

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

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, 2004 and 2003, 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.

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, 2004 and 2003, the results of its operations, and cash flows for the years then ended, in conformity with generally accepted accounting principles.

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

(Miss Susan Eiamvanicha)

Certified Public Accountant (Thailand) No. 4306

Bangkok,
February 11, 2005

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2004 and 2003

	(Unit : Baht)	
	2004	2003
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalent items	142,825,561.52	146,374,973.49
Short-term investment-net (net from allowance for diminution of value in year 2004 and 2003 in amount of Baht (5,558) thousand and Baht 1,078 thousand respectively)	(Note 5) 161,938,919.59	257,049,991.46
Trade accounts and notes receivable-net	(Note 6) 83,740,934.17	79,114,313.57
Inventories-net	(Note 7) 153,488,650.28	137,212,204.52
Other current assets	27,415,518.84	22,910,330.73
TOTAL CURRENT ASSETS	<u>569,409,584.40</u>	<u>642,661,813.77</u>
NON-CURRENT ASSETS		
Investments in subsidiary and associated companies	(Note 8) 34,837,233.21	33,961,542.18
Property, plant and equipment-net	(Note 9) 241,942,722.51	221,893,794.70
Leasehold-buildings-net	(Note 10) 139,968,959.41	118,834,735.16
Assets pending for sales-net	(Note 11) 21,000,000.00	21,000,000.00
Land and building not used for operation-net	(Note 12) 32,433,316.93	32,499,307.10
Guarantee for rental and deposit	68,215,611.74	34,323,906.14
TOTAL NON-CURRENT ASSETS	<u>538,397,843.80</u>	<u>462,513,285.28</u>
TOTAL ASSETS	<u><u>1,107,807,428.20</u></u>	<u><u>1,105,175,099.05</u></u>

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2004 and 2003

	(Unit : Baht)	
	2004	2003
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Bank overdrafts	60,579,408.22	20,820,525.03
Trade accounts and notes payable	432,742,133.38	417,170,385.47
Accrued expenses	27,535,913.29	24,957,655.68
Accrued corporate income tax	22,626,483.40	36,177,800.75
Other current liabilities	46,578,448.76	37,846,261.72
TOTAL CURRENT LIABILITIES	<u>590,062,387.05</u>	<u>536,972,628.65</u>
NON-CURRENT LIABILITIES		
Other-non current liabilities	2,668,616.46	2,158,538.94
TOTAL NON-CURRENT LIABILITIES	<u>2,668,616.46</u>	<u>2,158,538.94</u>
TOTAL LIABILITIES	<u>592,731,003.51</u>	<u>539,131,167.59</u>
SHAREHOLDERS' EQUITY		
Share capital	(Note 13)	
Registered share capital		
348,128,690 ordinary shares @ Baht 1.00 each	348,128,690.00	348,128,690.00
Issued and paid-up share capital		
314,152,170 ordinary shares @ Baht 1.00 each	314,152,170.00	-
255,071,000 ordinary shares @ Baht 1.00 each	-	255,071,000.00
Premiums on share capital	144,388,836.25	107,829,742.25
Capital surplus from assets revaluation	19,483,961.72	21,954,446.25
Unrealized gain(loss) - securities available for sale	(5,558,140.99)	1,077,936.95
Retained earnings		
Appropriated		
Legal reserve	(Note 14) 32,085,816.62	25,131,822.09
Treasury stock reserve	(Note 15) 122,641,095.00	-
Unappropriated	10,523,781.09	154,978,983.92
<u>Less</u> Treasury stock 19,783,600 shares @ Baht 6.20	(Note 15) (122,641,095.00)	-
TOTAL SHAREHOLDERS' EQUITY	<u>515,076,424.69</u>	<u>566,043,931.46</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>1,107,807,428.20</u>	<u>1,105,175,099.05</u>

