

(TRANSLATION)
AUDITOR'S REPORT

To the Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED.

I have audited the balance sheet of SE-EDUCATION PUBLIC COMPANY LIMITED as of December 31, 2002, the related statements of income, changes in shareholders' equity and cash flow 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, 2001 which were shown for comparative purpose were audited by another auditor in the same firm who expressed an unqualified Auditor's report dated February 27, 2002.

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 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, 2002, the results of its operations, and cash flows for the years then ended, in conformity with generally accepted accounting principles.

ACCOUNTANTS and MANAGEMENT CONSULTANTS CO., LTD.

(Miss Susan Eiamvanicha)
Authorised Auditor No.4306

Bangkok,
February 26, 2003

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2002 and 2001

(Unit : Baht)

		2002	2001
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and Cash Equivalent Item		78,885,911.71	84,499,784.42
Short-Term Investment	(Note 5)	305,927,592.82	192,302,007.87
Accounts and Notes Receivable - Net	(Note 6)	65,150,060.81	70,860,257.39
Inventories-Net	(Note 7)	105,586,543.56	121,315,060.77
Other Current Assets		20,869,697.15	18,182,754.01
TOTAL CURRENT ASSETS		576,419,806.05	487,159,864.46
NON-CURRENT ASSETS			
Investments in Subsidiary and Associated Company	(Note 8)	11,158,480.26	9,653,393.23
Property, Plant and Equipments-Net	(Note 9)	207,674,821.02	166,910,204.31
Leasehold-Building	(Note 10)	127,330,192.28	135,825,649.40
Assets Pending for Sale - Net	(Note 11)	50,700,000.00	36,007,496.95
Land and Building not used for Operation - Net	(Note 12)	40,027,312.95	50,322,735.42
Guarantee for Rental and Deposits		27,750,094.00	19,707,204.17
TOTAL NON-CURRENT ASSETS		464,640,900.51	418,426,683.48
TOTAL ASSETS		1,041,060,706.56	905,586,547.94

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2002 and 2001

(Unit : Baht)

	2002	2001
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Bank Overdrafts	18,650,887.03	18,844,739.45
Accounts and Notes Payable	411,264,723.15	291,958,297.43
Accrued Copyright Expenses	11,482,757.93	10,618,815.06
Other Accrued Expense	17,145,389.03	11,062,242.69
Accrued Corporate Income Tax	21,246,936.52	34,034,567.81
Other Current Liabilities	33,955,813.43	26,715,554.98
TOTAL CURRENT LIABILITIES	513,746,507.09	393,234,217.42
NON-CURRENT LIABILITIES		
Non-Other Current Liabilities	3,699,183.69	4,117,308.19
TOTAL NON-CURRENT LIABILITIES	3,699,183.69	4,117,308.19
TOTAL LIABILITIES	517,445,690.78	397,351,525.61

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2002 and 2001

(Unit : Baht)

	2002	2001
SHAREHOLDERS' EQUITY		
Share Capital		
Authorized Share Capital		
34,812,869 Ordinary Shares @ Baht 10.00	348,128,690.00	348,128,690.00
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
Surplus Revaluation of Asset	46,310,786.86	35,050,567.01
Unrealized Gain(Loss)-Securities Available for Sale	1,437,657.49	(5,920,579.77)
Retained Earnings:		
Appropriated		
Legal Reserve (Note 13)	15,124,675.01	8,938,173.43
Unappropriated	168,711,966.17	178,136,931.41
TOTAL SHAREHOLDERS' EQUITY	523,615,015.78	508,235,022.33
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,041,060,706.56	905,586,547.94

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

SE-EDUCATION PUBLIC COMPANY LIMITED
INCOME STATEMENTS
For the Years ended on December 31, 2002 and 2001

		(Unit : Baht)	
		2002	2001
REVENUES FROM OPERATION			
Sales		1,975,299,971.75	#####
Other Income		25,908,945.28	15,873,025.31
Participating Gain in the Associated Compan		2,030,139.53	1,215,542.05
TOTAL REVENUES		2,003,239,056.56	#####
EXPENSES FROM OPERATION			
Cost of Sales		1,378,885,102.54	#####
Selling and Administrative Expense		484,165,592.69	341,018,429.24
Directors' Remunerati	(Note 15)	588,000.00	588,000.00
TOTAL EXPENSES		1,863,638,695.23	#####
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TA		139,600,361.33	181,559,766.89
INTEREST EXPENSES		(235,885.00)	(344,653.46)
CORPORATE INCOME TAX	(Note 16)	(37,109,374.99)	(57,485,081.92)
NET PROFIT		102,255,101.34	123,730,031.51
BASIC EARNINGS PER SHARE	(Note 17)	4.85	5.86
DILUTED EARNINGS PER SHARE	(Note 17)	3.32	5.55

