

(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, 2001, 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. The financial statements for the year ended on December 31, 2000 which were shown for comparative purpose were audited by another auditor in the same firm who expressed an unqualified Auditor's report dated February 15, 2001.

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 material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position SE-EDUCATION PUBLIC COMPANY LIMITED as of December 31, 2001, 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.

(Miss Wanraya Puttasatien)

Authorised Auditor No.4387

Bangkok,

February 27, 2002.

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2001 and 2000

(Unit : Baht)

		2001	2000
<u>ASSETS</u>			
CURRENT ASSETS			
Cash on Hand and at Banks	(Note 5)	84,499,784.42	41,574,870.44
Short-Term Investment - Net	(Note 6)	192,302,007.87	157,607,106.00
Accounts Receivable and Notes Receivable - Net	(Note 7)	70,860,257.39	42,137,105.31
Inventories-Net	(Note 8)	121,315,060.77	100,626,662.33
Other Current Assets			
Advance Copyright Expenses		4,672,558.53	2,561,463.94
Advance Translation Expenses		6,024,807.35	5,953,032.55
Others		7,485,388.13	5,250,245.75
TOTAL CURRENT ASSETS		487,159,864.46	355,710,486.32
LONG-TERM INVESTMENT	(Note 9, 15)	-	10,748,589.89
INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES	(Note 10)	9,653,393.23	8,812,868.68
PROPERTY, PLANT AND EQUIPMENTS-NET	(Note 11)	166,910,204.31	102,372,331.16
LEASEHOLD-BUILDINGS	(Note 12)	135,825,649.40	144,321,106.52
OTHER ASSETS			
Assets for Sale - Net	(Note 13)	36,007,496.95	32,559,999.99
Land and Building not used for Operation - Net	(Note 14)	50,322,735.42	44,315,707.00
Guarantee and Deposit		19,707,204.17	11,628,102.30
TOTAL ASSETS		905,586,547.94	710,469,191.86

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2001 and 2000

(Unit : Baht)

		2001	2000
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
CURRENT LIABILITIES			
Bank Overdrafts	(Note 15)	18,844,739.45	20,772,609.55
Accounts Payable and Notes Payable		291,958,297.43	233,311,271.24
Current Portion of Long-Term Loans	(Note 16)	-	7,836,000.00
Other Current Liabilities			
Accrued Copyright Expenses		10,618,815.06	9,829,373.08
Accrued Corporate Income Tax		34,034,567.81	22,274,158.18
Other Accrued Expenses		11,062,242.69	10,781,596.79
Others		26,715,554.98	7,365,570.01
TOTAL CURRENT LIABILITIES		393,234,217.42	312,170,578.85
LONG - TERM LOANS	(Note 16)	-	12,983,170.00
OTHER LIABILITIES		4,117,308.19	2,205,054.73
TOTAL LIABILITIES		397,351,525.61	327,358,803.58

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2001 and 2000

(Unit : Baht)

		2001	2000
SHAREHOLDERS' EQUITY			
Share Capital	(Note 17)		
Authorized Share Capital			
34,812,869 Ordinary Shares @ Baht 10.00		348,128,690.00	-
50,000,000 Ordinary Shares @ Baht 10.00		-	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 Available for Sale	(Note 6)	(5,920,579.77)	(7,077,491.75)
Surplus from Assets Revaluation - Net		35,050,567.01	-
Retained Earnings			
Appropriated			
Legal Reserve	(Note 18)	8,938,173.43	5,549,641.96
Unappropriated			
		178,136,931.41	92,608,307.82
TOTAL SHAREHOLDERS' EQUITY		508,235,022.33	383,110,388.28
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		905,586,547.94	710,469,191.86

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

SE-EDUCATION PUBLIC COMPANY LIMITED
INCOME STATEMENTS
For the Years ended on December 31, 2001 and 2000