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

SE-EDUCATION PUBLIC COMPANY LIMITED

INCOME STATEMENTS

For the Year ended on December 31, 2004 and 2003

	(Unit : Baht)	
	2004	2003
REVENUES FROM OPERATION		
Sales	2,833,648,547.03	2,376,739,618.73
Other income	21,116,194.31	52,817,922.55
Participating gain in the associated companies	1,575,691.03	403,061.92
TOTAL REVENUES	<u>2,856,340,432.37</u>	<u>2,429,960,603.20</u>
EXPENSES FROM OPERATION		
Cost of sales	1,980,969,670.29	1,624,057,073.76
Selling and administrative expenses	705,649,577.40	590,013,785.38
Directors' remuneration (Note 16)	2,426,000.00	1,664,000.00
TOTAL EXPENSES	<u>2,689,045,247.69</u>	<u>2,215,734,859.14</u>
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX	167,295,184.68	214,225,744.06
INTEREST EXPENSES	(238,833.27)	(205,315.88)
CORPORATE INCOME TAX (Note 17)	(50,094,747.51)	(57,366,559.26)
NET PROFIT	<u>116,961,603.90</u>	<u>156,653,868.92</u>
BASIC EARNINGS PER SHARE (Note 18)	0.41	0.73
DILUTED EARNINGS PER SHARE (Note 18)	0.38	0.54

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 Year ended on December 31, 2004 and 2003

(Unit : 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, 2003	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
Capital surplus from assets revaluation- sale in this period	-	-	(21,585,905.36)	-	-	-	-	(21,585,905.36)
Depreciation-Capital surplus from assets revaluation	-	-	(2,770,435.25)	-	-	-	-	(2,770,435.25)
Unrealized loss-securities available for sale	-	-	-	(359,720.54)	-	-	-	(359,720.54)
Unrealized transaction in the income statements	210,987,130.00	81,042,800.25	21,954,446.25	1,077,936.95	15,124,675.01	168,711,966.17	-	498,898,954.63
Shares purchase by exercising warrants of shareholders, directors, employees	(Note 13) 44,083,870.00	26,786,942.00	-	-	-	-	-	70,870,812.00
Appropriation for legal reserve in the period	(Note 14)	-	-	-	10,007,147.08	(10,007,147.08)	-	-
Dividend payment	(Note 14)	-	-	-	-	(160,379,704.09)	-	(160,379,704.09)
Net profit for the year	-	-	-	-	-	156,653,868.92	-	156,653,868.92
Balance as of December 31, 2003	255,071,000.00	107,829,742.25	21,954,446.25	1,077,936.95	25,131,822.09	154,978,983.92	-	566,043,931.46
Depreciation-Capital surplus from assets revaluation	-	-	(2,470,484.53)	-	-	-	-	(2,470,484.53)
Unrealized loss-securities available for sale	-	-	-	(6,636,077.94)	-	-	-	(6,636,077.94)
Unrealized transaction in the income statements	255,071,000.00	107,829,742.25	19,483,961.72	(5,558,140.99)	25,131,822.09	154,978,983.92	-	556,937,368.99
Shares purchase by exercising warrants of shareholders, directors, employees	(Note 13) 59,081,170.00	36,559,094.00	-	-	-	-	-	95,640,264.00
Appropriation for legal reserve in the period	(Note 14)	-	-	-	6,953,994.53	(6,953,994.53)	-	-
Appropriation for treasury stock	(Note 15)	-	-	-	122,641,095.00	(122,641,095.00)	-	-
Dividend payment	(Note 14)	-	-	-	-	(131,821,717.20)	-	(131,821,717.20)
Purchase of treasury stock	(Note 15)	-	-	-	-	-	(122,641,095.00)	(122,641,095.00)
Net profit for the year	-	-	-	-	-	116,961,603.90	-	116,961,603.90
Balance as of December 31, 2004	314,152,170.00	144,388,836.25	19,483,961.72	(5,558,140.99)	154,726,911.62	10,523,781.09	(122,641,095.00)	515,076,424.69

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

SE-EDUCATION PUBLIC COMPANY LIMITED

CASH FLOW STATEMENTS

For the Year ended on December 31, 2004 and 2003

(Unit : Baht)