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

SE-EDUCATION PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years ended on December 31, 2002 and 2001

	(Unit : Baht)						
	Issued and Paid-up Share Capital	Premiums on Share Capital	Surplus Revaluation of Assets	Unrealized Gain(Loss) Securities Available for Sale	Retained Earnings		Total
					Appropriated	Unappropriated	
Balance as of January 1, 2001	210,987,130.00	81,042,800.25	-	(7,077,491.75)	5,549,641.96	92,608,307.82	383,110,388.28
Unrealized Gain-Securities Available for Sale	-	-	-	1,156,911.98	-	-	1,156,911.98
Surplus Revaluation of Assets increase in this Period	-	-	36,929,544.64	-	-	-	36,929,544.64
Depreciation-Surplus Revaluation of Asset	-	-	(1,878,977.63)	-	-	-	(1,878,977.63)
Unrealized Transaction in the Income Statement	210,987,130.00	81,042,800.25	35,050,567.01	(5,920,579.77)	5,549,641.96	92,608,307.82	419,317,867.27
Appropriation for Legal Reserve	-	-	-	-	3,388,531.47	(3,388,531.47)	-
Dividend Payment	-	-	-	-	-	(34,812,876.45)	(34,812,876.45)
Net Profit for the Year	-	-	-	-	-	123,730,031.51	123,730,031.51
Balance as of December 31, 2001	210,987,130.00	81,042,800.25	35,050,567.01	(5,920,579.77)	8,938,173.43	178,136,931.41	508,235,022.33
Unrealized Gain-Securities Available for Sale	-	-	-	7,358,237.26	-	-	7,358,237.26
Surplus Revaluation of Assets increase in this period	-	-	10,538,272.21	-	-	-	10,538,272.21
Surplus Revaluation of Assets-sales in this period	-	-	(720,000.00)	-	-	-	(720,000.00)
Depreciation-Surplus Revaluation of Asset	-	-	1,441,947.64	-	-	-	1,441,947.64
Unrealized Transaction in the Income Statement	#####	81,042,800.25	46,310,786.86	1,437,657.49	8,938,173.43	178,136,931.41	526,853,479.44
Appropriation for Legal Reserve (Note 1)	-	-	-	-	6,186,501.58	(6,186,501.58)	-
Dividend Payment (Note)	-	-	-	-	-	(105,493,565.00)	(105,493,565.00)
Net Profit for the Year	-	-	-	-	-	102,255,101.34	102,255,101.34
Balance as of December 31, 2002	210,987,130.00	81,042,800.25	46,310,786.86	1,437,657.49	15,124,675.01	168,711,966.17	523,615,015.78

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

SE-EDUCATION PUBLIC COMPANY LIMITE
CASH FLOW STATEMENTS
For the Years ended on December 31, 2002 and 2001

	(Unit : Baht)	
	2002	2001
CASH FLOW FROM OPERATION ACTIVITIES		
Net Profit	102,255,101.34	123,730,031.51
Adjustment to Net Profit for Cash-Receipts (Payments) from Operation		
Depreciation - Assets for Operation	42,268,814.33	32,500,353.39
Depreciation - Assets not used for Operation and Pending for Sales	361,600.43	146,071.42
Error Adjustment Transaction of Fixed Assets	-	(941,044.87)
Loss from Impairment in Assets Pending for Sales and not use for Operation	2,576,262.72	55,507.85
Leasehold Written-Off	8,495,457.12	8,495,457.12
Loss from for Lost and Slow Moving Goods	20,679,079.87	3,378,439.61
Loss from Destruction of Inventory	8,938,240.39	-
Allowance for Returned Goods (Reversed Account)	(332,989.73)	1,483,357.72
Doubtful Debts and Bad Debt	(2,991,413.78)	3,004,582.70
Participating Gain from Associated Company	(2,030,139.53)	(1,215,542.05)
Loss on Disposal of Securities Available for Sales	1,745,343.13	1,102,042.38
Gain on Disposal of Land Building and Equipment	(222,712.25)	(6,014.53)
Gain on Disposal of Assets Pending for Sales	(683,330.73)	-
Profit from Operating before change in Operation Assets and Liabilities	181,059,313.31	171,733,242.25
(Increase)Decrease in Accounts and Notes Receivable	9,034,600.09	(33,211,092.50)
(Increase)Decrease in Inventories	(13,888,803.05)	(24,066,838.05)
(Increase)Decrease in Other Current Assets	(2,686,944.14)	(4,418,011.77)
(Increase)Decrease in Guarantee for Rental and Deposit	(8,042,889.83)	(8,079,101.87)
Increase(Decrease) in Accounts and Notes Payable	119,306,425.72	58,647,026.19
Increase(Decrease) in Accrued Copyright Expenses	863,942.87	789,441.98
Increase(Decrease) in Other Accrued Expenses	6,083,146.34	280,645.90
Increase(Decrease) in Accrued Corporate Income Tax	(12,787,631.29)	11,760,409.63
Increase(Decrease) in Other Current Liabilities	7,240,259.45	19,349,984.97
Increase(Decrease) in Non-Other Current Liabilities	(418,124.50)	1,912,253.46
Net Cash Received (Used) from Operating Activities	285,763,294.97	194,697,960.19