		(Unit : Baht)	
		2001	2000
REVENUES FROM OPERATION			
Sales		1,635,603,732.58	1,148,572,066.68
Other Income		15,873,025.31	24,334,978.24
Participating Gain in the Associated Company		1,215,542.05	920,913.24
TOTAL REVENUES		1,652,692,299.94	1,173,827,958.16
EXPENSES FROM OPERATION			
Cost of Sales		1,143,310,676.26	791,151,274.51
Selling and Administrative Expenses		327,233,856.79	272,056,102.21
Directors' Remuneration	(Note 19)	588,000.00	588,000.00
TOTAL EXPENSES		1,471,132,533.05	1,063,795,376.72
PROFIT BEFORE INTEREST			
EXPENSES AND CORPORATE INCOME TAX		181,559,766.89	110,032,581.44
INTEREST EXPENSES		(344,653.46)	(8,227,549.95)
CORPORATE INCOME TAX	(Note 20)	(57,485,081.92)	(34,034,402.17)
NET PROFIT		123,730,031.51	67,770,629.32
PRIMARY EARNINGS PER SHARE	(Note 21)	5.86	3.21
DILUTED EARNINGS PER SHARE	(Note 21)	5.55	-

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 Years ended on December 31, 2001 and 2000

(Unit : Baht)

	2001	2000
SHARE CAPITAL		
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
UNREALIZED LOSS - SECURITIES AVAILABLE FOR SALE		
Beginning Balance	(7,077,491.75)	(1,435,823.00)
Increase(Decrease) in this Period	1,156,911.98	(5,641,668.75)
Ending Balance	(5,920,579.77)	(7,077,491.75)
SURPLUS FROM ASSETS REVALUATION		
Beginning Balance	-	-
Increase in this Period	36,929,544.64	-
Decrease in this Period	(1,878,977.63)	-
Ending Balance	35,050,567.01	-
RETAINED EARNINGS		
Appropriated		
Legal Reserve		
Beginning Balance	5,549,641.96	5,438,801.06
Increase in this Period	(Note 17) 3,388,531.47	110,840.90
Ending Balance	8,938,173.43	5,549,641.96
Unappropriated		
Beginning Balance	92,608,307.82	46,047,232.40
Less Dividend Payment	(Note 17) (34,812,876.45)	(21,098,713.00)
Appropriation for Legal Reserve	(Note 17) (3,388,531.47)	(110,840.90)
Plus Net Profit for the Year	123,730,031.51	67,770,629.32
Ending Balance	178,136,931.41	92,608,307.82
TOTAL SHAREHOLDERS' EQUITY	508,235,022.33	383,110,388.28

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, 2001 and 2000

(Unit : Baht)

	2001	2000
UNAPPROPRIATED RETAINED EARNINGS		
Beginning Balance	92,608,307.82	46,047,232.40
<u>Less</u> Dividend Payment	(34,812,876.45)	(21,098,713.00)
Appropriation for a Legal Reserve (Note 17)	(3,388,531.47)	(110,840.90)
<u>Plus</u> Net Profit for the Year (Note 17)	123,730,031.51	67,770,629.32
TOTAL UNAPPROPRIATED RETAINED EARNINGS	178,136,931.41	92,608,307.82
 ENDING BALANCE OF RETAINED EARNINGS		
Consist of:		
Appropriated		
Legal Reserve	8,938,173.43	5,549,641.96
Unappropriated	178,136,931.41	92,608,307.82
TOTAL RETAINED EARNINGS	187,075,104.84	98,157,949.78

