

REVIEW REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED,

I have reviewed the balance sheet of SE-EDUCATION PUBLIC COMPANY LIMITED as of September 30, 2004, the related statements of income for the three-month and the nine-month periods ended on September 30, 2004 and 2003, changes in shareholders' equity and cash flow for the nine-month periods ended on September 30, 2004 and 2003 of SE-EDUCATION PUBLIC COMPANY LIMITED. 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 auditing standards 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 material misstatement. A review is limited primarily to inquiry of company's 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.

I have previously audited, in accordance with generally accepted auditing standards, the financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED for the year ended on December 31, 2003, and expressed an unqualified opinion in the report thereon dated February 20, 2004. The comparative balance sheet as of December 31, 2003, presented herein for comparison, is an integral part of such financial statements which I have audited and reported thereon. I did not perform any other audit procedures subsequent to the date in such report.

SAM NAK-NGAN A.M.C. CO., LTD.

(Miss Susan Eiamvanicha)

Certified Public Accountant (Thailand) No. 4306

Bangkok,

November 4, 2004

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of September 30, 2004 and December 31, 2003

(Unit : '000 Baht)

	2004	2003
	Unaudited	Audited
	Limited Review Only	
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalent	67,020	146,375
Short-term investment-net (net from allowance for diminution of value in the third quarter of 2004 and year 2003 in amount of Baht (5,249) thousand and Baht 1,078 thousand respectively)	162,550	257,050
Trade accounts and notes receivable-net (Note 3)	69,902	79,115
Inventories-net (Note 4)	157,902	137,212
Other accounts receivable-securities company	38,400	-
Other current assets	28,702	22,910
TOTAL CURRENT ASSETS	524,476	642,662
NON-CURRENT ASSETS		
Investments in subsidiary and associated companies (Note 5)	34,999	33,961
Property, plant and equipment-net (Note 6)	228,797	221,894
Leasehold on buildings-net (Note 7)	131,228	118,835
Assets pending for sale-net	21,000	21,000
Land and building not used for operation - net (Note 8)	32,450	32,499
Guarantee for rental and deposit	36,354	34,324
TOTAL NON-CURRENT ASSETS	484,828	462,513
TOTAL ASSETS	1,009,304	1,105,175

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of September 30, 2004 and December 31, 2003

(Unit : '000 Baht)

	2004	2003
	Unaudited	Audited
	Limited Review Only	
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Bank overdrafts	16,622	20,821
Trade accounts and notes payable	395,976	417,170
Accrued expenses	33,225	24,958
Accrued corporate income tax	8,243	36,178
Other current liabilities	56,886	37,846
TOTAL CURRENT LIABILITIES	510,952	536,973
NON-CURRENT LIABILITIES		
Other non-current liabilities	2,463	2,158
TOTAL NON-CURRENT LIABILITIES	2,463	2,158
TOTAL LIABILITIES	513,415	539,131

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of September 30, 2004 and December 31, 2003

(Unit : '000 Baht)

	2004	2003
	Unaudited Limited Review Only	Audited
SHAREHOLDERS' EQUITY		
Share capital (Note 9)		
Registered share capital		
348,128,690 ordinary shares @ Baht 1.00	348,129	348,129
Issued and paid-up share capital		
313,485,260 ordinary shares @ Baht 1.00	313,485	-
255,071,000 ordinary shares @ Baht 1.00	-	255,071
Premiums on share capital	143,963	107,830
Capital surplus from assets revaluation	20,105	21,954
Unrealized gain (loss) - securities available for sale	(5,249)	1,078
Retained earnings		
Appropriated		
Legal reserve	31,102	25,132
Unappropriated	115,124	154,979
<u>Less</u> Treasury stock 19,783,600 shares @ Baht 6.20 (Note 12)	(122,641)	-
TOTAL SHAREHOLDERS' EQUITY	495,889	566,044
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,009,304	1,105,175

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

SE-EDUCATION PUBLIC COMPANY LIMITED

INCOME STATEMENTS

(Unit : '000 Baht)