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

SE-EDUCATION PUBLIC COMPANY LIMITE
CASH FLOW STATEMENTS
For the Years ended on December 31, 2002 and 2001

	(Unit : Baht)	
	2002	2001
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Securities Available for Sales	(225,000,000.00)	(107,000,000.00)
Cash Receipt from Disposal of Securities Available for Sales	116,987,309.18	82,908,557.62
(Increase)Decrease in Investment in Subsidiary Company	(74,947.50)	(24,982.50)
(Increase)Decrease in Long-Term Investments	-	200,000.00
Dividend Received from Associated Company	600,000.00	400,000.00
Purchase of Property, Plant and Equipment	(81,830,751.19)	(70,044,661.26)
Cash Receipt from Disposal of Property, Plant and Equipment	228,639.25	6,369.48
Cash Receipt from Disposal of Assets Pending for Sales	3,400,000.00	-
Cash Paid for Improve in Assets not used for Operation	-	(658,413.00)
Net Cash Received (Used) from Investing Activities	<u>(185,689,750.26)</u>	<u>(94,213,129.66)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Increase(Decrease) in Bank Overdrafts	(193,852.42)	(1,927,870.10)
Repayment for Long-Term Loans	-	(20,819,170.00)
Dividend Payment	(105,493,565.00)	(34,812,876.45)
Net Cash Received (Used) from Financing Activities	<u>(105,687,417.42)</u>	<u>(57,559,916.55)</u>
Cash and Cash Equivalent Item Increase(Decrease)-Net	(5,613,872.71)	42,924,913.98
Cash and Cash Equivalent Item at the Beginning of the Year	84,499,784.42	41,574,870.44
Cash and Cash Equivalent Item at the Ending of the Year	<u>78,885,911.71</u>	<u>84,499,784.42</u>
Supplemental disclosures to the cash flow statements		
1. Cash paid during the period:		
Interest Expense	235,885.00	344,653.46
Corporate Income Tax	49,897,006.28	45,724,672.11
2. Items do not affect cash flow		
2.1 As of December 31, 2002 and 2001 the company adjusted unrealizable gain(loss) on revaluation of securities available for sale with the shareholders' equity amounting Baht 7.36 million and Baht 1.16 million respectively.		
2.2 For the year ended on December 31, 2002 and 2001 the company appraised land and Building amounting Baht 11.98 million and Baht 36.93 million respectively.		
2.3 As of December 31, 2002 the company reclassified amounting Baht 12.32 million of land and building not used for operation to assets pending for sale.		

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

SE-EDUCATION PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 2002 and 2001

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 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. Advertising service and services in 9 monthly magazines published by SE-ED.
4. Publishing engagement and sell electronic parts and equipment and others.

- Employee Information

	For the Years	
	ended on December 31,	
	<u>2002</u>	<u>2001</u>
Average Number of Employees (Person)	1,197	910
Employee Expenses (Million Baht)	174.39	151.08

2. Basis of Financial Statement Preparation

2.1 The company financial statements were prepared in accordance with the generally accepted accounting principle under the Accounting Act B.E. 2543 which implies the accounting standard determined by the Institute of Certified Accountants and Auditors of Thailand over which the Board of Supervision of Auditing Practices appointed by Minister of Ministry of Commerce under the Accounting Act. B.E. 2505 which resolved the announcement and in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

2.2 Preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosure. The actual results may differ from those estimates.

2.3 The company did not prepare the consolidated financial statements between the company and the SE-ED Book Center Co.,Ltd., which is a subsidiary company since the subsidiary has not commenced its operation and investment value in such subsidiary is not material to the company financial statements.

2.4 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.