	2004	2003
CASH FLOW FROM OPERATION ACTIVITIES		
Net profit	116,961,603.90	156,653,868.92
Adjustment to net profit for cash received (payments) from operator:		
Depreciation - assets for operation	64,086,390.32	53,578,609.28
Depreciation - assets not used for operation	65,990.17	130,231.09
Leasehold written-off	9,399,912.75	8,495,457.12
Loss from lost goods	26,258,879.87	19,876,303.68
Loss from dilapidated and slow moving good:	6,812,361.11	6,596,309.04
Allowance for returned goods (reversed account)	(210,779.23)	176,037.32
Doubtful debts and bad debt (reversed account)	(720,373.33)	1,437,859.06
Realized loss on disposal of securities available for sale	1,552,402.66	952,140.12
Adjustment for clearing of trade accounts payable	1,685,891.33	(9,182,644.67)
Participating gain from associated companies:	(1,575,691.03)	(403,061.92)
Loss from donation of assets	35,627.57	-
Gain on disposal of assets for operator	(181,367.92)	(86,623.87)
Gain on disposal of assets not used for operator	-	(639,545.24)
Gain on disposal of assets pending for sale:	-	(18,882,573.98)
Profit from operating before change in operation assets and liabilities	224,170,848.17	218,702,365.95
(Increase)Decrease in trade accounts and notes receivable	(3,695,468.04)	(15,071,951.88)
(Increase)Decrease in inventories	(49,347,686.74)	(58,098,273.68)
(Increase)Decrease in other current assets	(4,505,188.11)	(2,546,830.84)
(Increase)Decrease in guarantee for rental and deposit	(33,891,705.60)	(6,573,812.14)
Increase(Decrease) in trade accounts and notes payable	13,885,856.58	15,088,306.99
Increase(Decrease) in accrued expenses	2,578,257.61	(5,194,321.26)
Increase(Decrease) in accrued corporate income tax	(13,551,317.35)	14,930,864.23
Increase(Decrease) in other current liabilities:	8,732,187.04	5,414,278.27
Increase(Decrease) in non-other current liabilities:	510,077.52	(1,540,644.75)
Net cash received (used) from operating activities:	144,885,861.08	165,109,980.89

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, 2004 and 2003

	(Unit : Baht)	
	2004	2003
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of securities available for sale	(211,396,060.57)	(185,179,797.49)
Cash received from disposal of securities available for sales	298,318,651.84	232,745,538.19
(Increase) Decrease in investment in subsidiary and associated companies	-	(23,000,000.00)
Purchase of assets	(86,642,305.30)	(87,599,237.47)
Cash receipt from disposal of assets	182,242.99	52,151,831.75
Cash payment to purchase leasehold	(30,534,137.00)	-
Dividend received	700,000.00	600,000.00
Net cash received from (used in) investing activities	<u>(29,371,608.04)</u>	<u>(10,281,665.02)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Increase(Decrease) in bank overdrafts	39,758,883.19	2,169,638.00
Cash receipt from warrants exercised to purchase shares	95,640,264.00	70,870,812.00
Purchase of treasury stock	(122,641,095.00)	-
Dividend payment	(131,821,717.20)	(160,379,704.09)
Net cash received from (used in) financing activities	<u>(119,063,665.01)</u>	<u>(87,339,254.09)</u>
Cash and cash equivalent items increase(decrease)	(3,549,411.97)	67,489,061.78
Cash and cash equivalent items at the beginning of the period	<u>146,374,973.49</u>	<u>78,885,911.71</u>
Cash and cash equivalent items at the end of the period	<u><u>142,825,561.52</u></u>	<u><u>146,374,973.49</u></u>
Supplemental disclosures to the cash flow statements		
1 Cash paid during the period:		
Interest paid	238,833.27	205,315.00
Corporate income tax	63,072,801.39	42,435,695.03
2 Items do not affect cash flow		
As of December 31, 2004 and 2003 , the Company adjusted unrealizable gain(loss) on revaluation of securities available for sale with the shareholders' equity amounting Baht (6.64) million and Baht 0.36 million respectively.		
3 Cash and cash equivalent items consist of;		
Cash	15,940,453.69	9,602,019.50
Cash at Bank not exceeding 3-month period	<u>126,885,107.83</u>	<u>136,772,953.99</u>
	<u><u>142,825,561.52</u></u>	<u><u>146,374,973.49</u></u>

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

SE-EDUCATION PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

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 and Book Variety.
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 10 monthly magazines published by SE-ED.
4. Publishing engagement and sell electronic parts and equipments.

- Employee information

	For the Year	
	ended on December 31,	
	<u>2004</u>	<u>2003</u>
Average number of employees (person)	1,942	1,654
Employee expenses (Million Baht)	251.15	236.86

2. Basis of financial statement preparation

- 2.1 The 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 Federation of Accounting Professions, set up in accordance with the Accounting Professions Act. B.E.2547 which has been announced to be effective and in accordance with the determination of the Office of the Securities and Exchange Committee 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 investment value in such subsidiary is not material to the Company financial statements.
- 2.4 The Company prepares the financial statements in the Thai language in accordance with Thai Law which were translated into English language for the convenience of the readers.