	For the three-month period		For the nine-month period		
	ended on September 30,		ended on September 30,		
	2004	2003	2004	2003	
REVENUES FROM OPERATION					
Sales	713,325	630,676	2,071,769	1,714,203	
Other income	2,467	11,271	16,675	29,024	
Participating gain in the associated companies	-	-	1,738	2,219	
TOTAL REVENUES	715,792	641,947	2,090,182	1,745,446	
EXPENSES FROM OPERATION					
Cost of sales	506,006	431,475	1,447,711	1,180,043	
Selling and administrative expenses	180,271	157,704	524,903	430,915	
Directors' remuneration	469	168	2,731	1,496	
Participating loss in the associated companies	90	-	-	-	
TOTAL EXPENSES	686,836	589,347	1,975,345	1,612,454	
PROFIT BEFORE INTEREST					
EXPENSES AND CORPORATE INCOME TAX	28,956	52,600	114,837	132,992	
INTEREST EXPENSES	(106)	(45)	(189)	(154)	
CORPORATE INCOME TAX	(9,181)	(14,982)	(34,334)	(34,950)	
NET PROFIT	19,669	37,573	80,314	97,888	
BASIC EARNINGS PER SHARE (Unit : Baht)	(Note 13)	0.07	0.18	0.29	0.46
DILUTED EARNINGS PER SHARE (Unit : Baht)	(Note 13)	0.06	0.16	0.26	0.41

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 nine-month period ended on September 30, 2004 and 2003

(Unit : '000 Baht)

	Issued and paid-up share capital	Premiums on share capital	Capital surplus from assets revaluation	Unrealized gain(loss) - securities available for sale	Retained earnings		Treasury stock	Total
					Appropriated	Unappropriated		
Balance as of January 1, 2004	255,071	107,830	21,954	1,078	25,132	154,979	-	566,044
Depreciation-capital surplus from assets revaluation	-	-	(1,849)	-	-	-	-	(1,849)
Unrealized loss - securities available for sale	-	-	-	(6,327)	-	-	-	(6,327)
Unrealized transaction in the income statements	255,071	107,830	20,105	(5,249)	25,132	154,979	-	557,868
Shares purchased by exercising warrants of shareholders, directors, employees (Note 10)	58,414	36,133	-	-	-	-	-	94,547
Appropriation for legal reserve - in the period (Note 11)	-	-	-	-	5,970	(5,970)	-	-
Dividend payment (Note 11)	-	-	-	-	-	(114,199)	-	(114,199)
Purchase of treasury stock (Note 12)	-	-	-	-	-	-	(122,641)	(122,641)
Net profit for the period	-	-	-	-	-	80,314	-	80,314
Balance as of September 30, 2004	313,485	143,963	20,105	(5,249)	31,102	115,124	(122,641)	495,889
Balance as of January 1, 2003	210,987	81,043	46,311	1,437	15,125	168,712	-	523,615
Depreciation-capital surplus from assets revaluation	-	-	(2,194)	-	-	-	-	(2,194)
Capital surplus from assets revaluation- sales in the period	-	-	(7,977)	-	-	-	-	(7,977)
Unrealized loss - securities available for sale	-	-	-	(1,934)	-	-	-	(1,934)
Unrealized transaction in the income statements	210,987	81,043	36,140	(497)	15,125	168,712	-	511,510
Shares purchased by exercising warrants of directors, employees (Note 10)	2,861	-	-	-	-	-	-	2,861
Appropriation for legal reserve - in the period (Note 11)	-	-	-	-	6,265	(6,265)	-	-
Dividend payment (Note 11)	-	-	-	-	-	(138,994)	-	(138,994)
Net profit for the period	-	-	-	-	-	97,888	-	97,888
Balance as of September 30, 2003	213,848	81,043	36,140	(497)	21,390	121,341	-	473,265

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 nine-month period ended on September 30, 2004 and 2003

(Unit : '000 Baht)