3. Summary of Significant Accounting Policies

The main accounting policies can be summarized as follows.

3.1 - Sales are recognized when goods have already been delivered to customers except goods on consignment whose sales are recognized when such goods are checked at the consignees place at the end of agreed period.

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

3.2 Cash and equivalent to cash transactions includes bank deposit in type of saving, current and not exceeding three-month fixed deposit with no guarantee obligation.

3.3 The short term investments in mutual fund units are regarded as securities available for sales and valued at fair value. The company recognizes the change of value as separate caption in the shareholders' equity and accounted in the statement of income when such investment is sold.

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

3.5 The company constitutes allowance of returned products receipt at the rate of 20% of absolute accounts receivable which the company will consider to adjust such allowance when the receipt of returned products actually takes place.

3.6 Inventories

- Paper, raw materials, are valued at cost price under FIFO method or not realizable value, whichever is lower, work in process are valued at actual cost.
- Finished good 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 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 diminution 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.

3.7 Property Plant and Equipment

- 3.7.1 Decoration, office equipment, air-conditions and vehicles are recorded at cost less accumulated depreciation.
- 3.7.2 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.
- 3.7.3 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.

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

3.9 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 company's financial statements.

3.10 Items denominated in foreign currencies are recorded in Baht at the exchange rate ruling on the day that transaction occurs, while the remaining balances of assets and liabilities denominated in foreign currencies at the year-end are converted into Baht at the prevailing exchange rate on that date, and the gain or loss arising from such conversion is included in the related income statement.

3.11 Earning Per Share

- Basic 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.

3.12 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. The particular accounting policy for each transaction is respectively disclosed in each related caption.

4. Related Party Transactions

The company constitutes accounting transactions incurred with related entities, comprising the same group of shareholders or common directors. The materially remaining balance and inter-transactions between the company and related entities are as follows:

4.1 Inter-Asset and Liabilities

(Unit : '000 Baht)

	<u>Type of relation</u>	As of December 31,	
		<u>2002</u>	<u>2001</u>
<u>Accounts Payable</u>			
M AND E Co.,Ltd.	Associated Company	1,610	1,048
Nation Multi Media Group Public Co.,Ltd.	Shareholder	8,375	3,162
Nation Egmont Edutainment Co.,Ltd.	Related company with shareholder	4,479	2,440
Nation Edutainment Co.,Ltd.	Related company with shareholder	-	1,716

4.2 Inter-Revenues and Expenses

(Unit : '000 Baht)

	<u>Type of relation</u>	<u>For the Year</u>		<u>Policy of Inter-price Setting</u>
		<u>ended on December 31</u>		
		<u>2002</u>	<u>2001</u>	
<u>Purchase Goods Values</u>				
M AND E Co.,Ltd.	Associated Company	3,062	2,059	Market Price
Nation Multi Media Group Public Co.,Ltd.	Shareholder	20,281	8,349	Market Price
Nation Egmont Edutainment Co.,Ltd.	Related company with shareholder	14,070	12,384	Market Price
<u>Rental and Service Charge</u>				
Nation Multi Media Group Public Co.,Ltd.	Shareholder	9,498	6,534	Agreed upon Price
Nation Property Co.,Ltd.	Related company with shareholder	821	1,062	Agreed upon Price

5. Short - Term Investments

Consisted of:-

(Unit : Baht)

	<u>As of December 31,</u>	
	<u>2002</u>	<u>2001</u>
	<u>Securities Available for Sales :-</u>	
- Investment in Open-Ended Mutual Funds	299,927,592.82	175,753,417.98
- 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	<u>305,927,592.82</u>	<u>192,302,007.87</u>

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 fiancé 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.

6. Accounts and Notes Receivable - Net

Consisted of :-

(Unit : Baht)

	<u>As of December 31,</u>	
	<u>2002</u>	<u>2001</u>
Accounts Receivable		
In Credit Term	48,057,040.17	33,997,003.22
Over Credit Term less than 6 Months	21,300,939.16	26,624,656.06
Over Credit Term more than 6 Months to 12 Months	368,840.53	7,806,900.34
Over Credit Term more than 12 Months	15,251,986.58	27,392,716.73
Total	84,978,806.44	95,821,276.35
Notes Receivable	8,133,247.89	6,941,541.75
<u>Less</u> Allowance for Doubtful Debts	(24,324,876.00)	(27,932,453.46)
Allowance for Returned Goods	(3,637,117.52)	(3,970,107.25)
Net	65,150,060.81	70,860,257.39

7. Inventories-Net

Consisted of:-

(Unit : Baht)

