



รายงานประจำปี 2547

Annual Report 2004



ซีอีต

บริษัท ซีอีตยูเคชั่น จำกัด (มหาชน)
SE-EDUCATION PUBLIC COMPANY LIMITED

ครบรอบ 30 ปี

SE-ED 30th Anniversary

2 5 4 7 / 2 0 0 4



- รางวัลร้านหนังสือยอดเยี่ยมในรอบทศวรรษ จากชมรมส่งเสริมการจัดจำหน่ายหนังสือ ในสมาคมผู้จัดพิมพ์และผู้จำหน่ายหนังสือแห่งประเทศไทย

OUTSTANDING BOOKSTORE OF THE DECADE AWARD by The Publishers and Booksellers Association of Thailand

2 5 4 6 / 2 0 0 3



- รางวัล **DISCLOSURE REPORT AWARD 2003** ในการเปิดเผยข้อมูลต่อผู้ลงทุน จากสำนักงานคณะกรรมการกำกับหลักทรัพย์ และตลาดหลักทรัพย์ (กลต.)

DISCLOSURE REPORT AWARD 2003 by the Office of Securities and Exchange Commission, Ministry of Finance



- รางวัลร้านหนังสือเครือข่ายยอดเยี่ยมประจำปี 2546 จากชมรมส่งเสริมการจัดจำหน่ายหนังสือ ในสมาคมผู้จัดพิมพ์และผู้จำหน่ายหนังสือแห่งประเทศไทย

OUTSTANDING NETWORK BOOKSTORE 2003 AWARD by The Publishers and Booksellers Association of Thailand

2 5 4 5 / 2 0 0 2



- รางวัล **DISCLOSURE AWARD 2002** ในการเปิดเผยข้อมูลต่อผู้ลงทุน จากสำนักงานคณะกรรมการกำกับหลักทรัพย์ และตลาดหลักทรัพย์ (กลต.)

DISCLOSURE AWARD 2002 by the Office of Securities and Exchange Commission, Ministry of Finance



- รางวัล **200 บริษัทยอดเยี่ยมนอกสหรัฐอเมริกา** ที่มียอดขายน้อยกว่า 1 พันล้านเหรียญสหรัฐ จากนิตยสาร Forbes ฉบับ Global ประจำวันที่ 28 ตุลาคม 2545

200 COMPANIES FOR 2002 : BEST UNDER A BILLION by Forbes Global Magazine on October 28, 2002



- รางวัลร้านหนังสือเครือข่ายยอดเยี่ยมประจำปี 2545 จากชมรมส่งเสริมการจัดจำหน่ายหนังสือ ในสมาคมผู้จัดพิมพ์และผู้จำหน่ายหนังสือแห่งประเทศไทย

OUTSTANDING NETWORK BOOKSTORE 2002 AWARD by The Publishers and Booksellers Association of Thailand