3. Summary of significant accounting policies

The significant 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 cash equivalent items includes bank deposit in the types of saving, current and not exceeding three-month fixed deposit with no guarantee obligation.
- 3.3 The short term investments are investments in personal funds, mutual funds and opened-ended mutual funds 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 each of the uncollectible accounts receivable.

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

3.6 Inventories

- Paper, raw materials, are valued at cost price under FIFO method or net realizable value, whichever is lower. Work in process are 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 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 in year 2004 and 2003 at the rate of 1.11 percent and 1.00 percent of sales at respective branch respectively, which the Company revises such allowance after the inventory taking in the respective branch.

3.7 Property, plant and equipment

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

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 investment value in subsidiary company is not material to the Company 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 translated into Baht at the prevailing exchange rate on that date, and the gain or loss arising from such translated is included in the related income statement.
- 3.11 Earnings per share
- Basic earnings per share are calculated by dividing net profit with the weighted average number of issued and paid-up shares during 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 Financial assets and liabilities as presented in balance sheets are consisted of cash and cash at bank, short-term investment, trade accounts receivable and notes receivable, overdrafts and trade accounts payable and notes payable. The particular accounting policy for each transaction is respectively disclosed in each related caption.

4. 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-transactions between the company and related entities are as follows:

4.1 Inter-asset and liabilities

(Unit : '000 Baht)

	<u>Type of relation</u>	<u>As of December 31,</u>	
		<u>2004</u>	<u>2003</u>
<u>Trade accounts payable</u>			
M AND E Co.,Ltd.	Associated company	2,119	-
Nation Multi Media Group Public Co.,Ltd.	Shareholder	10,986	11,545
Nation Egmont Edutainment Co.,Ltd.	Company related with shareholder	8,296	4,629

4.2 Inter-revenues and expenses

(Unit : '000 Baht)

	<u>Type of relation</u>	<u>For the year ended on December 31</u>		<u>Policy of Inter-price setting</u>
		<u>2004</u>	<u>2003</u>	
<u>Purchase goods values</u>				
M AND E Co.,Ltd.	Associated company	3,906	3,524	Market price
Nation Multi Media Group Public Co.,Ltd.	Shareholder	48,853	49,882	Market price
Nation Egmont Edutainment Co.,Ltd.	Company related with shareholder	14,430	11,524	Market price
<u>Rental and service charge</u>				
Nation Multi Media Group Public Co.,Ltd.	Shareholder	7,688	7,502	Agreed upon price

5. Short - term investment-net

Consisted of: -

(Unit : Baht)

	<u>As of December 31,</u>	
	<u>2004</u>	<u>2003</u>
Securities available for sales: -		
- Investment in personal funds	118,586,099.59	-
- Investment in open-ended mutual funds	-	201,845,496.46
- Investments in the preferred share mutual fund - subordinated debenture	-	6,000,000.00
- Investment in mutual fund	43,352,820.00	49,204,495.00
Total	161,938,919.59	257,049,991.46

6. Trade accounts and notes receivable – net

Consisted of: -

	(Unit : Baht)	
	<u>As of December 31,</u>	
	<u>2004</u>	<u>2003</u>
Trade accounts receivable		
Within credit term	40,583,253.43	57,632,531.30
Over credit term less than 6 months	43,311,576.02	24,293,799.54
Over credit term more than 6 months to 12 months	4,810,778.51	1,425,454.48
Over credit term more than 12 months	16,548,075.18	20,253,535.50
Total	105,253,683.14	103,605,320.82
Notes receivable	5,691,823.12	3,644,717.40
<u>Less</u> Allowance for doubtful debts	(23,602,196.48)	(24,322,569.81)
Allowance for returned goods	(3,602,375.61)	(3,813,154.84)
Net	83,740,934.17	79,114,313.57