	2004	2003
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit	80,314	97,888
Adjustment to net profit for cash receipts (payments) from operation		
Depreciation - assets for operation	47,002	38,839
Depreciation - assets not used for operation	49	114
Leasehold written-off	6,947	6,371
Loss from lost goods	20,056	15,143
Loss from dilapidated and slow moving goods	6,023	6,990
Loss from returned goods	549	1,175
Doubtful debts and bad debt - trade accounts receivable	285	1,539
Adjustment for clearing of trade accounts payable	660	(4,037)
Participating gain from associated companies	(1,738)	(2,219)
Loss from donated assets	36	-
Realized (gain) loss on disposal of securities available for sale	1,552	(554)
Gain on disposal of assets	(181)	(5,734)
Profit from operating before change in operating assets and liabilities	161,554	155,515
(Increase)Decrease in trade accounts and notes receivable	8,379	1,605
(Increase)Decrease in inventories	(46,769)	(35,926)
(Increase)Decrease in other accounts receivable-securities company	(38,400)	-
(Increase)Decrease in other current assets	(5,791)	(6)
(Increase)Decrease in guarantee for rental and deposit	(2,030)	(4,798)
Increase(Decrease) in trade accounts and notes payable	(21,854)	11,916
Increase(Decrease) in accrued corporate income tax	(27,935)	(6,883)
Increase(Decrease) in accrued expenses	8,267	(116)
Increase(Decrease) in other current liabilities	19,039	35,438
Increase(Decrease) in non-other current liabilities	305	(1,548)
Net cash received from (used in) operating activities	54,765	155,197

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 nine-month period ended on September 30, 2004 and 2003

(Unit : '000 Baht)

	2004	2003
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of securities available for sale	(211,698)	(65,000)
Cash receipt from disposal of securities available for sales	298,319	131,937
Purchase of investment in subsidiary and associated companies	-	(23,000)
Purchase of assets	(55,791)	(67,353)
Cash receipt from disposal of assets	182	27,956
Purchase of leasehold	(19,340)	-
Dividend receipt from investment in associated company	700	600
Net cash received from (used in) investing activities	<u>12,372</u>	<u>5,140</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Increase (Decrease) in bank overdrafts	(4,199)	(12,239)
Cash receipt from warrants exercised to purchase shares	94,547	2,861
Purchase of treasury stock	(122,641)	-
Dividend payment	(114,199)	(138,994)
Net cash received from (used in) financing activities	<u>(146,492)</u>	<u>(148,372)</u>
Cash and cash equivalent increase (decrease) - net	(79,355)	11,965
Cash and cash equivalent at the beginning of the period	<u>146,375</u>	<u>78,886</u>
Cash and cash equivalent at the end of the period	<u><u>67,020</u></u>	<u><u>90,851</u></u>
Supplementary disclosures to the cash flow statements		
1. Cash paid during the period:		
Interest paid	189	154
Corporate income tax	62,269	41,833
2. Items do not affect cash flow		

As of September 30, 2004 and 2003, the Company adjusted unrealizable loss on revaluation of securities available for sale with the

2. shareholders' equity amounting Baht (6.33) million and Baht (1.93) million respectively.

3. Cash and cash equivalent are cash and deposits at bank for fixed periods not exceeding 3 months.

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

September 30, 2004 and 2003 (Unaudited/Limited Review Only)

and December 31, 2003 (Audited)

1. Basis of interim financial statement and accounting policies

1.1 The interim financial statements were prepared under the generally accepted accounting principles in Thailand and presented by the condensed form as determined in the accounting standard No.41 on “The Interim Financial Statements” and included additional transactions in the primary financial statements, i.e. balance sheets, statements of income, changes in the shareholders’ equity and cash flow. All of which are in the format determined in the announcement of the Department of Commercial Registration (B.E. 2544) on the subject of condensed transactions which need to exist in the financial statements to comply with the announcement of Securities and Exchange Commission and also the regulations of the Stock Exchange of Thailand.