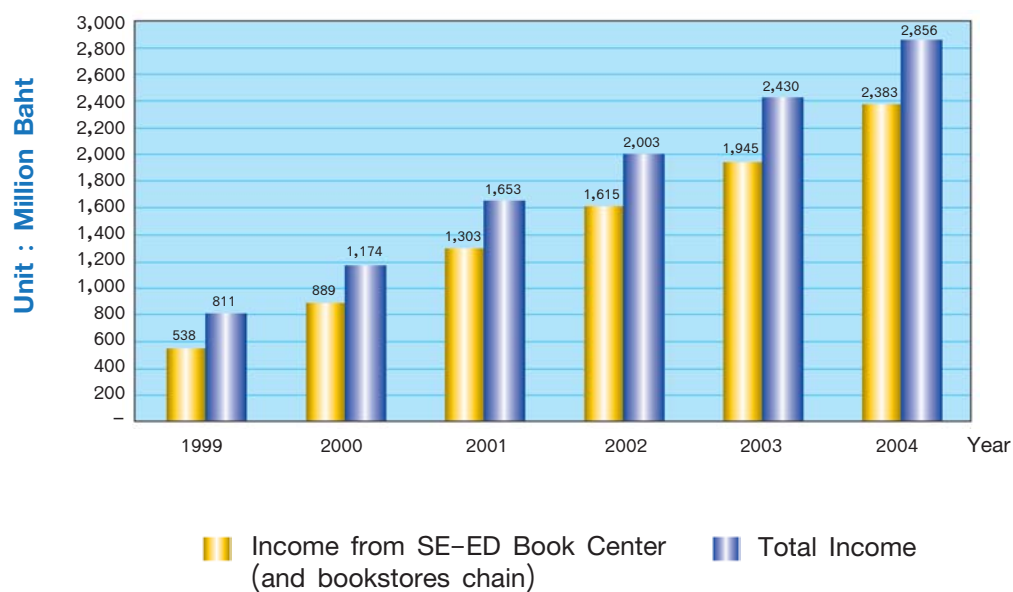
- รางวัลวารสารส่งเสริมเยาวชนประเภทวิชาการ ประจำปี 2545 สำหรับวารสาร UpDATE จากสำนักงานคณะกรรมการส่งเสริม และประสานงานเยาวชนแห่งชาติ (สยช.)

ACADEMIC MAGAZINE FOR YOUTHS 2002 AWARD for UpDATE Magazine by the Office of the National Youths Bureau, Ministry of Education

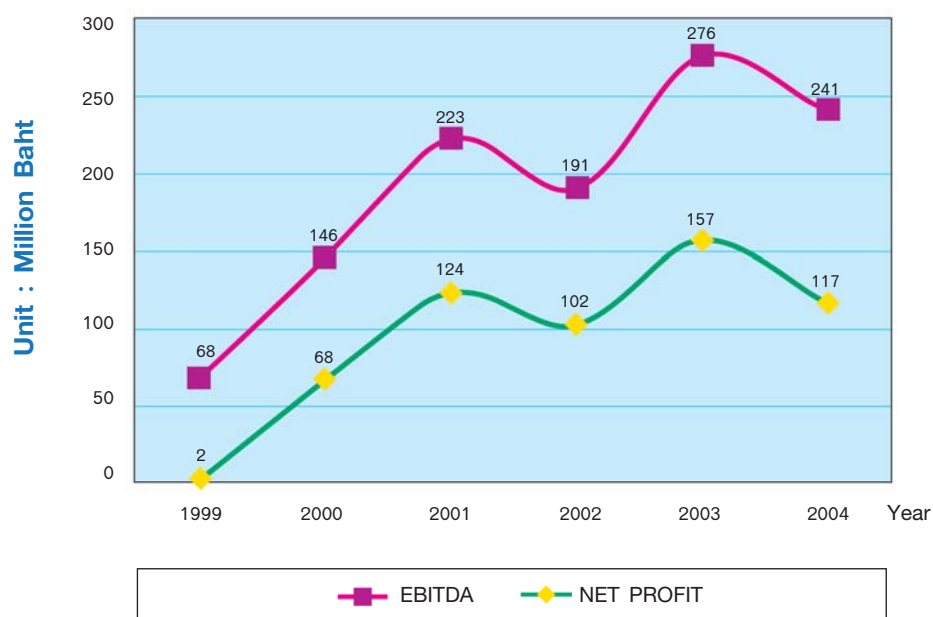
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Total Revenue and Revenue from SE-ED Book Center (and bookstores chain)