	<u>As of December 31,</u>	
	<u>2002</u>	<u>2001</u>
Paper	850,523.98	233,851.67
Work-in-Process	5,198,493.23	6,696,815.00
Finished Goods	64,410,589.60	85,176,370.24
Finished Goods at Branches	77,530,585.77	64,538,753.77
Total	147,990,192.58	156,645,790.68
<u>Less</u> Allowance for Lost Goods	(18,368,485.23)	(15,034,462.13)
Allowance for Dilapidated and Slow Moving Goods	(24,035,163.79)	(20,296,267.78)
Net	105,586,543.56	121,315,060.77

8. Investments in Subsidiary and Associated Companies

Consisted of :-

	<u>Nature of Business</u>	<u>Paid-Up</u>	<u>Percentage</u>	As of December 31, 2002			
		<u>Share Capital</u>	<u>of Share</u>	<u>Cost</u>	<u>Investments</u>		<u>Dividend</u>
		<u>Baht</u>	<u>Holdings</u>	<u>Baht</u>	<u>Method</u>	<u>Baht</u>	<u>Baht</u>
Subsidiary Company							
SE-ED Book Center Co.,Ltd.	Business Consulting Firm	100,000.00	99.93%	99,930.00	Cost	99,930.00	-
Associated Company							
M AND E Co., Ltd.	Printing Office Company, Produces Technical Magazines and Engineering Manuals	400,000.00	25%	100,000.00	Equity	11,058,550.26	600,000.00
				199,930.00	11,158,480.26		600,000.00
	<u>Nature of Business</u>	<u>Paid-Up</u>	<u>Percentage</u>	As of December 31, 2001			
		<u>Share Capital</u>	<u>Of Share</u>	<u>Cost</u>	<u>Investments</u>		<u>Dividend</u>
		<u>Baht</u>	<u>Holdings</u>	<u>Baht</u>	<u>Method</u>	<u>Baht</u>	<u>Baht</u>
Subsidiary Company							
SE-ED Book Center Co.,Ltd.	Business Consulting Firm	25,000.00	99.93%	24,982.50	Cost	24,982.50	-
Associated Company							
M AND E Co., Ltd.	Printing Office Company, Produces Technical Magazines and Engineering Manuals	400,000.00	25%	100,000.00	Equity	9,628,410.73	400,000.00
				124,982.50	9,653,393.23		400,000.00

Investments in the SE-ED Book Center Co., Ltd., which is subsidiary company. The company recorded investment by cost method since the subsidiary company has not commenced its operation and investment value is not material to the company's financial statements.

The financial statements for the quarter and the year ended on December 31, 2002 and 2001, the company did not recognize participating profit or loss from investments in M AND E CO., LTD., since the associated company did not prepare the quarterly financial statements and year end closing. However, the company received the financial statements for the year ended on December 31, 2001 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, 2002 for the amount of Baht 2.03 million.

As of December 31, 2002 and 2001, investment in associated company was equivalent to 1.06 % over the Company's total assets equally for two years.

9. Property, Plant and Equipments-Net

Consisted of :-

(Unit : Baht)								
Descriptions	Land	Building	Building Decoration	Office Equipments	Air Conditioners	Vehicles	Work in Progress	Total
Cost:								
As of December 31, 2001	9,813,213.00	6,873,016.97	142,185,844.42	128,406,502.49	6,573,803.75	17,026,643.52	1,436,417.97	312,315,442.12
Purchase	-	-	26,891,982.63	42,863,197.23	-	4,841,564.60	7,971,509.83	82,568,254.29
Sale/Transfer	-	-	-	-	-	(423,936.82)	(737,503.10)	(1,161,439.92)
As of December 31, 2002	9,813,213.00	6,873,016.97	169,077,827.05	171,269,699.72	6,573,803.75	21,444,271.30	8,670,424.70	393,722,256.49
Accumulated Depreciation:								
As of December 31, 2001	-	(5,213,642.73)	(87,903,652.58)	(72,191,150.50)	(6,169,729.81)	(8,257,629.20)	-	(179,735,804.82)
Depreciation For year	-	(285,355.14)	(18,614,461.76)	(20,049,097.34)	(225,832.52)	(3,094,067.57)	-	(42,268,814.33)
Sale/Transfer	-	-	-	-	-	418,009.82	-	418,009.82
As of December 31, 2002	-	(5,498,997.87)	(106,518,114.34)	(92,240,247.84)	(6,395,562.33)	(10,933,686.95)	-	(221,586,609.33)
Surplus from Assets Revaluation:								
As of December 31, 2001	23,702,187.00	12,507,357.64	-	-	-	-	-	36,209,544.64
Surplus from Asset Revaluation	(32,219.00)	(201,121.79)	-	-	-	-	-	(233,340.79)
As of December 31, 2002	23,669,968.00	12,306,235.85	-	-	-	-	-	35,976,203.85
Accumulated Depreciation-Surplus								
As of December 31, 2001	-	(1,878,977.63)	-	-	-	-	-	(1,878,977.63)
Depreciation for the year	-	(2,761,994.35)	-	-	-	-	-	(2,761,994.35)
Sale/Transfer	-	4,203,941.99	-	-	-	-	-	4,203,941.99
As of December 31, 2002	-	(437,029.99)	-	-	-	-	-	(437,029.99)
Net Book Value:								
As of December 31, 2001	33,515,400.00	12,287,754.25	54,282,191.84	56,215,351.99	404,073.94	8,769,014.32	1,436,417.97	166,910,204.31
As of December 31, 2002	33,483,181.00	13,243,224.96	62,559,712.71	79,029,451.88	178,241.42	10,510,584.35	8,670,424.70	207,674,821.02
Depreciation in the income statement								
As of December 31, 2001								32,500,353.39
As of December 31, 2002								42,268,814.33

