

(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 June 30, 2001, the related statements of income for the quarter and six-month period ended on June 30, 2001, the statement of changes in shareholders' equity, retained earnings and cash flow for the six-month period ended on June 30, 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 engagements. Those standards require that I plan and perform the review to obtain moderate assurance about whether the financial statements are free of any material 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 for the year ended on December 31, 2000 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 for the quarter and six-month period ended on June 30, 2000, the statement of changes in shareholders' equity, retained earnings and cash flow for the six-month period ended on June 30, 2000 of SE-EDUCATION PUBLIC COMPANY LIMITED were reviewed by the another auditor in the same firm as report dated on August 7,2000 who expressed a qualified opinion regarding that the company did not recognize participating gain or loss from associated company because the company did not prepare the quarterly financial statements.

ACCOUNTANTS and MANAGEMENT CONSULTANTS CO., LTD.

(Miss Wanraya Puttasatien)

Authorised Auditor No.4387

Bangkok,

August 7, 2001.

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of June 30, 2001 and December 31,2000

(Unit : '000Baht)

		2001	2000
		Unaudited Limited Review Only	Audited
ASSETS			
CURRENT ASSETS			
Cash on Hand and at Banks	(Note 4)	64,253	41,575
Short-Term Investments	(Note 5)	129,894	157,607
Notes Receivable		8,284	3,718
Accounts Receivable-Net	(Note 6)	64,354	37,774
Inventories-Net	(Note 7)	91,477	100,627
Other Current Assets			
Advance Copyright Expenses		3,852	2,561
Advance Translation Expenses		5,786	5,953
Others		15,410	5,895
TOTAL CURRENT ASSETS		383,310	355,710
LONG-TERM INVESTMENT	(Note 8)	10,749	10,749
INVESTMENTS IN AND LOANS TO SUBSIDIARY AND ASSOCIATED COMPANIES-NET			
PROPERTY, PLANT AND EQUIPMENT-NET	(Note 10)	153,418	102,372
LEASEHOLD - BUILDINGS	(Note 11)	140,073	144,321
OTHER ASSETS			
Assets for Sale - Net	(Note 12)	32,560	32,560
Land not used for Operation - Net	(Note 13)	44,316	44,316
Others		15,756	11,628
TOTAL ASSETS		790,235	710,469

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of June 30, 2001 and December 31,2000

(Unit : '000Baht)

		2001	2000
		Unaudited Limited Review Only	Audited
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
CURRENT LIABILITIES			
Bank Overdrafts	(Note 14)	19,993	20,773
Notes Payable		15,907	14,635
Accounts Payable		236,307	218,676
Current Portion of Long-Term Loans	(Note 14,15)	-	7,836
Other Current Liabilities			
Accrued Copyright Expenses Payable		10,016	9,829
Accrued Corporate Income Tax Payable		21,598	22,274
Unearned Revenue		13,301	2,732
Other Accrued Expenses		15,276	10,782
Others		17,038	4,634
TOTAL CURRENT LIABILITIES		349,436	312,171
LONG - TERM LOANS	(Note 14,15)	-	12,983
OTHER LIABILITIES		2,179	2,205
TOTAL LIABILITIES		351,615	327,359

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of June 30, 2001 and December 31,2000

(Unit : '000Baht)

		2001	2000
		Unaudited	Audited
		Limited Review Only	
SHAREHOLDERS' EQUITY			
Share Capital	(Note 16)		
Authorized Share Capital			
50,000,000 Ordinary Shares @ Baht 10.00		-	500,000
34,812,869 Ordinary Shares @ Baht 10.00		348,129	-
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	(Note 5)	(7,780)	(7,078)
Paid-in Surplus from Assets Revaluation	(Note 10)	36,396	-
Retained Earnings			
Appropriated			
Legal Reserve	(Note 16)	8,938	5,550
Unappropriated		109,036	92,608
TOTAL SHAREHOLDERS' EQUITY		438,620	383,110
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		790,235	710,469