EBITDA and Net Profit



จุดเด่นในรอบปี

จุดเด่นในรอบปี HIGHLIGHTS

HIGHLIGHTS

หน่วย : ล้านบาท
Unit : Million Baht

ผลการดำเนินงาน OPERATING RESULTS	2547 2004	2546 2003	2545 2002	2544 2001	2543 2000
รายได้รวม Total Revenues	2,856.34	2,429.96	2,003.24	1,652.69	1,173.83
กำไรสุทธิ Net Profit	116.96	156.65	102.26	123.73	67.77
กำไรสุทธิต่อรายได้รวม Net Profit Margin (%)	4.09	6.45	5.10	7.49	5.77
กำไรสุทธิต่อหุ้น (บาท)* EPS (Baht)	0.41	0.73	0.49	0.59	0.32
มูลค่าตามบัญชี (บาท)* Book Value (Baht)	1.69	2.22	2.31	2.27	1.82
สินทรัพย์รวม Total Assets	1,107.81	1,105.18	1,041.06	905.59	710.47
หนี้สินรวม Total Liabilities	592.73	539.13	517.45	397.35	327.36
ส่วนของผู้ถือหุ้น Shareholders Equity	515.08	566.04	523.62	508.24	383.11
ทุนที่ออกและเรียกชำระแล้ว Paid-up Capital	314.52	255.07	210.99	210.99	210.99
อัตราผลตอบแทนต่อสินทรัพย์ ROA (%)	15.12	19.96	14.34	22.47	15.51
อัตราผลตอบแทนต่อส่วนของผู้ถือหุ้น ROE (%)	21.64	28.75	19.82	27.76	18.69
ณ วันที่ As of	31/12/2547 31/12/2004	31/12/2546 31/12/2003	27/12/2545 27/12/2002	28/12/2544 28/12/2001	29/12/2543 29/12/2000
ราคาตลาด (บาท)* Last Price (Baht)	5.40	6.00	5.90	4.00	1.65
มูลค่าตามราคาตลาด Market Cap.	1,696.42	1,530.43	1,244.82	843.95	348.13

Remark

* EPS, Book Value and Last Price have been recalculated by assumed that the company has split par since 2000 in order to be compared to current year on the same basis.

Financial Ratios

Liquidity Ratio

Ratio	2004	2003	2002
Current Ratio (times)	0.96	1.20	1.12
Quick Ratio (times)	0.66	0.89	0.88
Cash Flow Ratio (times)	0.26	0.31	0.16
Accounts Receivable Turnover (times)	4.13	4.30	3.58
Average Debt Collection Period (times)	87	84	101
Inventory Turnover (times)	10.69	10.15	9.46
Average Selling Period (days)	34	35	38
Debtor Turnover (times)	4.66	3.92	3.44
Debt Payment Period (days)	77	92	105
Cash Cycle (days)	44	27	34

Profitability Ratio

Ratio	2004	2003	2002
Gross Profit (%)	30.09	31.67	30.19
Operating Profit (%)	5.90	9.01	7.07
Other Profits (%)	0.79	2.19	0.06
Cash to Earnings Ratio (%)	86.60	77.11	204.70
Net Profit Margin (%)	4.09	6.45	5.10
Rate of Return to Equity (%)	21.64	28.75	19.82

Efficiency Ratio

Ratio	2004	2003	2002
Return on Assets (%)	15.12	14.60	10.51
Return on Fixed Assets (%)	66.64	64.74	56.78
Asset Turnover (times)	0.65	2.26	2.06

Financial Policy Ratio

Ratio	2004	2003	2002
Debt to Equity Ratio (times)	1.15	0.95	0.99
Interest Capability Ratio (times)	817.39	1,012.24	1,423.98
Debt Service Coverage Ratio (cash basis)*	0.66	0.67	1.53
Dividend Payment Rate (%)**	71.50	78.07	94.10

Remark * The Debt Service Coverage Ratio and Dividend Payment Rate have been reclassified to be conformably compared to current year.

** Dividend payment rate for 2004 has been approved from the board of Directors and waiting for approval from shareholders in the annual general meeting on April 27, 2005 and calculated from the amount of common shares counted on March 24, 2005.

Message from the Chairman

The year 2004 was the year of the country overall economics beginning to slow down due to the effect of petroleum rising price. For book business also had effect from the rising price of paper and the government saving energy policy that rise the closing and opening time of super centers to be sooner than normal in the third quarter caused to the obviously drop down of sales growth rate of bookstores in the second half of the year while in the first half the sales growth rate was rising continuously.