As of November 14, 2002, the company assigned an independent professional appraiser to appraise every land and building prices. Its value are as follows:

	<u>Book Value</u>	<u>Appraised Price</u> <u>(Market Price Method)</u>	<u>Appraise Price higher</u> <u>(lower) than Book Value</u>
Land	33,515,400.00	33,483,181.00	(32,219.00)
Building	9,713,998.80	13,716,819.00	4,002,820.20
Total	43,229,398.80	47,200,000.00	3,970,601.20

The company accounted surplus from land and building price appraisal in the shareholders' equity in the balance sheet in amount of Baht 4.00 millions.

Land and part of construction in book value as of December 31, 2002, in amount of Baht 43.59 million were pledged as collateral against bank overdrafts and long-term loans due to commercial banks.

10. Leasehold - Buildings

The leasehold-buildings are mainly areas leased right in leading shopping center for SE-ED Book Center branches. Part of the leaseholds with book value in amount of Baht 85.48 million were pledged as collateral against long-term loans and bank overdrafts from commercial banks.

11. Assets Pending for Sales - Net

Consisted of:-

	(Unit : Baht)	
	<u>2002</u>	<u>2001</u>
Cost	57,720,564.64	57,720,564.64
Sales of Commercial Building plus Land	(3,600,000.00)	-
Transfer Received from Assets not used for Operation	12,315,707.00	-
Total	<u>66,436,271.64</u>	<u>57,720,564.64</u>
Accumulated Depreciation B/F	(816,995.19)	(810,662.02)
Depreciation for the year	(10,827.69)	(6,333.17)
Decrease from Selling	827,822.88	-
Total	<u>-</u>	<u>(816,995.19)</u>
Surplus from Assets Revaluation B/F	720,000.00	-
Increase in the period from new Appraisal	8,384,293.00	-
Reclassification	-	720,000.00
Decrease in the period from selling	(720,000.00)	-
Total	<u>8,384,293.00</u>	<u>720,000.00</u>
Allowance for Impairment of Assets B/F	(21,616,072.50)	(21,560,564.65)
Reclassification	-	(55,507.85)
Decrease in the period from selling	55,507.85	-
Decrease in the period from New Appraisal	(2,559,999.99)	-
Total	<u>(24,120,564.64)</u>	<u>(21,616,072.50)</u>
Net	<u>50,700,000.00</u>	<u>36,007,496.95</u>

As of December 31, 2002, partly in amount of Baht 12.32 million was land whose transfer was received from land-not used for operation in accordance with the note No.12 whereby the transferred amount was the acquisition cost.

As of November 14, 2002, the company assigned an independent professional appraiser to appraise every land and building pending for sales. Its value are as follows:

	<u>Book Value</u>	<u>Appraise Price</u> (Market Price Method)	<u>Appraise Price higher</u> <u>(lower) than Book Value</u>
Land Blank	12,315,707.00	20,700,000.00	8,384,293.00
Land with Building	32,559,999.99	30,000,000.00	(2,559,999.99)
Total	44,875,706.99	50,700,000.00	5,824,293.01

The company accounted surplus from assets appraisal in the shareholders' equity in the balance sheet in the year 2002 from the assets revaluation since the appraised value was higher than its book value in amount of Baht 8.38 million. Moreover, the commercial building plus land holds its appraised value below its book value in amount of Baht 2.56 million. The Company has accounted loss from impairment in the statement of income of year 2002.

