivable-Book Sales	65,894		54,030	
Accounts Receivable-Advertising	9,897		11,159	
<u>Less</u> Allowance for Doubtful Debts	(24,360)		(24,928)	
Allowance for Returned Goods	(2,984)	(27,344)	(2,487)	(27,415)
Net	48,447		37,774	

Accounts Receivable - Book Sales are separated by aging as follows:

	(Unit : '000 Baht)	
	As of March 31,	As of December 31,
	<u>2001</u>	<u>2000</u>
In Credit term	38,595	13,491
Over Credit term 1 - 6 months	4,729	17,305
Over Credit term more than 6 months - 1 year	320	204
Over Credit term more than 1 year	22,250	23,030
Total	65,894	54,030

As of March 31, 2001 and December 31, 2000, some of allowance for doubtful debts in the amount of Baht 14.97 million were doubtful debts on one trade debtor for a core publishing arose from selling products in 1998.

8. Inventories-Net

Consisted of: -

	(Unit : '000 Baht)	
	As of March 31,	As of December 31,
	<u>2001</u>	<u>2000</u>
Paper	449	986
Work-In-Process	4,629	5,377
Finished Goods	61,520	65,842
Finished Goods at Consignees	5,068	6,063
Finished Goods at Branches	44,616	61,162
<u>Less</u> Allowance for Dilapidated and Lost Stock	(14,462)	(14,512)
Allowance for Slow Moving Goods	(24,832)	(24,291)
Net	<u>76,988</u>	<u>100,627</u>

9. Long-Term Investments

Consisted of:-

	(Unit : '000 Baht)	
	As of March 31,	As of December 31,
	<u>2001</u>	<u>2000</u>
Certificates of Deposits	10,549	10,549
Fixed Deposit	200	200
Total	<u>10,749</u>	<u>10,749</u>

As of March 31, 2001 and December 31, 2000, Certificates of deposits was cash deposit to a commercial bank with interest rate of 3.2024 % and 3.445% per annum respectively, redemption in 5 years. This investment was transferred from a short-term investment in 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 company was converted the promissory notes to certificates of deposits.

As of March 31, 2001 and December 31, 2000 the whole amount of Fixed Deposit was deposit with a commercial bank to secure bank overdraft facilities.

10. Investments in and Loans to Associated Companies-Net

Investments in Associated Companies

Consisted of:-

	<u>Nature of Business</u>	<u>Relationship</u>	<u>March 31, 2001 December 31, 2000</u>		<u>Investments Equity Method</u>	<u>Dividend</u>
			<u>Paid-Up Share Capital</u>	<u>Percentage of Share Holdings</u>		
			<u>'000 Baht</u>		<u>'000 Baht</u>	<u>'000 Baht</u>
M AND E CO.,LTD.	Printing Office Company , Produces Technical Magazines and Engineering Manuals	Associated Company	400	25%	8,813	-

The financial statements for the quarter and ended on March 31, 2001, and 2000, the company did not recognize participating gain or loss from investments in M AND E CO.,LTD. since the associated company does not prepare the quarterly financial statements. However, in the second quarter for 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 for the amount of Baht 0.92 million.

Loans to an associated company for the amounting of Baht 3.30 million was loans granted to THIRD WAVE BROADCASTING CO., LTD originally, the company fully recorded of allowance for doubtful debt. However , in fourth quarter for 2000 , such associated company was 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 Loan to Associated Company and Allowance for Doubtful Debt in the fourth quarter for 2000.



## 11. Property, Plant and Equipment-Net

Consisted of:-

(Unit:'000 Baht)

Descriptions	Land	Building	Building Decoration	Office Equipment	Air Conditioners	Vehicles	Work in Progress	Total
<b>Cost:</b>								
As of December 31, 2000	14,243	15,072	107,522	118,802	6,574	11,753	-	273,966
Purchase	-	-	8,055	5,216	-	4	649	13,924
Sale	-	-	-	(16,482)	-	-	-	(16,482)
As of March 31, 2001	14,243	15,072	115,577	107,536	6,574	11,757	649	271,408
<b>Accumulated Depreciation:</b>								
As of December 31, 2000	-	8,617	73,979	75,893	5,761	6,519	-	170,769
Depreciation for Quarter	-	177	2,788	3,519	101	339	-	6,924
Sale	-	-	-	(16,481)	-	-	-	(16,481)
As of March 31, 2001	-	8,794	76,767	62,931	5,862	6,858	-	161,212
<b>Allowance for Impairment:</b>								
As of December 31, 2000	-	825	-	-	-	-	-	825
Loss from Impairment	-	-	-	-	-	-	-	-
As of March 31, 2001	-	825	-	-	-	-	-	825
<b>Net Book Value:</b>								
As of December 31, 2000	14,243	5,630	33,543	42,909	813	5,234	-	102,372
As of March 31, 2001	14,243	5,453	38,810	44,605	712	4,899	649	109,371
<b>Depreciation in the income statement</b>								
<b>For the Quarter ended on March 31, 2000</b>								<b>5,426</b>
<b>For the Quarter ended on March 31, 2001</b>								<b>6,924</b>

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, the net appraised value of building showed the 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 the amount of baht 0.83 million. The difference arose is showed as loss from Impairment of Assets in the income statement for the quarter ended on December 31 ,2000.

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

12. 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 and banks overdrafts from commercial banks.

13. Assets for Sale - Net

Consisted of :-

	(Unit : '000 Baht)		
	<u>As of March 31, 2001 and December 31, 2000</u>		
	<u>Land</u>	<u>Building</u>	<u>Total</u>
Cost	10,496	43,625	54,121
<u>Less Allowance for impairment of Assets</u>	-	(21,561)	(21,561)
NET	10,496	22,064	32,560

As of March 31, 2001 and December 31, 2000 the whole amount consisted of land and buildings, which the company purchased for the original objective to use for operation but after examining its condition they were considered no longer suit with the purpose. The company had improved them for sale, thus they were reclassified 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 of year 1999.