7. Inventories-net

Consisted of: -

	(Unit: Baht)	
	<u>As of December 31,</u>	
	<u>2004</u>	<u>2003</u>
Paper and package	6,099,100.42	1,364,167.63
Work-in-process	7,712,065.32	4,404,516.36
Finished goods	132,265,028.59	128,520,684.11
Finished goods at branches	60,198,695.68	49,616,734.11
Total	206,274,890.01	183,906,102.21
<u>Less</u> Allowance for lost goods	(15,342,405.79)	(16,062,424.86)
Allowance for dilapidated and slow moving goods	(37,443,833.94)	(30,631,472.83)
Net	153,488,650.28	137,212,204.52

8. Investments in subsidiary and associated companies

Consisted of: -

	<u>Nature of business</u>	<u>Paid-up</u> <u>share capital</u> <u>Baht</u>	<u>Percentage</u> <u>of share</u> <u>holdings</u>	<u>Cost</u> <u>Baht</u>	As of December 31, 2004		<u>Dividend</u> <u>Baht</u>
					<u>Investments</u>		
					<u>Method</u>	<u>Baht</u>	
Subsidiary company							
SE-ED Book Center Co., Ltd.	Business consulting firm	100,000.00	99.93%	99,930.00	Cost Method	99,930.00	-
Associated companies							
M AND E Co., Ltd.	Printing office company, produces technical magazines and engineering manuals	400,000.00	25.00%	100,000.00	Equity Method	14,899,973.04	700,000.00
Ploen Patt Co., Ltd.	Institute of private education - Ploen Pattana School	80,000,000.00	28.75%	23,000,000.00	Equity Method	19,837,330.17	-
				23,199,930.00	34,837,233.21		700,000.00

	<u>Nature of business</u>	<u>Paid-up</u> <u>share capital</u> <u>Baht</u>	<u>Percentage</u> <u>of share</u> <u>holdings</u>	<u>Cost</u> <u>Baht</u>	As of December 31, 2003		<u>Dividend</u> <u>Baht</u>
					<u>Investments</u>		
					<u>Method</u>	<u>Baht</u>	
Subsidiary company							
SE-ED Book Center Co., Ltd.	Business consulting firm	100,000.00	99.93%	99,930.00	Cost Method	99,930.00	-
Associated companies							
M AND E Co., Ltd.	Printing office company, produces technical magazines and engineering manuals	400,000.00	25.00%	100,000.00	Equity Method	12,677,777.43	600,000.00
Ploen Patt Co., Ltd.	Institute of private education - Ploen Pattana School	80,000,000.00	28.75%	23,000,000.00	Equity Method	21,183,834.75	-
				23,199,930.00	33,961,542.18		600,000.00

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

For the year ended on December 31, 2004, 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 and year end closing. 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 for the year ended on December 31, 2004 for the amount of Baht 2.92 million was equivalent to 2.50 % of net profit and as of December 31, 2004 and 2003, investment the said in associated company for the amount of Baht 14.90 million and Baht 12.68 million was equivalent to 1.34 % and 1.15 % of total assets respectively.

The financial statements for the year ended on December 31, 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 19.84 million was equivalent to 1.79% of 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 1.35 million, which equivalent to 1.15% of net profit.

The financial statements for the period from May 1, to December 31, 2003 of Ploen Patt Co., Ltd., which is 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 an auditor. The investment in such associated company in amount of Baht 21.18 million was equivalent to 1.91 % over the total assets in the balance sheet and participation 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 net profit.