The significant accounting policies used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended on December 31, 2003; therefore the interim financial statements should be read in conjunction with the financial statements for the accounting year of 2003.

1.2 The Company prepared the financial statements in the Thai language in accordance with Thai Law, which were then translated into English language for the convenience of the reader.

2. Inter-company 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-company transaction between the company and related entities are as follows: -

2.1 Inter-assets and liabilities

(Unit : '000 Baht)			
	<u>Types of relationship</u>	<u>As of September 30, 2004</u>	<u>As of December 31, 2003</u>
<u>Trade accounts payable</u>			
M AND E Co., Ltd.	Associated company	2,411	-
Nation Multi Media Group Public Co., Ltd.	Shareholders	8,273	11,545
Nation Egmont Edutainment Co., Ltd.	Company related with shareholders	4,850	4,629

2.2 Inter-revenues and expenses

(Unit : '000 Baht)

	<u>Types of relationship</u>	For the nine-month period		<u>Policy of inter-company price setting</u>
		ended on September 30		
		<u>2004</u>	<u>2003</u>	
<u>Purchase goods values</u>				
M AND E Co., Ltd.	Associated company	3,437	3,524	Market price
Nation Multi Media Group Public Co., Ltd.	Shareholders	34,664	32,010	Market price
Nation Egmont Edutainment Co., Ltd.	Company related with shareholders	12,512	10,325	Market price
<u>Rental and service charge</u>				
Nation Multi Media Group Public Co., Ltd.	Shareholder	5,692	12,521	Agreed upon price

3. Trade accounts and notes receivable - net

As of September 30, 2004 and December 31, 2003, trade accounts receivable were classified by aging overdue as follows: -

(Unit : '000 Baht)

	<u>As of September 30, 2004</u>	<u>As of December 31, 2003</u>
Trade accounts receivable		
Within credit term	31,378	57,632
Over credit term for less than 6 months	35,314	24,294
Over credit term for more than 6 months to 12 months	17,956	1,425
Over credit term for more than 12 months	9,911	20,254
Total	94,559	103,605
Notes receivable	4,312	3,645
<u>Less</u> Allowance for doubtful debts	(24,607)	(24,322)
Allowance for returned goods	(4,362)	(3,813)
Net	69,902	79,115

4. Inventories - net

Consisted of: -

(Unit : '000 Baht)

	<u>As of September 30, 2004</u>	<u>As of December 31, 2003</u>
Inventories	209,685	183,906
<u>Less</u> Allowance for lost goods	(15,128)	(16,062)
Allowance for dilapidated and slow moving goods	(36,655)	(30,632)
Net	157,902	137,212

5. Investments in subsidiary and associated companies

Consisted of: -

	<u>Nature of business</u>	<u>Paid-up share capital</u> '000 Baht	<u>Percentage of share holdings</u>	<u>Cost</u> '000 Baht	As of September 30, 2004		
					<u>Investments</u> method	<u>'000 Baht</u>	<u>Dividend</u> '000 Baht
<u>Subsidiary company</u>							
SE-ED Book Center Co., Ltd.	Business consulting firm	100	99.93%	100	Cost	100	-
<u>Associated companies</u>							
M AND E Co., Ltd.	Printing office company, produces technical magazines and engineering manuals	400	25%	100	Equity	14,900	700
Ploen Patt Co., Ltd.	Institute of private education - Ploen Pattana School	80,000	28.75%	23,000	Equity	19,999	-
				23,200	34,999		700

	<u>Nature of business</u>	<u>Paid-up share capital</u> '000 Baht	<u>Percentage of share holdings</u>	<u>Cost</u> '000 Baht	As of December 31, 2003		
					<u>Investments</u> method	<u>'000 Baht</u>	<u>Dividend</u> '000 Baht
<u>Subsidiary company</u>							
SE-ED Book Center Co., Ltd.	Business consulting firm	100	99.93%	100	Cost	100	-
<u>Associated companies</u>							
M AND E Co., Ltd.	Printing office company, produces technical magazines and engineering manuals	400	25%	100	Equity	12,678	600
Ploen Patt Co., Ltd.	Institute of private education - Ploen Pattana School	80,000	28.75%	23,000	Equity	21,183	-
				23,200	33,961		600

For the investments in the SE-ED Book Center Co., Ltd., which is a subsidiary company, the Company recorded such investment by cost method since the investment's value in the subsidiary company did not materially effect the Company's financial statements.