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

SE-EDUCATION PUBLIC COMPANY LIMITED

INCOME STATEMENTS

	(Unit : '000 Baht)			
	For the Quarter		For the Six- Month Period	
	Ended on June 30,		Ended on June 30,	
	2001	2000	2001	2000
REVENUES FROM OPERATION				
Sales	405,631	283,836	756,810	506,477
Other Income	3,885	3,563	10,825	13,145
Participating Gain in the Associated Company	1,216	-	1,216	-
TOTAL REVENUES	410,732	287,399	768,851	519,622
EXPENSES FROM OPERATION				
Cost of Sales	275,384	188,542	532,697	348,595
Selling and Administrative Expenses	82,358	66,054	158,492	122,635
Directors' Remuneration (Note 17)	430	147	430	294
TOTAL EXPENSES	358,172	254,743	691,619	471,524
PROFIT BEFORE INTEREST				
EXPENSE AND CORPORATE INCOME TAX	52,560	32,656	77,232	48,098
INTEREST EXPENSE	(46)	(2,374)	(213)	(5,152)
CORPORATE INCOME TAX (Note 18)	(15,616)	(8,704)	(22,390)	(11,022)
NET PROFIT	36,898	21,578	54,629	31,924
PRIMARY EARNINGS PER SHARE (UNIT:BAHT)	1.75	1.02	2.59	1.51
COMMON SHARE (UNIT: '000 SHARES)	21,099	21,099	21,099	21,099

Unaudited
Limited Review Only

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

SE-EDUCATION PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Six-Month Period ended on June 30, 2001 and 2000

(Unit : '000 Baht)

	2001	2000
SHARE CAPITAL		
Ordinary Shares		
Beginning Balance	210,987	210,987
Increase in this Period	-	-
Ending Balance	210,987	210,987
Premiums on Share Capital		
Beginning Balance	81,043	81,043
Increase in this Period	-	-
Ending Balance	81,043	81,043
UNREALIZED LOSS - SECURITIES FOR SALE		
Beginning Balance	(7,078)	-
Increase in this Period	(702)	(4,721)
Ending Balance	(7,780)	(4,721)
PAID-IN SURPLUS FROM ASSETS REVALUATION		
Beginning Balance	-	-
Increase in this Period	36,930	-
Decrease in this Period	(534)	-
Ending Balance	36,396	-
RETAINED EARNINGS		
Appropriated		
Legal Reserve		
Beginning Balance	5,550	5,439
Increase in this Period	3,388	111
Ending Balance	8,938	5,550
Unappropriated		
Beginning Balance	92,608	46,047
<u>Less</u> Dividend Payment	(34,813)	(21,098)
Appropriation for Legal Reserve	(3,388)	(111)
<u>Plus</u> Net Profit for the Period	54,629	31,924
Ending Balance	109,036	56,762
TOTAL SHAREHOLDERS' EQUITY	438,620	349,621

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 Six-Month Period ended on June 30, 2001 and 2000

(Unit : '000 Baht)

	2001	2000
UNAPPROPRIATED RETAINED EARNINGS		
Beginning Balance	92,608	46,047
<u>Less</u> Dividend Payment (Note 16)	(34,813)	(21,098)
Appropriation for a legal Reserve (Note 16)	(3,388)	(111)
<u>Plus</u> Net Profit for the Period	54,629	31,924
TOTAL UNAPPROPRIATED RETAINED EARNINGS	109,036	56,762
ENDING BALANCE OF RETAINED EARNINGS		
Consist of:-		
Appropriated		
Legal Reserve	8,938	5,550
Unappropriated	109,036	56,762
TOTAL RETAINED EARNINGS	117,974	62,312

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 Six-Month Period ended on June 30, 2001 and 2000

(Unit : '000 Baht)