9. Property, plant and equipment-net

Consisted of: -

	(Unit : Baht)						
Descriptions	Land	Building	Building decoration	Office equipments and air conditioners	Vehicles	Work in progress	Total
Cost:							
As of December 31, 2003	4,714,125.00	2,353,700.00	187,385,073.75	224,118,361.10	23,325,491.61	1,972,057.43	443,868,808.89
Purchase	-	-	31,553,576.00	51,098,962.66	3,525,229.92	57,862,606.05	144,040,374.63
Sale/transfer	-	-	(46,367.36)	(128,121.83)	(40,445.41)	(57,352,286.33)	(57,567,220.93)
As of December 31, 2004	4,714,125.00	2,353,700.00	218,892,282.39	275,089,201.93	26,810,276.12	2,482,377.15	530,341,962.59
Accumulated depreciation:							
As of December 31, 2003	-	(2,236,554.75)	(116,368,840.81)	(111,214,311.43)	(14,109,753.36)	-	(243,929,460.35)
Depreciation for year	-	(117,144.25)	(25,512,556.08)	(34,708,950.34)	(3,747,739.65)	-	(64,086,390.32)
Sale/transfer	-	-	584.36	92,494.26	39,570.34	-	132,648.96
As of December 31, 2004	-	(2,353,699.00)	(141,880,812.53)	(145,830,767.51)	(17,817,922.67)	-	(307,883,201.71)
Capital surplus from assets revaluation:							
As of December 31, 2003	17,344,225.00	7,392,092.32	-	-	-	-	24,736,317.32
Decrease in capital surplus from asset revaluation	-	-	-	-	-	-	-
As of December 31, 2004	17,344,225.00	7,392,092.32	-	-	-	-	24,736,317.32
Accumulated depreciation-surplus							
As of December 31, 2003	-	(2,781,871.16)	-	-	-	-	(2,781,871.16)
Depreciation for the year	-	(2,470,484.53)	-	-	-	-	(2,470,484.53)
Decrease in capital surplus from asset revaluation	-	-	-	-	-	-	-
As of December 31, 2004	-	(5,252,355.69)	-	-	-	-	(5,252,355.69)
Net Book Value:							
As of December 31, 2003	22,058,350.00	4,727,366.41	71,016,232.94	112,904,049.67	9,215,738.25	1,972,057.43	221,893,794.70
As of December 31, 2004	22,058,350.00	2,139,737.63	77,011,469.86	129,258,434.42	8,992,353.45	2,482,377.15	241,942,722.51
Depreciation in the income statement							
for the year ended on							
December 31, 2003							53,578,609.28
December 31, 2004							64,086,390.32

As of December 31, 2004, the Company has fixed asset which were fully depreciated at the cost value of Baht 138.94 million.

10. Leasehold – buildings-net

The leasehold on buildings in the amount of Baht 137.01 million were leasehold right for areas in leading shopping centers in order open 11 branches of SE-ED Book Center. Most of these leaseholds were for the period of approximately 30 years. In year 2004, these leasehold rights were amortized to expenses by the amount of Baht 9.40 million and the amount of Baht 2.96 million were leasehold rights for areas in subway stations, which the sales has not commenced yet.

11. Assets pending for sales - net

Consisted of: -

(Unit : Baht)

	<u>As of December 31,</u>	
	<u>2004</u>	<u>2003</u>
Cost	38,912,859.15	66,436,271.64
Sales of commercial building including land	-	(37,141,817.46)
Transfer received from assets not used for operation	-	9,618,404.97
Total	38,912,859.15	38,912,859.15
Capital surplus from assets revaluation at the beginning balance	-	8,384,293.00
Increase in the period from new appraisal	-	11,239,886.53
Decrease in the period from sales	-	(19,624,179.53)
Total	-	-
Allowance for impairment of assets at the beginning balance	(17,912,859.15)	(24,120,564.64)
Decrease in the period from sales	-	6,207,705.49
Total	(17,912,859.15)	(17,912,859.15)
Net	21,000,000.00	21,000,000.00

In year 2003, the Company sold part of assets pending for sale with a book value of Baht 27.51 million in the amount of Baht 46.39 million to the outside parties. The Company has deducted capital surplus from assets revaluation in the amount of Baht 19.20 million and has accounted gain from selling of assets in amount of Baht 18.88 million.

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>Total</u>
Cost:			
As of December 31, 2003	49,495,608.93	658,413.00	50,154,021.93
As of December 31, 2004	49,495,608.93	658,413.00	50,154,021.93
Accumulated depreciation:			
As of December 31, 2003	-	(159,105.90)	(159,105.90)
Depreciation for the year	-	(65,990.17)	(65,990.17)
As of December 31, 2004	-	(225,096.07)	(225,096.07)
Allowance for impairment			
As of December 31, 2003	(17,495,608.93)	-	(17,495,608.93)
As of December 31, 2004	(17,495,608.93)	-	(17,495,608.93)
Net Book Value:			
As of December 31, 2003	32,000,000.00	499,307.10	32,499,307.10
As of December 31, 2004	32,000,000.00	433,316.93	32,433,316.93

Depreciation in the income statement for the year ended on

December 31, 2003	130,231.09
December 31, 2004	65,990.17

In year 2003, the Company sold part of land and building not used for operation with a book value of Baht 5.01 million in the amount of Baht 5.65 million. The Company has deducted capital surplus from assets revaluation in the amount of Baht 2.39 million and has accounted gain from selling of assets in amount of Baht 0.64 million.