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, 2001 and 2000

	(Unit : Baht)	
	2001	2000
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit	123,730,031.51	67,770,629.32
Adjustment to Net Profit for Cash-Receipts (Payments) from Operation		
Depreciation - Assets for Operation and Assets for Sale	32,500,353.39	26,917,699.98
Depreciation - Assets not used for Operation and Assets for Sale	146,071.42	-
Leasehold Written-Off	8,495,457.12	8,728,050.90
Error Adjustment Transactions of Fixed Assets	(941,044.87)	-
Loss from Transfer and Writing-off Intangible Assets	-	200,975.23
Loss from Impairment for Assets and Decrease in Assets Value	55,507.85	824,921.39
Loss from Defective Goods	2,856,103.64	13,470,102.41
Allowance for Lost Goods	522,335.97	9,757,627.83
Allowance for Dilapidated and Slow Moving Goods	-	454,936.74
Allowance for Returned Goods	1,483,357.72	-
Doubtful Debts	3,004,582.70	110,756.13
Participating (Gain)Loss from Associated Company	(1,215,542.05)	(920,913.24)
(Gain)Loss on Disposal of Securities Available for Sale	1,102,042.38	(725,656.56)
(Gain)Loss on Disposal of Investment in Associated and Related companies	-	(3,000.00)
(Gain)Loss on Disposal of Assets	(6,014.53)	-
Profit from Operating before Change in Operating Assets and Liabilities	171,733,242.25	126,586,130.13
(Increase)Decrease in Accounts Receivable and Notes Receivable	(33,211,092.50)	10,061,329.49
(Increase)Decrease in Inventories	(24,066,838.05)	(39,254,635.89)
(Increase)Decrease in Advance Copyright Expenses	(2,111,094.59)	1,857,265.47
(Increase)Decrease in Advance Translation Expenses	(71,774.80)	1,569,114.93
(Increase)Decrease in Other Current Assets	(2,235,142.38)	(7,965.55)
(Increase)Decrease in Guarantee and Deposit	(8,079,101.87)	(4,395,188.71)
Increase(Decrease) in Accounts Payable and Notes Payable	58,647,026.19	59,511,261.77
Increase(Decrease) in Accrued Copyright Expenses	789,441.98	849,467.72
Increase(Decrease) in Accrued Corporate Income Tax	11,760,409.63	10,717,574.12
Increase(Decrease) in Others Accrued Expenses	280,645.90	6,103,575.48
Increase(Decrease) in Other Current Liabilities	19,349,984.97	(1,236,364.03)
Increase(Decrease) in Other Liabilities	1,912,253.46	(510,800.36)
Net Cash Received (Used) from Operating Activities	194,697,960.19	171,850,764.57

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, 2001 and 2000

	(Unit : Baht)	
	2001	2000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Securities Available for Sale	(107,000,000.00)	(32,000,000.00)
Cash Receipt from Disposal of Securities Available for Sales	82,908,557.62	45,937,176.56
(Increase)Decrease in Investment in subsidiary Company	(24,982.50)	-
Cash Receipt from Disposal Sales of Investments in Associated and Related companies	-	3,000.00
(Increase)Decrease in Long-Term Investments	200,000.00	(200,000.00)
Dividend Received from Associated Company	400,000.00	400,000.00
Purchase of Property, Plant and Equipment	(70,044,661.26)	(42,940,231.78)
Cash Receipt from Disposal of Property, Plant and Equipment	6,369.48	-
(Increase)Decrease in Land and Building not used for Operation	(658,413.00)	-
Net Cash Received (Used) from Investing Activities	(94,213,129.66)	(28,800,055.22)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase(Decrease) in Bank Overdrafts	(1,927,870.10)	13,719,107.78
Increase(Decrease) in Long - Term Loans	(20,819,170.00)	(128,400,943.62)
Dividend Payment	(34,812,876.45)	(21,098,713.00)
Net Cash Received (Used) from Financing Activities	(57,559,916.55)	(135,780,548.84)
Cash on Hand and at Banks Increase(Decrease)-Net	42,924,913.98	7,270,160.51
Cash on Hand and at Banks at the Beginning of the Period	41,574,870.44	34,304,709.93
Cash on Hand and at Banks at the End of the Period	84,499,784.42	41,574,870.44

Supplemental disclosures to the cash flow statements

1. Cash paid during the period:

Interest Expense	344,653.46	8,272,275.55
Corporate Income Tax	45,724,672.11	23,316,828.05

2. Items do not affect cash flow

- 2.1 As of December 31, 2001 and 2000 the company adjusted unrealizable gain(loss) on revaluation of securities available for sale with the shareholders' equity amounting Baht 1.16 million and Baht (5.64) million respectively.
- 2.2 For the Year ended on December 31, 2001, the company appraised land and Building Baht 36.93 million.
- 2.3 As of December 31, 2001 the company reclassified certificates of deposit from long - term investment to short-term investment amounting Baht 10.55 million.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

1. Basis of Financial Statement

1.1 Certain items in the comparative income statement for the year ended on December 31, 2000 have been reclassified so that to make possible for comparison with the income statement for the year ended on December 31, 2001.