14. Land not used for Operation – Net

Consisted of:-

	(Unit : '000 Baht)
	<u>As of March 31, 2001</u>
	<u>And December 31,2000</u>
Cost	61,811
<u>Less Allowance for Impairment of Assets</u>	<u>(17,495)</u>
NET	<u>44,316</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 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 of year 1999.

15. 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 11, leasehold on buildings as detailed in Note 12, assets for sale as detailed in Note 13, and land and property not used for operation as noted in Note No.14.

16. Long-Term Loans

Consisted of:-

	(Unit : '000 Baht)
	As of December 31,
	<u>2000</u>
Loans from Banks	20,819
<u>Less</u> Current – Portion of Long - Term Loans	(7,836)
Net	<u><u>12,983</u></u>

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

( Unit : Baht million)							
No.	Credit Limit	Outstanding Balance		Lender	Interest Rate		Securities
		As of			As of		
		March 31, <u>2001</u>	December 31, <u>2000</u>		March 31, <u>2001</u>	December 31, <u>2000</u>	
1.	80.73	-	11.06	Commercial Bank and Financial Institutions	MLR	MLR	Leasehold
2.	26.86	-	9.76	A Commercial Bank	MLR+1	MLR+1	Land and Construction

Term of Repayment

As of December 31, 2001 long-term loans No. 1-2 comprising 9 credit limits with 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, but in the first Quarter for 2001 the company had fully repaid the whole amount of long - term loans before due payment.

17. Directors' Remuneration

For the quarter ended on March 31, 2001 and 2000, directors' remuneration is the contribution paid to company's directors in accordance with Section 90 of the Public Companies Act., exclusive of salaries and related benefits payable to executive directors.

18. Corporate Income Tax

Corporate income tax was calculated at 30% of net book profit before recognition of participating gain (loss) from investments in associated company plus prohibited expenses under the Revenue Code.

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. Financial Instruments

The company obtains non-material risk with respect to the change of interest rates and exchange rates. Due to the business's expansion, the company's investment is utilized by current cash flow, long term liabilities which incurred interest obligation do not exist. Moreover, the nature of the company's operation related to foreign currencies shows non material proportion. The company, consequently does not adopt any financial instruments to hedge against such risk. However, if the company's operation related to foreign currencies shows an increased proportion. The company, as a result, considers the adoption of appropriate financial instruments to hedge against such risk. Nevertheless, the company had no policy to hold with financial instruments beyond the balance sheets, which are derivative instruments for speculative or for trade purpose.

### 20.1 Risk on Credit Provision

The company obtains risk from provision in relation to trade debtors. Nevertheless, the company has the careful policy in granting credit. Hence, the company does not anticipate material indemnity from debt collection.

### 20.2 Risk on Interest Rates

Risk on interest rate is derived from the change of interest rates in the future which affects upon the company operating result and cash flow. Due to the fact that short term investment are coupled with floating interest rates, the company, therefore, does not adopt any financial instrument to hedge against such risk.

### 20.3 Fair Value

Since the financial assets and liabilities are mainly classified under short-term type, such book values of financial asset and liabilities are presented in value, which are not materially different from fair value. Regarding the short-term investment, the company has adjusted investment value to be fair value.

## 21. Obligations and Contingent Liabilities

Apart from various liabilities which appeared on the financial statements as of March 31, 2001 and December 31, 2000 the company also had an obligation with a bank in relation to letter of guarantee for the amount of Baht 4.15 million and 3.95 million respectively.

## 22. Subsequent Event

The ordinary general meeting of shareholders No. 1/2544 (2001) held on April 30, 2001. It was unanimous resolution, which are as follows: -

- To approve the declaration of dividend payment for the operating result of year 2000 at Baht 1.65 per share numbering at the end of year 2000, totaling Baht 34.81 million on May 30, 2001. The date for closing the company shares register for the right to receive the dividend will be on April 9, 2001, and the appropriations of earnings to the legal reserve for the amount of Baht 3.39 million.
  - To approve the reduction of capital at the amount of Baht 289.01 million from register capital of Baht 500.00 million to Baht 210.99 million to be consistent with the issued and paid up capital.
  - To approve an issuance and offering of 10,549,356 warrants to existing shareholders at a price of zero Baht and at ration of 1 warrant for 2 ordinary shares. The warrant enables the holder to purchase one newly issued ordinary share of the company at Baht 16.50 pursuant to the Existing Shareholders Stock Option Plan.
  - To approve an issuance and offering of 3,164,800 warrants to directors, employees, and the sub-agent at a price of zero Baht each and purchase one newly issued ordinary share of the company at Baht 10 each pursuant to the Employee Stock Option Plan. (On the process of approval from The Securities and Exchange Commission, Thailand)
  - To approve an increase of capital at the amount of Baht 137.14 million from the amount of Baht 210.99 million to 348.13 million by issuing:
    - Issuance of 10.55 million new ordinary shares at par value Baht 10 and totaling Baht 105.49 million, which will be reserved for the exercise of warrants, offered to existing shareholders.
    - Issuance of 3.16 million new ordinary shares at par value Baht 10 and totaling Baht 31.65 million which will be reserved for the exercise of warrants offered to directors, employees, and the sub-agent pursuant to the Employee Stock Option Plan.
  - To approve board's remuneration for the position's holding as of December 31,2000 in the amount of 30,000 per person and Baht 40,000 for chairman.
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