13. Share capital

For the year ended on December 31, 2004, directors and employees had exercised their rights to purchase ordinary shares in number of 2,836,410 units and shareholders had exercised their rights to purchase ordinary shares in number of 56,244,760 units which are 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 59.08 million and 36.56 million respectively. The Company registered the change in paid-up share capital on December 23, 2004 and remained the balance of exercisable warrants but not yet exercised in number of 25,938,400 units for directors and employees and 8,037,990 units for shareholders. Warrants not yet exercised have the exercise ratio of 1 warrant unit to 1 ordinary share at the exercise price of Baht 1.65 per unit for current shareholders and Baht 1.00 per unit for directors, employees and the security sub-agent.

14. Dividend payment and appropriation of legal reserve

Consist of:

		<u>Year 2004 operating result</u>					
	<u>Resolutions of</u>		<u>Dividends</u>	<u>Dividends</u>	<u>Dividend Paid</u>	<u>Legal reserve</u>	
	<u>the Company's</u>	<u>Meeting date</u>	<u>payment date</u>	<u>Per share</u>	<u>Totaling</u>	<u>% of</u>	<u>Amount</u>
	<u>Board meeting</u>			<u>(Baht)</u>	<u>(Million Baht)</u>	<u>Net profit</u>	<u>(Million Baht)</u>
Quarter 1	2/2004	14/05/2004	14/06/2004	0.10	27.74	5%	1.47
Quarter 2	3/2004	11/08/2004	08/09/2004	0.10	29.31	5%	1.56
Quarter 3	5/2004	12/11/2004	09/12/2004	0.06	17.62	5%	0.98
	Total			0.26	74.67		4.01

		<u>Year 2003 operating result</u>					
	<u>Resolutions of</u>		<u>Dividends</u>	<u>Dividends</u>	<u>Dividend Paid</u>	<u>Legal reserve</u>	
	<u>the Company's</u>	<u>Meeting date</u>	<u>payment date</u>	<u>Per share</u>	<u>Totaling</u>	<u>% of</u>	<u>Amount</u>
	<u>Board meeting</u>			<u>(Baht)</u>	<u>(Million Baht)</u>	<u>Net profit</u>	<u>(Million Baht)</u>
Quarter 1	2/2003	12/05/2003	09/06/2003	0.1	21.38	5%	1.15
Quarter 2	3/2003	11/08/2003	05/09/2003	0.1	21.38	5%	1.86
Quarter 3	4/2003	14/11/2003	11/12/2003	0.1	21.39	5%	1.88
Quarter 4	1/2004	27/04/2004	24/05/2004	0.2	57.15	5%	2.94
	Total			0.5	121.30		7.83

			<u>Year 2002 operating result</u>				
<u>Resolutions of the Company's Board meeting</u>	<u>Meeting date</u>	<u>Dividends payment date</u>	<u>Dividends</u>	<u>Dividend Paid</u>	<u>Legal reserve</u>		
			<u>Per share (Baht)</u>	<u>Totaling (Million Baht)</u>	<u>% of Net profit</u>	<u>Amount (Million Baht)</u>	
Year 2002	1/2003	23/04/2003	16/05/2003	4.50	96.23	5%	5.11
Total				4.50	96.23		5.11

Remark Dividends per share from the operating result for year 2002 is the dividend ratio before splitting the shares.

15. 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 exceeding 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.

According to the Federation of Accounting Professionals' announcement no. Sor. Sor. Vor. Bor. Chor. 016/2548 dated February 4, 2005, required public limited companies that buy back treasury shares should have retained earnings not less than the amount of the buy back shares remain in the account. In the event the retained earning is used to pay dividends, the retained earning after the dividend payment should not be less than the buy back shares. This is to be in accordance with the announcement of the Judicial Council, which deliberated the issue of treasury share schemes under Section 66/1(2) of the Public Limited Companies Act B.E. 2535.

As at December 31, 2004, the Company had buy back treasury shares of 19.78 million shares (at the par value of Baht 1 per share) equal to 6.30% of the total shares sold. The total of the buy back treasury shares is Baht 122.64 million and the Company has appropriated the retained earning as the treasury stock reserve for the whole amount.