	2001	2000
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	54,629	31,924
Adjustment to Net Profit for Cash-Receipts (Payments) from Operation		
Depreciation	14,700	11,381
Leasehold Written-Off	4,248	4,248
Error Adjustment Transactions of Fixed Assets	(848)	76
Loss from Decrease in Assets Value	55	-
Loss from Defective Goods	4,691	-
Allowance for Dilapidated and Lost Goods	41	3,592
Allowance for Slow Moving Goods	-	3,434
Allowance for Returned Goods	1,420	-
Doubtful Debts (Bad Debts Recovered)	2,287	235
Participating (Gain)Loss from Associated Company	(1,216)	-
(Gain)Loss from Selling Securities Available for Sale	1,389	-
(Gain) from Selling Property,Plant and Equipment	(6)	-
Profit from Operating before Change in Working Capital	81,390	54,890
(Increase)Decrease in Notes Receivable	(4,566)	162
(Increase)Decrease in Accounts Receivable	(30,286)	(2,877)
(Increase)Decrease in Inventories	4,417	19
(Increase)Decrease in Advance Copyright Expenses	(1,291)	(148)
(Increase)Decrease in Advance Translation Expenses	167	221
(Increase)Decrease in Other Current Assets	(9,514)	(3,158)
(Increase)Decrease in Other Assets	(4,128)	(1,496)
Increase(Decrease) in Notes Payable	1,272	(11,760)
Increase(Decrease) in Accounts Payable	17,631	36,452
Increase(Decrease) in Accrued Copyright Expenses Payable	187	(339)
Increase(Decrease) in Accrued Corporate Income Tax Payable	(677)	(1,376)
Increase(Decrease) in Others Accrued Expenses	13,978	(449)
Increase(Decrease) in Other Current Liabilities	13,490	12,492
Increase(Decrease) in Other Liabilities	(26)	(459)
Net Cash received (used) from Operating Activities	82,044	82,174

Unaudited
Limited Review Only

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SE-EDUCATION PUBLIC COMPANY LIMITED

CASH FLOW STATEMENTS

For the Six-Month Period ended on June 30, 2001 and 2000

(Unit : '000Baht)

	2001	2000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Securities Available for Sale	(27,000)	-
Cash Receipt from Sale of Securities Available for Sale	52,622	-
(Increase)Decrease in Investment in Subsidiary Company	(25)	-
(Increase)Decrease in Long-Term Investments	-	(200)
Dividend Received from Associated Company	-	400
Purchase of Property,Plant and Equipment	(28,557)	(18,437)
Sale of Property,Plant and Equipment	6	-
Net Cash received (used) from Investing Activities	(2,954)	(18,237)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase(Decrease) in Bank Overdrafts	(780)	289
Increase(Decrease) in Long - Term Loans	(20,819)	(50,658)
Dividend payment	(34,813)	(21,099)
Net Cash received (used) from Financing Activities	(56,412)	(71,468)
Cash on Hand and at Banks Increase (Decrease)-Net	22,678	(7,531)
Cash on Hand and at Banks at the Beginning of the Period	41,575	34,305
Cash on Hand and at Banks at the End of the Period	64,253	26,774

Supplemental disclosures to the cash flow statements

1. Cash paid during the period:

Interest Expense	213	5,274
Corporate Income Tax	22,274	11,557

2. Items not affect Cash Flow

2.1 As of June 30, 2001 and 2000 the company adjusted unrealizable loss on revaluation of securities available for sale with the shareholders' equity amounting Baht (0.70) million and Baht (4.72) million respectively.

2.2 For the six-month period ended on June 30 ,2001, the company appraised land and building Baht 36.93 Million.

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

1. 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. In April 2001, the company transferred its office to 46/87-90 Nation Tower Building 19th Floor, Bangna-Trad Road, Bangna, Bangkok 10260.
- 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, sell electronic parts and equipment and others.
- Employee Information

	For the Six - month Period	
	ended on June 30,	
	<u>2001</u>	<u>2000</u>
Average Number of Employees (Person)	837	651
Employee Expenses (Million Baht)	61.57	55.27

2. 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.

2.1 - Sales are recognized when goods are 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.

- Revenue from advertising are recognized once the advertisement is released.

2.2 The short term investments in mutual fund units are determined as securities available for sale and valued at fair value.

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

2.4 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.