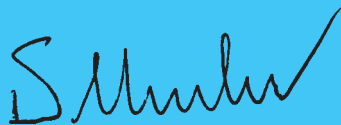
The tragedy effect to Thai people and all the world was the disaster of earth quake at Sumatra Island of Indonesia which caused the unexpected severe tsunami disaster around the end of year in several sectors of the world including the Andaman coast of Thailand. So many lives have been lost in this disaster and increasing the effect to the economics.

Anyway the company was able to create the increasing revenue of 17.55% from the expansion of bookstores chain and the raising more roles in the distributors situation. The interesting thing was that the SE-ED book center revenue growth of 22.48% while the same store sales growth was 10% which was higher than the average retail business. This reflects evidently that the books business has still had more continuous growth rate.

Besides, in the passed 2004 the company was also more recognized in the circle as SE-ED Book Center won the award of "Best bookstore of the decade" arranged by Books distributing promotion club (books distribution club) in the Publishers and Distributors Association of Thailand after winning two award of "annual best bookstores chain" consecutively in 2002 and 2003

However, the operation profit decreased 10% which will be the management problem to be solved by the management to improve better long term profit in 2005 and 2006.

At last, I, in the name of the Board of Directors would like to take this opportunity to appreciate every shareholders, business alliances including our customers, clients and every level of employees who took part in supporting the company success in 2004 and with confident in the intention and hardworking of the management and every employees will bring an effect to the company so that the company will contribute proudly to the development of our country personnel.



Mr. Thanachai Theerapatvong

Chairman



BOARD OF DIRECTORS



Mr. Thanachai Theerapatvong
Director and Chairman

Highest Qualification

- Honorary Doctor of General Business Administration, South-East Asia University
- Honorary Doctor of Marketing, Chiang Rai Rejabhat University.
- B.A. (Political Science), Ramkhamhaeng University

IOD Certificate

- Directors Certification Program (DCP), Thai Institute of Directors

Working Background

- 1999-present Chairman, SE-EDUCATION Plc.
- 1996-present Director, SE-EDUCATION Plc.
- 1987-present Chairman, Nation Multimedia Group Plc.
- 2003-present Director and Chairman of Audit Committee, Modern Form Plc.



Mr. Thanong Chotisrayuth
Director and Managing Director

Highest Qualification

- B.Eng. (in Electrical Engineering), Chulalongkorn University

IOD Certificate

- Directors Certification Program (DCP), Thai Institute of Directors

Working Background

- 1987-present Managing Director, SE-EDUCATION Plc.
- 2003-present Director and Executive Director, Ploen Patt Co.,Ltd.



Mr. Viboolsak Udomvanich
Director and Deputy Managing Director

Highest Qualification

- B.Eng. (in Electrical Engineering), Chulalongkorn University

IOD Certificate

- Directors Accreditation Program (DAP), Thai Institute of Directors

Working Background

- 1987-present Director and Deputy Managing Director, SE-EDUCATION Plc.
- 2003-present Executive Director Ploen Patt Co.,Ltd.



Mr. Pongsak Sivapatrakumpol
Director and Deputy Managing Director

Highest Qualification

- B.Eng. (in Electrical Communication Engineering), Chulalongkorn University

IOD Certificate

- Directors Accreditation Program (DAP), Thai Institute of Directors

Working Background

- 1993-present Director and Deputy Managing Director, SE-EDUCATION Plc.
- 1990-1993 Executive Editor, Microcomputer Magazine, SE-EDUCATION Plc.



Mr. Saroch Lamlerprasertkul
Chairman of Audit Committee

Highest Qualification

- MBA. (Accounting), Thammasart University
- BBA. (Accounting), Thammasart University

IOD Certificate

- Directors Certification Program (DCP), Thai Institute of Directors

Working Background

- 1999-present Independent Director and Chairman of Audit Committee, SE-EDUCATION Plc.
- 2002-present managing Director, CAS Management Co.,Ltd.
- 1994-1999 managing Director, ACT Management Co.,Ltd.