16. Directors' remuneration

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.

17. Corporate income tax

For the year ended of December 31, 2004, 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).

18. Basic and diluted earnings per share

Consist of:

	For the three-month period ended on December 31,					
	Net profit		Weighted average number of ordinary shares		Earnings per share	
	2004	2003	2004	2003	2004	2003
	Baht	Baht	Shares	Shares	Baht	Baht
Basic earnings per share						
Net profit	36,647,741.88	58,766,028.62	293,773,907	216,992,320	0.12	0.27
Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised						
33,976,390 units	-	-	27,294,425	73,609,289	-	-
Diluted earnings per share						
Net profit of ordinary shareholders						
assuming the conversion into ordinary shares	36,647,741.88	58,766,028.62	321,068,332	290,601,609	0.11	0.20

	For the year ended on 31 December					
	<u>Net profit</u>		<u>Weighted average number</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>Baht</u>	<u>Baht</u>	<u>Shares</u>	<u>Shares</u>	<u>Baht</u>	<u>Baht</u>
Basic earnings per share						
Net profit	116,961,603.90	156,653,868.92	282,477,545	215,680,752	0.41	0.73
Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised						
33,976,390 units	-	-	27,593,616	73,609,289	-	-
Diluted earnings per share						
Net profit of ordinary shareholders						
assuming the conversion into ordinary shares	116,961,603.90	156,653,868.92	310,071,161	289,290,041	0.38	0.54

For the year ended on December 31, 2004 and 2003, the diluted earnings per share was calculated with consideration of the effect of the exercisable warrants but not yet been exercised.

19. Disclosure of sectoral business operations

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

20. The income statements for the three-month period ended on December 31, 2004 and 2003

The income statements for the three-month period ended on December 31, 2004 and 2003, 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 three-month period	
		ended on December 31,	
		<u>2004</u>	<u>2003</u>
REVENUES FROM OPERATION			
Sales		761,879	662,537
Other income		4,442	23,794
Total Revenues		<u>766,321</u>	<u>686,331</u>
EXPENSES FROM OPERATION			
Cost of sales		533,259	444,014
Selling and administrative expenses		180,278	159,099
Participating loss in associated company		162	1,816
Directors' remuneration	(Note 16)	164	168
Total Expenses		<u>713,863</u>	<u>605,097</u>
PROFIT BEFORE INTEREST EXPENSES AND			
CORPORATE INCOME TAX		52,458	81,234
INTEREST EXPENSES		(50)	(51)
CORPORATE INCOME TAX	(Note 17)	<u>(15,760)</u>	<u>(22,416)</u>
NET PROFIT		<u><u>36,648</u></u>	<u><u>58,767</u></u>
BASIC EARNINGS PER SHARE (BAHT)	(Note 18)	0.12	0.27
DILUTED EARNINGS PER SHARE (BAHT)	(Note 18)	0.11	0.20

21. 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 institution is the fund manager.

22. 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. The nature of the Company's operation related to foreign currency has non-material proportion so the Company did not use financial instruments to ledge against the risk. Moreover, the nature of the Company's operation related to foreign currencies shows an increased proportion, when the Company, as a result, would consider 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.

22.1 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.

22.2 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.

22.3 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.

23. Obligations and contingent liabilities

23.1 As of December 31, 2004 and 2003 , the Company also holds contingent liabilities and obligations with a bank in relation to letter of guarantee for the amount of Baht 3.90 million and Baht 3.92 million respectively.

23.2 The Company has entered into agreements of building lease and agreements of service with a related company and an outside party so as to use as head office and the distribution center of merchandise. The Company has also entered into area rental agreements so as to use as branch offices totalling 162 branches. The life of the leased contract ranged from 1 to 10 years. The total rental fee and public utility service fee are approximately Baht 221.29 million per year. Moreover, the leased agreement is entered into so as to use as one warehouse (Kingkaew Road) with the agreement period of 3 years.

24. Subsequent event

As of January 27, 2005, directors and employees had exercised their rights to purchase ordinary shares in number of 2,733,230 units which are 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 by the total of Baht 2.73 million. The Company registered the change in paid-up share capital on January 28, 2005 and remained the balance of exercisable warrants but not yet exercises in number of 23,205,170 units for directors employees and the security sub- agent.

25. Approval of financial statements

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