2.5 Property Plant and Equipment

2.5.1 Decoration, office equipment, air-conditions and vehicles are recorded at cost less accumulated depreciation.

2.5.2 Land and building are valued at market price which are appraised by an independent appraiser. The company holds policy that an independent professional appraiser appraises the value of assets every 5 years. During this period if there are any other factors which materially affect the value of assets, the company will arrange for new appraisal by an independent professional appraiser in that year. Any increase of new appraised price is regarded as surplus from assets appraisal in the caption of shareholders' equity and any decrease of new appraised price is regarded as loss from decrease in assets value in the income statement.

2.5.3 The depreciation are calculated 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

The company records depreciation as expense in the period. The company takes depreciation of increase in appraised price out of the surplus from assets appraisal in the caption of shareholders' equity.

- 2.6 Accrued foreign copyright expenses are calculated by the rate specified in the agreement on an accrual basis.
- 2.7 Investments in associated company are recorded by equity method and investment in the subsidiary company is recorded by cost method since the subsidiary company has not commenced its operation and investment value is not material to the company 's financial statements.
- 2.8 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.
- 2.9 The appropriation of retained earnings is attributable to the Public Company Act B.E. 2535 (1992) and appropriated when approved from the shareholders' meeting.
- 2.10 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.
- 2.11 The provident fund, the company has established provident fund in accordance with the Provident Fund Act B.E.2530. Employees who are members contribute for each month and the company respectively contributes the other portion to the provident fund which one domestic finance institute is the fund manager.

3. Inter Transactions

Significant inter-transactions between the company and the associated company and related companies also related persons were as follows:-

3.1 Inter-Revenues and Expenses

	<u>Type of business</u>	<u>Type of relation</u>	For the six-month period	
			2001	2000
			<u>'000 Baht</u>	<u>'000 Baht</u>
Purchased goods values				
- M AND E Co.,Ltd.	Printing Office Company, Produces Technical Magazines and Engineering Manuals	Associated Company	1,016	353
- Nation Multi Media Group Public Co.,Ltd.	Publishing	Shareholder	25	845
- Nation Egmont Edutainment Co.,Ltd.	Publishing	Related company with shareholder	565	686
Rental				
- Nation Multi Media Group Public Co.,Ltd.	Publishing	Shareholder	3,049	568
- Nation Properties Co.,Ltd.	Real estate	Related company with shareholder	532	339
Copyright				
- Nation Multi Media Group Public Co.,Ltd.	Publishing	Shareholder	28	68
- Mr. Yuen Pooworawan	Copyright Owner 30 Titles	Shareholder and director	21	37
- Mr. Wattana Chiangkoon	Copyright Owner 6 Titles	Shareholder and director	4	11
- Mr. Thanong Chotisrayuth	Copyright Owner 7 Titles	Shareholder and director	1	9
- Mr. Pongsak Sivapatrakumpol	Copyright Owner 3 Titles	Shareholder and director	1	1

3.2 Inter-Asset and Liabilities

	<u>Type of business</u>	<u>Type of relation</u>	As of June 30, 2001 <u>'000 Baht</u>	As of December 31, 2000 <u>'000 Baht</u>
- Accrued Rental				
- Nation Multi Media Group Public Co.,Ltd.	Publishing	Shareholder	698	-
- Nation Properties Co.,Ltd.	Real Estate	Related company with shareholder	44	44
- Accounts payable				
- M AND E Co.,Ltd.	Printing Office Company, Produces Technical Magazines and Engineering Manuals	Associated Company	1,269	1,561
- Nation Multi Media Group Public Co.,Ltd.	Publishing	Shareholder	246	-
- Nation Egmont Edutainment Co.,Ltd.	Publishing	Related company with shareholder	718	320
- Accrued copyright				
- Nation Multi Media Group Public Co.,Ltd.	Publishing	Shareholder	333	28
- Mr. Rit Thirakomen	Copyright Owner 5 Titles	Shareholder	1	-
- Mr. Yuen Pooworawan	Copyright Owner 30 Titles	Shareholder and Director	111	24
- Mr. Wattana Chiangkoon	Copyright Owner 6 Titles	Shareholder and Director	31	7
- Mr. Thanong Chotisorayuth	Copyright Owner 7 Titles	Shareholder and Director	115	5
- Advance Copyright				
- Nation Multi Media Group Public Co.,Ltd.	Publishing	Shareholder	359	-
- Mr. Thanong Chotisorayuth	Copyright Owner 7 Titles	Shareholder and Director	1	-
- Mr. Yuen Pooworawan	Copyright Owner 30 Titles	Shareholder and Director	20	-