As of December 31, 2002 and 2001, asset pending for sales which was Land and construction in amount Baht 54.12 million (Book Value) were pledged as collateral against bank overdrafts and long-term loans from commercial banks.

12. Land and Building not used for Operation-Net

Consisted of :-

				(Unit : Baht)
	<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>
Cost:				
As of December 31, 2001	64,241,315.93	658,413.00	6,599,142.50	71,498,871.43
Transfer to Assets pending for Sales	(12,315,707.00)	-	-	(12,315,707.00)
As of December 31, 2002	51,925,608.93	658,413.00	6,599,142.50	59,183,164.43
Accumulated Depreciation:				
As of December 31, 2001	-	(27,417.84)	(3,275,387.85)	(3,302,805.69)
Depreciation for the year	-	(65,841.28)	(284,931.46)	(350,772.74)
As of December 31, 2002	-	(93,259.12)	(3,560,319.31)	(3,653,578.43)
Allowance for Impairment				
As of December 31, 2001	(17,495,608.93)	-	(377,721.39)	(17,873,330.32)
Decline of Assets Appraised Price during the Period	-	-	(16,262.73)	(16,262.73)
As of December 31, 2002	(17,495,608.93)	-	(393,984.12)	(17,889,593.05)
Surplus from Asset Revaluation				
As of December 31, 2001	-	-	-	-
Increase in Assets Appraised Price during the Period	2,387,320.00	-	-	2,387,320.00
As of December 31, 2002	2,387,320.00	-	-	2,387,320.00
Net Book Value:				
As of December 31, 2001	46,745,707.00	630,995.16	2,946,033.26	50,322,735.42
As of December 31, 2002	36,817,320.00	565,153.88	2,644,839.07	40,027,312.95
Depreciation in the income statement for the year				
ended on December 31, 2001				139,738.25
ended on December 31, 2002				350,772.74

As of November 14, 2002, the company assigned an independent professional appraiser to appraise every land and building not used for operation. Its value are as follows:

	<u>Book Value</u>	<u>Appraise Price</u>	<u>Appraise Price higher (lower) than Book Value</u>
Land Blank	32,000,000.00	32,000,000.00	-
Land which place Building	2,430,000.00	4,817,320.00	2,387,320.00
Building	2,698,942.73	2,682,680.00	(16,262.73)
Total	37,128,942.73	39,500,000.00	2,371,057.27

In 2002, the company has accounted surplus from land price appraised where it is the location of commercial building in amount of Baht 2.39 millions in the shareholders' equity and recognized loss from impairment of commercial building in Baht 0.02 million in the statement of income.

Land not used for operation was pledged as collateral against bank overdrafts and long-term loans from commercial banks.

13. Dividend Payment and Appropriation of Legal Reserve

In according with the general meeting of shareholders No.1/2002 (B.E.2545) held on April 29, 2002, it was unanimously approved of dividend payment from the earnings resulted from non-exempted corporate income tax for the operating result of year 2001 to shareholders in accordance with the normal dividend policy of the Company at Baht 3.00 per share and special case for dividend payment at Baht 2.00 per share, since the company obtained substantial liquidity cash in hand and sufficient cash to repay all of long-term loans before due date since the first quarter in 2001 and able to expand the business in accordance with its plan. The dividend was paid out on May 29, 2002, the total amount of dividend payment is Baht 5.00 per share totalling Baht 105.49 million. Moreover, the appropriations of earnings to the legal reserve at 5% of net profit for the year 2001 amounted to Baht 6.19 million.

14. Warrant

14.1 Warrants to existing shareholders

On April 30, 2001, the general meeting of shareholders resolved that the company issued 10,549,356 warrants to purchase ordinary shares and fully offered to existing shareholders at the price of zero Baht at ratio of 2 former ordinary shares to 1 warrant. The residual will be written off from the exercise of warrants. The rate of right exercise of 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 of warrants. The holders of warrants have been able to exercise since the warrants have been matured of 2 years on December 15, 2003. Right exercise is available every 3 months and the last right can be exercised on December 15, 2006.

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

On April 30, 2001, the general meeting of shareholders resolved that the company issued warrants to purchase ordinary shares whose names and holders are definable but not changeable (except the warrants held by the sub-agent.) numbering 3,164,800 units to directors, employees and the sub-agent at the offered price of zero Baht each, the exercise right of 1 warrant is convertible to 1 ordinary share at the price of Baht 10 per share. It is divided into 5 versions. The right is initially exercised on January 15, 2003. The period of right exercise for each version lasts for every one year. Right exercise is available every 3 months and the final right can be exercised on January 14, 2008. The right of each version can be exercised to purchase ordinary shares in the proportion of 10%, 10%, 10%, 30% and 40% of entire number of rights received respectively.