1.2 In 2001 the company has invested in the SE-ED Book Center Co.,Ltd. which is subsidiary company as detailed in Note 10. The company has not prepared the consolidated financial statements since investment value in such subsidiary is not material to the company's financial statements.

1.3 The company prepared its statutory financial statements in Thai language in conformity with generally accepted accounting principles in Thailand. The accounting standards used may be different from generally accepted accounting principles in other countries. For the convenience of the readers of the financial statements in English version which were translated from the statutory financial statements in Thai version that are issued for domestic reporting purposes.

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. 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 8 monthly magazines published by SE-ED.
4. Do publishing jobs, sell electronic parts and equipment and others.

- Employee Information

	For the Year	
	ended on December 31,	
	<u>2001</u>	<u>2000</u>
Average Number of Employees (Person)	910	700
Employee Expenses (Million Baht)	151.08	100.82

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 checked at the consignees' place at the end of agreed period.

- Revenue 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 are valued at cost price under FIFO method or net realizable value, whichever is lower. Work in process is valued at actual cost.

- Finished goods produced by the company holds accounting policies as follows:

- Finished goods at head office and consignment on hand are valued at cost price under the last produce and received or net realizable value, whichever is lower.

- Finished goods at branches are valued at cost price under simple average method or net realizable value, whichever is lower.

- 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.

- Allowance for lost inventories, the company holds the policy of allowance for lost inventories at the rate of 1 percent of accumulated sales at respective branch which the company revises such allowance after the inventory taking in the respective branch.

3.5 Property Plant and Equipment

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

3.5.2 Land and building are valued at fair value 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.

3.5.3 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.

3.6 Accrued foreign copyright expenses are calculated by the rate specified in the agreement on an accrual basis.

3.7 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.

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 end of period 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 Earning Per Share

- Primary earnings per share is calculated by dividing net profit with the weighted average number of issued and paid-up shares at the end of the period.
- Diluted earnings per share is calculated by dividing net profit with the sum of weighted average number of issued and paid up shares and the weighted average number of diluted common share equivalents that needed to cover the warrants converted to common stock.

3.10 The company does not apply the financial instrument relating to derivative instruments. financial assets and financial liabilities as presented in balance sheets are consisted of cash and cash at bank, short- term investment, accounts receivable and notes receivable, overdrafts and accounts payable and notes payable.

4. Inter Transactions

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

4.1 Inter-Revenues and Expenses

	<u>Type of business</u>	<u>Type of relation</u>	For the Year	
			Ended on December 31, 2001	2000
			<u>' 000 Baht</u>	<u>' 000 Baht</u>
<u>Purchased Goods Values</u>				
M ANDE Co.,Ltd.	Printing Office Company, Produces Technical Magazines and Engineering Manuals	Associated Company	2,059	555
Nation Multi Media Group Public Co.,Ltd.	Publishing	Shareholder	8,349	1,769
Nation Egmont Edutainment Co.,Ltd.	Publishing	Related company with shareholder	12,384	1,302
<u>Rental and Service Charge</u>				
Nation Multi Media Group Public Co.,Ltd.	Publishing	Shareholder	6,534	2,921
Nation Properties Co.,Ltd.	Real Estate	Related company with shareholder	1,062	797
<u>Copyright Expenses</u>				
Nation Multi Media Group Public Co.,Ltd.	Publishing	Shareholder	210	108
Mr. Yuen Pooworawan	Copyright Owner 30 Titles	Shareholder and director	253	52
Mr. Wattana Chiangkoon	Copyright Owner 6 Titles	Shareholder and director	81	15
Mr. Thanong Chotisorayuth	Copyright Owner 7 Titles	Shareholder and director	172	12
Mr. Pongsak Sivapatrakumpol	Copyright Owner 3 Titles	Shareholder and director	1	1
Mr. Rit Thriakomen	Copyright Owner 5 Titles	Shareholder	-	1