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

4. Cash on Hand and at Banks

As of June 30, 2001 and December 31, 2000, some of cash on hand for the amount of Baht 8.26 million and Baht 10.36 million respectively were received from selling goods through SE-ED Book Centers as at the end of the accounting period which were deposited on working day in the next period.

5. Short - Term Investments

Consisted of :-

	(Unit : ' 000 Baht)	
	As of June 30, <u>2001</u>	As of December 31, <u>2000</u>
Securities Available for Sale :-		
Investments in Open-Ended Mutual Funds	131,674	158,685
Investments in the Preferred Share - Subordinated Debenture Mutual Fund	6,000	6,000
Total	137,674	164,685
<u>Less</u> Allowance for Changes in Value of Securities	(7,780)	(7,078)
Net	129,894	157,607

6. Accounts Receivable-Net

Consisted of :-

	(Unit : ' 000 Baht)			
	As of June 30, <u>2001</u>		As of December 31, <u>2000</u>	
Accounts Receivable-Book Sales	84,940		54,030	
Accounts Receivable-Advertising	10,535		11,159	
<u>Less</u> Allowance for Doubtful Debts	(27,215)		(24,928)
Allowance for Returned Goods	(3,906)	(31,121)	(2,487)	(27,415)
Net		64,354		37,774

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

	(Unit : ' 000 Baht)	
	As of June 30, <u>2001</u>	As of December 31, <u>2000</u>
In Credit term	55,445	13,491
Over Credit term 1 — 6 months	7,654	17,305
Over Credit term more than 6 months - 1 year	948	204
Over Credit time more than 1 year	20,893	23,030
Total	84,940	54,030

As of June 30, 2001 and December 31, 2000, some of allowance for doubtful debts in the amount of Baht 13.90 million, equally were doubtful debts on one trade debtor for a core publishing arose from selling products in 1998.

7. Inventories-Net

Consisted of :-

(Unit : ' 000 Baht)

	As of June 30, <u>2001</u>	As of December 31, <u>2000</u>
Paper	111	986
Work-In-Process	6,348	5,377
Finished Goods	56,324	65,842
Finished Goods at Consignees	6,024	6,063
Finished Goods at Branches	56,982	61,162
<u>Less</u> Allowance for Dilapidated and Lost Stock	(14,553)	(14,512)
Allowance for Slow Moving Goods	(19,759)	(24,291)
Net	91,477	100,627

8. Long-Term Investments

Consisted of :-

(Unit : ' 000 Baht)

As of June 30, 2001 and December 31,2000

Certificates of Deposits	10,549
Fixed Deposit	200
Total	10,749

As of June 30, 2001 and December 31, 2000, certificates of deposits was cash deposit to a commercial bank bearing 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 June 30, 2001 and December 31,2000 the whole amount of Fixed Deposit was deposit with a commercial bank to secure bank overdraft facilities.

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

Investments in Subsidiary and Associated Companies

Consisted of : -

		<u>As of June 30, 2001</u>					
	<u>Nature of Business</u>	<u>Relationship</u>	<u>Paid-Up Share Capital</u>	<u>Percentage of Share Holdings</u>	<u>Investments</u>	<u>Dividend</u>	
			<u>'000 Baht</u>		<u>Method</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
SE-ED Book Center Co.,Ltd.	Business Consulting Firm	Subsidiary Company	25	99.93%	Cost	25	-
M AND E Co., Ltd.	Printing Office Company, Produces Technical Magazines and Engineering Manuals	Associated Company	400	25%	Equity	10,028	-
						10,053	-