Mr. Pravit Tuntivasinchai
Audit Committee and Independent Director

Highest Qualification

- MBA. (Accounting), Thammasart University
- BBA. (Accounting), Thammasart University

IOD Certificate

- Directors Accreditation Program (DAP), Thai Institute of Directors

Working Background

- 1999-present Independent Director and Audit Committee, SE-EDUCATION Plc.
- 1994-present Accounting & Financial Executive Manager, MK Restaurant Co.,Ltd.



Mr. Somboon Chisawanant
Audit Committee and
Independent Director

Highest Qualification

- Master of Management (Finance), Northwestern University, USA
- B.Eng. (in Electrical Communication Engineering), Chulalongkorn University

IOD Certificate

- none

Working Background

- 2004-present Independent Director and Audit Committee, SE-EDUCATION Plc.
- 1995-2004 Director and Independent Director, SE-EDUCATION Plc.
- 1995-1999 Deputy Managing Director, Kasikorn Bank Plc.



Mr. Wattana Chiangkoon
Director

Highest Qualification

- B.Eng. (in Electrical Communication Engineering), Chulalongkorn University

IOD Certificate

- Directors Accreditation Program (DAP), Thai Institute of Directors

Working Background

- 1990-present Director, SE-EDUCATION Plc.
- 2002-present Managing Director, TOTEM Co.,Ltd.
- 2002-present Managing Director, TOTEM Industrial Services Co.,Ltd.
- 1997-2002 Org Dev-Maintenance Manager, ABB Co.,Ltd



Asst. Prof. Yuen Poovarawan
Director

Highest Qualification

- M.Eng. (in Industrial Engineering), Asia Institute of Technology (AIT)
- M.Eng. (in Electrical Engineering), Chulalongkorn University
- B.Eng. (in Electrical Communication Engineering), Chulalongkorn University

IOD Certificate

- none

Working Background

- 1990-present Director, SE-EDUCATION Plc.
- 2003-present Executive Consultant, Office of University Computer Services, Kasetsart University
- 2002-present Vice-President for Information Technology, Kasetsart University
- 1990-2000 Director, Office of University Computer Services, Kasetsart University



Mr. Sermsin Samalapa
Director

Highest Qualification

- Master of Science degree in Real Estate Development, Massachusetts Institute of technology
- Bachelor of Architecture, Chulalongkorn University

IOD Certificate

- Directors Accreditation Program (DAP), Thai Institute of Directors

Working Background

- 2004-present Director, SE-EDUCATION Plc.
- 2003-present Managing Director, Natural Park Plc.



Mr. Vorasit Pokachaiyapat
Director

Highest Qualification

- MS. (Computer and Database Management), Bantley Collage, Massachusetts, USA
- MBA, Camegie Mellon University, Pennsylvania, USA

IOD Certificate

- Directors Certification Program (DCP), Thai Institute of Directors

Working Background

- 1998-present Director, SE-EDUCATION Plc.
- 1991-present Executive Director, Finansa Plc.



Mr. Phairat Sittakul
Director

Highest Qualification

- B.Eng. (in Electrical Communication Engineering), Chulalongkorn University

IOD Certificate

- Directors Accreditation Program (DAP), Thai Institute of Directors

Working Background

- 1974-present Director, SE-EDUCATION Plc.
- 2002-present Level 11 Engineer, EGAT
- 1999-2002 Maintenance Services Bureau-Manager, EGAT
- 1997-1999 Engineering-Maintenance Services Bureau-Manager, EGAT



Mr. Suthichai Yoon
Director

Highest Qualification

- Vocational School Cert., Assumption Commerce School, Bangkok

IOD Certificate

- none

Working Background

- 1996-present Director, SE-EDUCATION Plc.
- 1971-present Executive Editor, Nation Multimedia Group Plc.
- 1996-1998 Vice CEO, Siam Infotainment Co.,Ltd(ITV)



1. Mr. Thanong Chotisorayuth
Director and Managing Director

Highest Qualification

- B.Eng. (in Electrical Engineering), Chulalongkorn University

IOD Certificate

- Directors Certification Program (DCP), Thai Institute of Directors

Working Background

- 1987-present Managing Director, SE-EDUCATION Plc.
- 2003-present Director and Executive Director Ploen Patt Co.,Ltd.