For the nine-month periods ended on September 30, 2004 and 2003, the Company did not recognize participating from operations in M AND E Co., Ltd., since the associated company did not prepare the quarterly financial statements. However, the Company received the financial statements for the year ended on December 31, 2003 of M AND E Co., Ltd., which were audited by another auditor. The Company, consequently, recorded participating from operations in such associated company in the income statement of the second quarter of 2004. For the three-month and the nine-month periods ended on September 30, 2004 it was recorded for the amount of Baht 2.92 million, which equivalent to 3.63 % of net profit. As of September 30, 2004 and December 31, 2003, the investment in the associated company were recorded for the amount of Baht 14.90 million and Baht 12.68 million, which equivalent to 1.48 % and 1.15 % of the Company's total assets respectively.

The financial statements for the three-month and nine-month periods ended on September 30, 2004 of Ploen Patt Co., Ltd., which is an associated company, were used to account for investment by equity method. These financial statements have been reviewed by another auditor. The investment in such associated company in amount of Baht 20.00 million was equivalent to 1.98 % of the Company's total asset in the balance sheet and participation in loss from operation in that associated company as presented in the income statement for the nine-month period ended on the same date was Baht 1.18 million, which equivalent to 1.47 % of the Company's net profit.

The financial statements for the period from May 1 to December 31, 2003 of Ploen Patt Co., Ltd., which is an associated company, were used to account for investment by equity method and these financial statements for the year ended on December 31, 2003 have not been audited by the auditor. The investment in such associated company in amount of Baht 21.18 million was equivalent to 1.91 % of the Company's total assets in the balance sheet and participation in loss from operation in that associated company as presented in the income statement for the year ended on the same date was Baht 1.82 million, which equivalent to 1.15 % of the Company's net profit.

6. Property, plant and equipment - net

For the nine-month period ended on September 30, 2004 consisted of : -

	(Unit : '000 Baht)
Net book value at the beginning of the period	221,894
Purchases of assets	55,791
Donated assets	(36)
Disposal of assets	(1)
Depreciation in the income statement	(47,002)
Depreciation-capital surplus from assets revaluation (Presented under shareholders' equity item)	(1,849)
Net book value at the ending of the period	<u>228,797</u>

7. Leasehold on buildings-net

The leasehold on buildings in the amount of Baht 128.31 million were leasehold rights for areas in leading shopping centers in order to open 11 branches of SE-ED Book Center. Most of these leaseholds were for the period of approximately 30 years. For the nine-month period ended on September 30, 2004, these leasehold rights were amortized to expenses by the amount of Baht 6.95 million and the amount of Baht 2.92 million were leasehold rights for areas in subway stations, which the operation has not started yet.

8. Land and building not used for operation-net

For the nine-month period ended on September 30, 2004 consisted of: -

	(Unit : '000 Baht)
Net book value at the beginning of the period	32,499
Depreciation	(49)
Net book value at the ending of the period	<u>32,450</u>

9. Share capital

In accordance with the resolutions of shareholders' general meeting No.1/2003 held on April 23, 2003 it was resolved to approve the change in the par value (Splitting par value) from former of Baht 10.00 to Baht 1.00 per share. As a result, the Company's registered capital of Baht 348.13 million was divided into 348.13 million shares of Baht 1.00 each, where the whole amount of registered capital composed of ordinary shares. On May 22, 2003, the Company registered the approved change of its share capital with the Ministry of Commerce.