		<u>As of December 31, 2000</u>					
	<u>Nature of Business</u>	<u>Relationship</u>	<u>Paid-Up Share Capital</u>	<u>Percentage of Share Holdings</u>	<u>Investments</u>	<u>Dividend</u>	
			<u>'000 Baht</u>		<u>Method</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%	Equity	8,813	400

As of June 30, 2001, the company has invested in the SE-ED Book Center Co., Ltd. in amount of Baht 24,982.50 equivalent to 99.93% of investment which such subsidiary company has not commenced its operation. The company has not recognized participating profit (loss) and prepared the consolidated financial statements since investment value in such subsidiary is not material to the company's financial statements.

The financial statements for the quarter and the six-month period ended on June 30, 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, the company received the financial statements for the year ended on December 31, 2000 and 1999 of M AND E CO.,LTD. which were audited by another auditor. The company, consequently recorded participating profit(loss) from investment in such associated company in the income statement for the quarter and six-month period ended on June 30, 2001 for the amount of Baht 1.22 million and for the year ended on December 31, 2000 for the amount of Baht 0.92 million respectively.

Loans to an associated company for the amount 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.

10. Property, Plant and Equipment-Net

Consisted of :-

(Unit: '000Baht)

Descriptions	Land	Buildings	Building Decoration	Office Equipment	Air Conditioners	Vehicles	Work in Progress	Total
Cost								
As of December 31, 2000	14,243	15,072	107,522	118,802	6,574	11,753	-	273,966
Purchase	-	-	15,373	11,378	-	783	1,023	28,557
Sale/Transfer	-	-	-	(19,066)	-	-	-	(19,066)
As of June 30, 2001	14,243	15,072	122,895	111,114	6,574	12,536	1,023	283,457
Paid-in Surplus from Assets Revaluation								
As of December 31, 2000	-	-	-	-	-	-	-	-
Paid-in Surplus form Assets Revaluation	24,422	12,508	-	-	-	-	-	36,930
As of June 30, 2001	24,422	12,508	-	-	-	-	-	36,930
Accumulated depreciation								
As of December 31, 2000	-	(8,617)	(73,979)	(75,893)	(5,761)	(6,519)	-	(170,769)
Depreciation for the six-month period	-	(357)	(5,714)	(7,705)	(203)	(721)	-	(14,700)
Sale/Transfer	-	-	-	19,066	-	-	-	19,066
Adjustment of Error	-	-	-	848	-	-	-	848
As of June 30, 2001	-	(8,974)	(79,693)	(63,684)	(5,964)	(7,240)	-	(165,555)
Accumulated Depreciation paid in Surplus								
As of December 31, 2000	-	-	-	-	-	-	-	-
Depreciation for the six-month period	-	(534)	-	-	-	-	-	(534)
As of June 30, 2001	-	(534)	-	-	-	-	-	(534)
Allowance for impairment								
As of December 31, 2000	-	(825)	-	-	-	-	-	(825)
Loss from impairment	-	-	-	-	-	-	-	-
As of June 30, 2001	-	(825)	-	-	-	-	-	(825)
Allowance for Decrease in Assets Value								
As of December 31, 2000	-	-	-	-	-	-	-	-
Loss from Decrease in Assets Value	-	(55)	-	-	-	-	-	(55)
As of June 30, 2001	-	(55)	-	-	-	-	-	(55)
Net Book Value:								
As of December 31, 2000	14,243	5,630	33,543	42,909	813	5,234	-	102,372
As of June 30, 2001	38,665	17,192	43,202	47,430	610	5,296	1,023	153,418
Depreciation in the income statement for the six-month period								
Ended on June 30, 2000								11,381
Ended on June 30, 2001								14,700