4.2 Inter-Asset and Liabilities

	<u>Type of business</u>	<u>Type of relation</u>	As of December 31,	
			2001 <u>' 000 Baht</u>	2000 <u>' 000 Baht</u>
<u>Accrued Rental and Service Charge</u>				
Nation Multi Media Group Public Co.,Ltd.	Publishing	Shareholder	685	-
Nation Properties Co.,Ltd.	Real Estate	Related company with shareholder	327	44
<u>Accounts Payable</u>				
M AND E Co.,Ltd.	Printing Office Company, Produces Technical Magazines and Engineering Manuals	Associated Company	1,048	1,561
Nation Multi Media Group Public Co.,Ltd.	Publishing	Shareholder	3,162	-
Nation Egmont Edutainment Co.,Ltd.	Publishing	Related company with shareholder	2,440	320
Nation Edutainment Co.,Ltd.	Publishing	Related company with shareholder	1,716	-
<u>Accrued Copyright Expenses</u>				
Nation Multi Media Group Public Co.,Ltd.	Publishing	Shareholder	312	28
Mr. Rit Thirakomen	Copyright Owner 5 Titles	Shareholder	1	-
Mr. Yuen Pooworawan	Copyright Owner 30 Titles	Shareholder and Director	93	24
Mr. Wattana Chiangkoon	Copyright Owner 6 Titles	Shareholder and Director	32	7
Mr. Thanong Chotisorayuth	Copyright Owner 7 Titles	Shareholder and Director	110	5
<u>Advance Copyright Expenses</u>				
Nation Multi Media Group Public Co.,Ltd.	Publishing	Shareholder	88	-
Mr. Wattana Chiangkoon	Copyright Owner 6 Titles	Shareholder and Director	28	-

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

5. Cash on Hand and at Banks

As of December 31, 2001 and 2000, some of cash on hand for the amount of Baht 13.77 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 to the bank on working day of the next period.

6. Short - Term Investments-Net

Consisted of :-

	(Unit : Baht)	
	<u>2001</u>	<u>2000</u>
Securities Available for Sale :-		
- Investments in Open-Ended Mutual Funds	181,673,997.75	158,684,597.75
- Investments in the Preferred Share - Subordinated Debenture Mutual Fund	6,000,000.00	6,000,000.00
- Certificates of Deposit	10,548,589.89	-
Total	198,222,587.64	164,684,597.75
<u>Less</u> Allowance for Changes in Value of Securities	(5,920,579.77)	(7,077,491.75)
Net	192,302,007.87	157,607,106.00

As of December 31,2001 the certificates of deposit is investment in form of certificate of deposit to a commercial bank. Formerly, it was promissory note deposited with the finance institute where its operation was permanently discontinued pursuant to the order of the Ministry of Finance and the Financial Sector Restructuring Authority on December 8, 1997 carried interest rate of 2.7159% per annum, due for redemption within October, 2002.

7. Accounts Receivable and Notes Receivable Net

Consisted of :-

	(Unit : Baht)	
	<u>2001</u>	<u>2000</u>
Notes Receivable	6,941,541.75	3,718,079.80
Accounts Receivable-Book Sales	83,868,900.00	54,674,270.23
Accounts Receivable-Advertising	11,952,376.35	11,159,375.57
<u>Less</u> Allowance for Doubtful Debts	(27,932,453.46)	(24,927,870.76)
Allowance for Returned Goods	(3,970,107.25)	(31,902,560.71)
Net	70,860,257.39	42,137,105.31

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

	(Unit : Baht)	
	<u>2001</u>	<u>2000</u>
In Credit term	29,610,902.21	14,135,038.97
Over Credit term 1 – 6 months	20,140,241.40	17,305,158.81
Over Credit term more than 6 months - 1 year	6,725,039.66	203,575.71
Over Credit time more than 1 year	27,392,716.73	23,030,496.74
Total	83,868,900.00	54,674,270.23

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

8. Inventories-Net

Consisted of :-

	(Unit : Baht)	
	<u>2001</u>	<u>2000</u>
Paper	233,851.67	986,191.32
Work-In-Process	6,696,815.00	5,377,205.57
Finished Goods	71,810,213.23	65,842,184.44
Finished Goods at Consignees	13,366,157.01	6,062,509.42
Finished Goods at Branches	64,538,753.77	61,162,049.01
<u>Less</u> Allowance for Lost Stock	(15,034,462.13)	(14,512,126.16)
Allowance for Dilapidated and Slow Moving Goods	(20,296,267.78)	(24,291,351.27)
Net	121,315,060.77	100,626,662.33
	121,315,060.77	100,626,662.33