10. Warrants

For the nine-month period ended on September 30, 2004, directors and employees had exercised their rights to purchase ordinary shares in number of 2,824,900 units and shareholders had exercised their rights to purchase ordinary shares in number of 55,589,360 units which were warrants issued in accordance with the resolution of the shareholders meeting No.1/2001 held on April 30, 2001. Thus, the Company had increased the issued and paid up share capital and the premiums on share capital by the total of Baht 58.41 million and 36.13 million respectively. The Company registered the change in paid-up share capital in full amount as demanded on September 27, 2004 and remained the balance of exercisable warrants but not yet exercise in number of 25,949,910 units for directors and employees and 8,693,390 units for shareholders.

As mentioned in the note to the financial statements No. 9, on April 23, 2003, the general meeting of shareholders of the Company resolved approve the splitting of the Company's shares. As a result, the warrants for existing shareholders and for directors, employees and the security sub-agent were split into 105,493,430 units and 28,800,830 units, the exercised price of the warrants for existing shareholders to be changed from the former of Baht 16.50 per share to Baht 1.65 per share and the warrants for directors, employees and the security sub-agent to be changed from the former Baht 10.00 per share to Baht 1.00 per share. The exercise ratio of the warrants is 1 warrant per 1 ordinary share.

11. Dividend payment and legal reserve

- 11.1 In accordance to the resolutions of the Company's Board meeting no. 3/2004 held on August 11, 2004, it was resolved to authorise payment of interim dividends from the operating result for the three-month period ended on June 30, 2004 at Baht 0.10 per share totaling Baht 29.31 million. The interim dividends were paid on September 8, 2004. The meeting also resolved to appropriate net profit to legal reserve at 5% of the operating result of the second quarter of 2004 amounting to Baht 1.56 million.
- 11.2 In accordance to the resolutions of the Company's Board meeting no. 2/2004 held on May 14, 2004, it was resolved to authorise payment of interim dividends from the operating result for the three-month period ended on March 31, 2004 at Baht 0.10 per share totaling Baht 27.74 million. The interim dividends were paid on June 14, 2004. The meeting also resolved to appropriate net profit to legal reserve at 5% of the operating result of the first quarter of 2004 amounting to Baht 1.47 million.
- 11.3 In accordance to the resolutions of the shareholders' general meeting no. 1/2004 held on April 27, 2004, it was resolved to authorise payment of dividends from the 2003 operating result at Baht 0.50 per share. As the Company had already paid interim dividends in 2003 at Baht 0.30 per share, thus the Company would pay additional dividends at Baht 0.20 per share, aggregating to the total of Baht 57.15 million. The dividends were paid on May 24, 2004. The meeting also resolved to appropriate net profit to legal reserve at 5% of net profit for year 2003 amounting to Baht 2.94 million.
- 11.4 In accordance to the resolutions of the boards of directors meeting No. 3/2003 held on August 11, 2003, it was unanimously resolved to authorise payment of interim dividends from the three-month period result of operation ended on June 30, 2003 at the rate of Baht 0.10 per share totaling to Baht 21.38 million. The dividends were paid on September 5, 2003.
- 11.5 In accordance to the resolutions of the Company's Board Meeting no. 2/2003 held on May 12, 2003, it was resolved to authorise payment of interim dividends from the operating result for the three-month period ended on March 31, 2003 at Baht 1.0 per share (dividend ratio before splitting the shares), totaling of Baht 21.38 million. It was also resolved to appropriate net profit to legal reserve at 5% of net profit from the operating result of the first quarter of 2003 amounting to Baht 1.15 million.
- 11.6 In accordance to the resolutions of shareholders' general meeting no. 1/2003 held on April 23, 2003, it was resolved to authorise payment of dividends from the 2002 operating result at Baht 4.50 per share, totaling Baht 96.23 million. The dividends were paid on May 16, 2003. The meeting also resolved to appropriate net profit to legal reserve at 5% of net profit to year 2002 amount to Baht 5.11 million.