In 2001, the company assigned an independent professional appraiser to appraise entire land and building prices. It is noted that the appraised prices of land and building show recoverable values as of April 18, 2001 which comprise prices which the enterprise can receive from assets disposal in active market higher than net assets price shown in the balance sheet in land account for 4 places amounting Baht 11.81 million and net building account for 3 places amounting Baht 1.87 million equivalent to recoverable value of land in amount of Baht 36.23 million and building in amount of Baht 14.38 million. The company, therefore increases its land and building prices by record of land discrepancy in amount of Baht 24.42 million and building in amount of Baht 12.51 million and consequently shown as surplus from appraised assets in the caption of shareholders equity in the balance sheet as of June 30, 2001. In addition, the other building constitutes recoverable value lower than net asset price as shown in the balance sheet of the enterprise in amount of Baht 0.84 million equivalent to recoverable value of the building in amount of Baht 0.78 million. As a result, the company reduces building price by record of discrepancy in amount of Baht 0.06 million as Loss from Decrease in Assets Value in the income statement for the quarter and six- month period ended on June 30, 2001.

In year 2000, 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 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 is shown as loss from Impairment of Assets in the income statement for the fourth quarter 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 and bank overdrafts from commercial banks.

12. Assets for Sale - Net

Consisted of:-

(Unit : '000 Baht)			
As of June 30, 2001 and December 31, 2000			
	<u>Land</u>	<u>Building</u>	<u>Total</u>
Cost	10,496	43,625	54,121
<u>Less</u> Loss from impairment of assets	-	(21,561)	(21,561)
Net	10,496	22,064	32,560

As of June 30, 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 pending 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.

13. Land not used for Operation — Net

Consisted of :-

	(Unit : '000 Baht)
	As of June 30, 2001 and
	December 31, 2000
Cost	61,811
<u>Less</u> Allowance for Impairment of Assets	(17,495)
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.

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 not used for operation as detailed in Note 13.

15. Long-Term Loans

Consisted of :-

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

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

						(Unit : million Baht)	
<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>As of</u>		
		<u>June 30,</u>	<u>December 31,</u>		<u>June 30,</u>	<u>December 31,</u>	
		<u>2001</u>	<u>2000</u>		<u>2001</u>	<u>2000</u>	
1.	80.73	-	11.06	Commercial Bank and Financial Institutions	-	MLR	Leasehold
2.	26.86	-	9.76	A Commercial Bank	-	MLR+1	Land and Construction

Term of Repayment

As of December 31, 2000 long-term loans Nos. 1-2 comprising 9 credit limits constitute 22 to 54 unpaid remaining installments at Baht 203,000-450,000 per installment and the whole amount has to be fully repaid during 2004-2005, but in the first quarter for 2001 the company has fully repaid the whole amount of long-term loans before due payment.

16. Shareholders' Equity

16.1 In accordance with the ordinary general meeting of shareholders No. 1/2544 (2001) held on April 30, 2001, it was unanimously resolved that

- 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. The dividend is paid out on May 30, 2001. The date for closing the company shareholders register for the right to receive the dividend is dated 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 share capital at the amount of Baht 289.01 million from registered capital of Baht 500.00 million to Baht 210.99 million to be consistent with the issued and paid up capital in accordance with a certificate from the Department of Commercial Registration dated June 14, 2001.
- To approve an issuance and offering of 10,549,356 warrants to purchase ordinary shares existing shareholders at the price of zero Baht and at ratio 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 one warrant to 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 registered capital at the amount of Baht 137.14 million from the amount of Baht 210.99 million to 348.13 million in accordance with a certificate from the Department of Commercial Registration dated June 18, 2001 by issuing:
 - Issuance of 10.55 million new by 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 newly 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 directors' remuneration for the position's holding as of December 31, 2000 in the amount of Baht 30,000 per person and Baht 40,000 for chairman for the 2000 operating result.

16.2 The ordinary general meeting of shareholders No.1/2000 held on April 28, 2000. It was unanimous resolution, which are as follows:-

- To approve the declaration of dividends payment for the operating result of 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.
- To approve directors' remuneration for the position's holding as December 31, 1999 in the amount of 30,000 per person and Baht 40,000 for chairman

17. Directors' Remuneration

For the quarter and six-month period ended on June 30, 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 June 30, 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 4.12 million and 3.95 million respectively.