9. Long-Term Investments

Consisted of :-

	(Unit : Baht)
	<u>2000</u>
Certificates of Deposits	10,548,589.89
Fixed Deposit	200,000.00
Total	10,748,589.89

As of December 31, 2000, certificates of deposits was investment deposited to a commercial bank pursuant to the Project Kor Por Tor 42 bearing interest rate of 3.445 % per annum, redemption in 5 years. In year 2001, such certificates of deposits will due within 1 year, so the company transferred to short term investment as described in Note 6.

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

10. Investments in Subsidiary and Associated Companies -Net

Consisted of :-

		<u>As of December 31 , 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>Baht</u>		<u>Method</u>	<u>Baht</u>	<u>Baht</u>	
SE-ED Book Center Co.,Ltd.	Business Consulting Firm Subsidiary Company	24,982.50	99.93%	Cost	24,982.50	-	
M AND E Co., Ltd.	Printing Office Company, Produces Technical Magazines and Engineering Manuals	400,000.00	25%	Equity	9,628,410.73	400,000.00	
						9,653,393.23	400,000.00

		<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>Baht</u>		<u>Method</u>	<u>Baht</u>	<u>Baht</u>	
M AND E Co., Ltd.	Printing Office Company, Produces Technical Magazines and Engineering Manuals	400,000.00	25%	Equity	8,812,868.68	400,000.00	
						8,812,868.68	400,000.00

In the second quarter, 2001 the company has invested in the SE-ED Book Center Co., Ltd. in the 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 year ended on December 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 and year-end closing. 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 year ended on December 31, 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.

In 2001, the company assigned an independent professional appraiser to appraise every 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 over 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 December 31, 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 year ended on December 31, 2001.

In the fourth quarter, 2001, the company transferred Land and Paid in Surplus from Assets Revaluation amounting to Baht 2.72 million and building which is located on such land for the net book value Baht 0.73 million to be assets for pending for sale as described in Note 13.

In 2000, the company assigned an independent appraiser to appraise buildings available for rent 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 3.25 million which is the price the company will receive if sold in an active market but lower than the book value in amount of Baht 0.38 million. The difference arisen is shown as loss from Impairment of Assets in the income statement for the fourth quarter ended on December 31, 2000. In the third quarter ended on September 30, 2001, the lessee cancelled this leased building over which the company holds no purpose to utilize the building for its operation. Hence, it was reclassified to land and Building not used for operation as described in Note 14.

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

13 Assets for Sale - Net

Consisted of:-

	(Unit : Baht)	
	<u>2001</u>	<u>2000</u>
Cost	57,720,564.64	54,120,564.64
<u>Add</u> Surplus from Assets Revaluation	720,000.00	-
<u>Less</u> Allowance for Impairment of Assets	(21,560,564.65)	(21,560,564.65)
Allowance for Decrease in Assets Value	(55,507.85)	-
Accumulated Depreciation - Building for Sale	(816,995.19)	-
	36,007,496.95	32,559,999.99

As of December 31, 2001, the amount of Baht 3.45 million was land and building which were transferred from Land, Building and Equipment as described in Note 11 pending for sale. The transferred value was recoverable values from assets appraisal as of April 18, 2001.

As of 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. In 1999, the company assigned an independent appraiser to appraise all of its assets pending for sale. The result was that as of December 27, 1999 the net book value of assets pending 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 net book value of Baht 54.12 million. This is shown as loss from impairment of assets in the income statement of 1999.

As of December 31, 2001 and 2000 Land and construction were pledged as collateral against bank overdrafts and long-term loans from commercial banks.