12. Treasury stock

In accordance to the resolutions of the Board of directors' meeting No. 1/2004 held on February 24, 2004, it was resolved to buy back shares with the objective for financial management as the Company had excess liquidity. The Company, therefore, set up a project to buy back 25.78 million shares with the limiting amount of not more than Baht 160 million. The buy back of shares was determined to be proceeded from March 11, 2004 to September 11, 2004. From April 2, 2004 to September 8, 2004 the total shares bought back under the said project amounted to 19.78 million shares with the total value of Baht 122.64 million. The Company set a policy to sale buy back of shares to less than 3 years after the six-month of buy back period.

In accordance to the resolutions of the board of directors' meeting No. 4/2004 held on September 6, 2004, it was resolved to increase the amount of money for buy back shares by Baht 10 million. Therefore formerly the maximum amount of Baht 160 million for buying back shares changed to the maximum amount of Baht 170 million for buying back shares. This only changed the maximum amount of money for buying back shares, not affecting the number of buy back shares.

13. Basic and diluted earnings per share

For the three-month period ended on 30 September

	<u>Net profit</u>		<u>Weighted average number</u> <u>of ordinary share</u>		<u>Earnings per share</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Shares</u>	<u>'000 Shares</u>	<u>Baht</u>	<u>Baht</u>
Basic earnings per share						
Net profit	19,669	37,573	292,346	213,844	0.07	0.18
Effect of diluted equivalent ordinary shares						
The balance of exercisable warrants						
34,643,300 units	-	-	28,388	24,512	-	-
Diluted earnings per share						
Net profit of ordinary shareholders						
assuming the conversion into ordinary shares	19,669	37,573	320,734	238,356	0.06	0.16

For the nine-month period ended on 30 September

	<u>Net profit</u>		<u>Weighted average number</u> <u>of ordinary share</u>		<u>Earnings per share</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Shares</u>	<u>'000 Shares</u>	<u>Baht</u>	<u>Baht</u>
Basic earnings per share						
Net profit	80,314	97,888	278,684	213,308	0.29	0.46
Effect of diluted equivalent ordinary shares						
The balance of exercisable warrants						
34,643,300 units	-	-	28,179	23,253	-	-
Diluted earnings per share						
Net profit of ordinary shareholders						
assuming the conversion into ordinary shares	80,314	97,888	306,863	237,061	0.26	0.41

For the three-month period and nine-month period ended on September 30, 2004 and 2003, the diluted earnings per share was calculated with consideration of the effect of exercisable warrants but not yet been exercised .

14. 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.

15. 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-materially increased proportion. As a result, the Company did not consider the adoption of financial instruments to hedge against such risk. If the Company's operation related to foreign currencies increased, the Company would consider the adoption of appropriate financial instruments to hedge against such risk. Nevertheless, the Company holds no policy to adopt any financial instrument off the balance sheets which are derivative instruments for speculative or for trade purpose.

15.1 Risk on credit provision

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

15.2 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.

15.3 Fair value

Since the majority of financial assets and liabilities were classified under short-term type, such book values of financial asset and liabilities were presented in the value, which were not materially different from their values. Regarding the short-term investment, the Company has adjusted the investment value to its fair value.

16. Obligations and contingent liabilities

16.1 As of September 30, 2004 and December 31, 2003, the Company also holds contingent liabilities and obligations with banks in relation to letters of guarantee for the amount of Baht 3.92 million and Baht 3.59 million respectively.

16.2 The Company has entered into contracts of building lease and contracts of service with a related company and an outside party to be used as the head office and the distribution center of merchandises. The Company has also entered into area rental contracts to be used as the branch offices totaling 151 branches. The leased contracts' periods ranged from 1 to 10 years. The total rental fee and public utility service fee are approximately Baht 164.57 million per year. Moreover, another leased contract was entered into to be used as a warehouse (Kingkaew Road) with the contract life of 3 years.

17. Approval of financial statements

These financial statements have been approved by the company's board of directors of SE-EDUCATION PUBLIC COMPANY LIMITED.