15. Directors' Remuneration

For the quarter and year ended on December 31, 2002 and 2001, director's 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.

16. Corporate Income Tax

For the year ended of December 31, 2002, The company calculated income tax at 25% of net book profit before recognition of participating gain (loss) from investments in associated company plus prohibited expenses under the Revenue Code over which taxable rate is the new rate attributable to Royal Decree No. 387 B.E. 2544, (In 2001, income tax at 30%)

17. Basic and Diluted Earnings Per Share

For the Quarter ended on December 31, 2002

	<u>Net Profit</u>	<u>Weighted Average</u>	<u>Earnings per share</u>
		<u>of Common Share</u>	
	<u>(’000 Baht)</u>	<u>(’000 Share)</u>	<u>Baht</u>
Basic earnings per share			
Net profit	21,741	21,099	1.03
Equivalent number of shares		10,147	
Diluted earnings per share			
Profit on behalf of shareholders and may converse to ordinary shares	21,741	31,246	0.70

For the Year ended on December 31, 2002

	<u>Net Profit</u>	<u>Weighted Average</u>	<u>Earnings per share</u>
		<u>of Common Share</u>	
	<u>(’000 Baht)</u>	<u>(’000 Share)</u>	<u>Baht</u>
Basic earnings per share			
Net profit	102,255	21,099	4.85
Equivalent number of shares		9,715	
Diluted earnings per share			
Profit on behalf of shareholders and may converse to ordinary shares	102,255	30,814	3.32

18. Disclosure of Sectoral Business Operations

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

19. The Income Statements for the Quarter ended on December 31, 2002 and 2001

The income statements for the quarters ended on December 31, 2002 and 2001, 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	
	(Unit : '000 Baht)	
	For the Quarters	
	ended on December 31,	
	<u>2002</u>	<u>2001</u>
REVENUES FROM OPERATION		
Sales	544,875	446,537
Other Income	6,704	2,568
Total Revenues	<u>551,579</u>	<u>449,105</u>
EXPENSES FROM OPERATION		
Cost of Sales	374,613	313,400
Selling and Administrative Expenses	145,671	94,816
Directors' Remuneration	(Note 15) 147	147
Total Expenses	<u>520,431</u>	<u>408,363</u>
PROFIT BEFORE INTEREST EXPENSES AND		
CORPORATE INCOME TAX	31,148	40,742
INTEREST EXPENSES	(30)	(85)
CORPORATE INCOME TAX	(Note 16) (9,377)	(13,640)
NET PROFIT	<u>21,741</u>	<u>27,017</u>
BASIC EARNINGS PER SHARE (BAHT)	1.03	1.28
DILUTED EARNINGS PER SHARE (BAHT)	0.70	1.21

20. 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 equally the other portion to the provident fund which one domestic finance institute is the fund manager.

21. 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 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.

21.1 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.

21.2 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.

21.3 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 values. Regarding the short-term investment, the company has adjusted investment value to its fair value.

22. Obligations and Contingent Liabilities

Apart from various liabilities which reflected in the financial statements as of December 31, 2002 and 2001, the company also constitutes contingent liability and obligation with a bank in relation to letter of guarantee for the amount of Baht 4.13 million and Baht 3.95 million respectively.

23. Various Contract

The Company holds the contract of building rental and contract of service with the Related company and outside party so as to use as head office and the distribution center of merchandise. Unless the company conducted the contract of area rental so as for branches office totalling 111 branches. Such leased contract comprises maturity from 1-10 years. The company, constitutes rental and service expense totally in approximate amount of Baht 143.60 million per year and conduct the lease contract to use as one inventory store (Kingkwaew Road). The contract lasts for three years.

24. Approval of Financial Statements

These financial statements have been approved by the Company's Board of Directors.

25. Subsequent Event

As of January 15, 2003, the warrants holders group 2 in 282,260 units have exercised their rights in the purchase of ordinary shares in number of 282,260 shares at the price of Baht 10.00 per shares aggregating to Baht 2.82 million. As a result, the paid-up share capital of the company increased from Baht 210.98 millions to Baht 213.80 millions. The company registered the paid-up increased share capital at the Ministry of commerce on January 28, 2003. Hence, the company remains the outstanding warrants for the directors, employees and the sub-agent in 2,882,540 units.