14. Land and Building not used for Operation - Net

Consisted of :-

	<u>Land not used for operation</u>	<u>Land Improvement not used for Operation</u>	<u>Building not used for Operation</u>	<u>Total</u>
	(Unit: Baht)			
Cost				
As of December 31, 2000	61,811,315.93	-	-	61,811,315.93
Transfer from Land and Building for Operation	2,430,000.00	-	6,599,142.50	9,029,142.50
Purchase	-	658,413.00	-	658,413.00
As of December 31, 2001	64,241,315.93	658,413.00	6,599,142.50	71,498,871.43
Accumulated Depreciation				
As of December 31, 2000	-	-	-	-
Transfer from Accumulated				
Depreciation - Building for Operation	-	-	(3,163,067.44)	(3,163,067.44)
Depreciation for the year	-	(27,417.84)	(112,320.41)	(139,738.25)
As of December 31, 2001	-	(27,417.84)	(3,275,387.85)	(3,302,805.69)
Allowance for Impairment				
As of December 31, 2000	(17,495,608.93)	-	-	(17,495,608.93)
Transfer from Building for Operation	-	-	(824,921.39)	(824,921.39)
Adjustment of Error	-	-	447,200.00	447,200.00
As of December 31, 2001	(17,495,608.93)	-	(377,721.39)	(17,873,330.32)
Net Book Value				
As of December 31, 2000	44,315,707.00	-	-	44,315,707.00
As of December 31, 2001	46,745,707.00	630,995.16	2,946,033.26	50,322,735.42
Depreciation in the Income Statement for the year ended on December 31, 2001				139,738.25

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 appraiser 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 32.00 million, which is Baht 17.50 million less than its net book value of Baht 49.50 million. This is shown as loss from impairment of assets in the income statement of 1999.

15 Credits and Guarantees

Credit facilities in the form of bank overdrafts and long-term loans were secured by fixed account as detailed in Note 9, land and construction as described in Note 11, leasehold on buildings as described in Note 12, assets pending for sale as described in Note 13, and land and building not used for operation as described in Note 14.

16 Long-Term Loans

Consisted of :-

	(Unit : Baht)
	<u>2000</u>
Loans from Banks	20,819,170.00
<u>Less</u> Current- Portion of Long - Term Loans	<u>(7,836,000.00)</u>
Net	<u><u>12,983,170.00</u></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>December 31,</u>	<u>December 31,</u>			<u>December 31,</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 Loan 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 for repayment.

17. Shareholders' Equity

17.1 Warrant

17.1.1 Warrants to existing shareholders

On April 30, 2001, the ordinary meeting of shareholders resolved that the company issued 10,549,356 warrants to purchase ordinary shares to existing shareholders at the price of zero Baht at ratio of 2 ordinary shares for 1 warrant. The residual will be written off from the exercise of warrants. The rate of right exercise 1 warrant is convertible to 1 ordinary share at the price of Baht 16.50 per share, 5-year maturity commencing from the date of issuance. The holder of warrants enable to excise since the warrants cover 2-year maturity, On December 15, 2003, right exercise is available every 3 months and the last right can be exercised on December 15, 2006.

17.1.2 Warrants to directors, employees and the sub-agent.

On April 30, 2001, the ordinary meeting of shareholders resolved that the company issued warrant to purchase ordinary share which is specific name and holder unchangeable (Except the warrants held by the sub-agent.) numbering 3,164,800 units at the offered price of zero Baht each, the exercise right of 1 warrant is convertible to 1 ordinary share at price of Baht 10 per share. Details of exercise right are as follow :-

- No.1 First right to purchase ordinary shares since 1-year maturity commencing from the date of issuance of warrant, on January 15, 2003.
- No.2 First right to purchase ordinary share since 2-year maturity commencing from the date of issuance of warrant, an January 15, 2004.
- No.3 First right to purchase ordinary share since 3-year maturity commencing from the date of issuance of warrant, on January 15, 2005.
- No.4 First right to purchase ordinary shares since 4-year maturity commencing from the date of issuance of warrant, on January 15, 2006.
- No.5 First right to purchase ordinary share since 5-year maturity commencing from the date of issuance of warrant, on January 15, 2007.

17.2 Dividend payment, appropriation of legal reserve and director's remuneration payment.

17.2.1 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 from the operating result of year 2000 at Baht 1.65 per share 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 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.

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

- To approve the declaration of dividends payment from 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. The dividend of Baht 21.10 million was paid on May 26, 2000. The meeting also authorised to appropriate net profit for legal reserve of Baht 0.11 million.

17.2.3 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 for the 1999 operating result.

17.3 Changes of registered capital

- 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 increase of registered capital at the amount of Baht 137.14 million from the former 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 newly 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.

18. Legal Reserve

The appropriation of retained earnings is attributable to the Public Company Act B.E.2535(1992) and appropriated when approved from the shareholders' meeting.

19. Directors' Remuneration

For the quarter and year ended on December 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 fringe benefits payable to executive directors.

20. 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.

21. Primary Earning Per Share and Diluted Earning Per Share

	For the year ended on December 31, 2001		
	<u>Net Profit</u>	<u>Weighted Average</u>	<u>Earning per share</u>
		<u>of Common Share</u>	
	<u>('000 Baht)</u>	<u>('000 Share)</u>	<u>Baht</u>
<u>Primary Earning Per Share</u>			
Net Profit	123,730	21,099	5.86
Equivalent Number of Shares	-	1,199	-
<u>Diluted Earning Per Share</u>			
Profit for shareholder assuming the conversion to ordinary share occurred.	123,730	22,298	5.55

22. 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.

23. The Income Statements for the Quarter ended on December 31, 2001 and 2000

The income statements for the quarters ended on December 31, 2001 and 2000, were reviewed in accordance with the auditing standard issued by the Institute of Certified Accountants and Auditors of Thailand as follows:

	Unaudited	
	Limited Review Only	
	For the Quarter	
	ended on December 31,	
	2001	2000
	<u>'000 Baht</u>	<u>'000 Baht</u>
REVENUES FROM OPERATION		
Sales	446,537	326,895
Other Income	2,568	5,783
Participating Gain in the Associated Company	-	921
Total Revenues	<u>449,105</u>	<u>333,599</u>
EXPENSES FROM OPERATION		
Cost of Sales	313,400	238,936
Selling and Administrative Expenses	94,816	78,318
Directors' Remuneration	(Note 19) 147	147
Total Expenses	<u>408,363</u>	<u>317,401</u>
PROFIT BEFORE INTEREST EXPENSES AND		
CORPORATE INCOME TAX	40,742	16,198
INTEREST EXPENSES	(85)	(1,050)
CORPORATE INCOME TAX	<u>(13,640)</u>	<u>(5,073)</u>
NET PROFIT	<u>27,017</u>	<u>10,075</u>
PRIMARY EARNINGS PER SHARE (BAHT)	1.28	0.48
DILUTED EARNINGS PER SHARE (BAHT)	1.21	-

24. 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.

25. 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; however 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 holds no policy to adopt any with financial instrument off the balance sheets, which are derivative instruments for speculative or for trade purpose.

25.1 Risk on Credit Provision

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

25.2 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 short term investment which generates interest receivable and dividend fluctuated to the market rates (Floating interest rate), the company, therefore, does not adopt any financial instrument to hedge against such risk.

25.3 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 the value, which are not materially different from their fair values. Regarding the short-term investment, the company has adjusted investment value to its fair value.

26. Obligations and Contingent Liabilities

Apart from various liabilities which reflected in the financial statements as of December 31, 2001 and 2000 the company also constitutes contingent liability and obligation with a bank in relation to letter of guarantee for the amount of Baht 3.95 million.

27. Subsequent Event

In accordance with the Board of Directors' Meeting No.1/2002 hold on February 27, 2002, it was resolved unanimously to propose to the general shareholders meeting to consider the dividend payment from 2001 result of operation to shareholders listed in the registered book dated on April 9, 2002. The dividend in the ordinary course is payable at the rate of 50% of annually net profit of Baht 3.00 per share. In addition, the dividend is specially payable by another Baht 2 per share. Due to the excellent liquidity of the company, the company can repay long term loan completely before actually due since the 1st quarter of 2001. Additionally, the liquidity remains more than sufficient for the expansion as planned. The dividend is therefore totally payable to shareholders by Baht 5.00 per share. The Board of Directors proposed of dividend payment on May 29, 2002 and considered the legal reserve at the 5% of net profit for 2001.