2. Mr. Viboolsak Udomvanich
Director and Deputy Managing Director

Highest Qualification

- B.Eng. (in Electrical Engineering), Chulalongkorn University

IOD Certificate

- Directors Accreditation Program (DAP), Thai Institute of Directors

Working Background

- 1987-present Director and Deputy Managing Director, SE-EDUCATION Plc.
- 2003-present Executive Director Ploen Patt Co.,Ltd.

3. Mr. Pongsak Sivapatrakumpol
Director and Deputy Managing Director

Highest Qualification

- B.Eng. (in Electrical Communication Engineering), Chulalongkorn University

IOD Certificate

- Directors Accreditation Program (DAP), Thai Institute of Directors

Working Background

- 1993-present Director and Deputy Managing Director, SE-EDUCATION Plc.
- 1990-1993 Executive Editor, Microcomputer Magazine, SE-EDUCATION Plc.

4. Mrs. Montalee Chotisorayuth
Assistant Managing Director and Director of SE-ED Book Center

Highest Qualification

- B.S. (Education), Srinakarinwiroj University Patumwan Campus

Working Background

- 1996-present Assistant Managing Director and Director of SE-ED Book Center SE-EDUCATION Plc.

5. Mrs. Karnchana Charoenwong
Assistant Managing Director-Sales and Distribution

Highest Qualification

- B.S. (Accounting), Kasetsart University

Working Background

- 1996-present Assistant Managing Director-Sales and Distribution, SE-EDUCATION Plc.
- 1993-1995 Assistant Managing Director and Accounting & Financing Manager, SE-EDUCATION Plc.

6. Mrs. Nuchanart Kongvisaisuk
Assistant Managing Director-Magazines Groupabove

Highest Qualification

- BBA, (Marketing) Ramkhamhaeng University Working Background

Working Background

- 2001-present Assistant Managing Director-Magazines Groupabove
- 1999-2000 Director of Electronics and Industrial Magazine Group, SE-EDUCATION Plc.
- 1946-1999 Advertising Manager of Electronics Magazine Group, SE-EDUCATION Plc.

6. Mr. San Simasuwarong
Engineering & IT Director

Highest Qualification

- Production-Engineering, KMITN.

Working Background

- 2003-present Engineering & IT Director, SE-EDUCATION Plc.
- 1997-2003 MIS Manager, IT City Co.,Ltd.
- 1997 General Manager, Cyber City Co.,Ltd.

7. Mr. Viroj Lackanaadisorn
HR & Org Dev Director

Highest Qualification

- MBA, Chulalongkorn University
- B.Eng. (in Production-Engineering), Chulalongkorn University

Working Background

- 2003-present HR & Org Dev Director, SE-EDUCATION Plc.
- 2000-2003 Consultant, Novo Quality services (Thailand) Co.,Ltd
- 1998-2000 QA, Engineering Isuzu motor (Thailand) Co.,Ltd

8. Ms. Aree Sae-ung
Accounting Director

Highest Qualification

- MBA, Burapha University
- Bachelor Certificate (Audit), Thammasart University
- BBA(Accounting), Rajamangala Institute of Technology

Working Background

- 2004-present Accounting Director, SE-EDUCATION Plc.
- 2001-2003 Accounting Manager, SE-EDUCATION Plc.
- 2000-2001 Internal Audit Manager, SE-EDUCATION Plc.
- 1994-2000 In-Charge AMC Co.,Ltd.

10. Ms. Sajipat Pumpuengput
Financial Director

Highest Qualification

- BBA, Sukhothai Tammatirat University

Working Background

- 2004-present Financial Director, SE-EDUCATION Plc.
- 1991-2003 Financial Manager, SE-EDUCATION Plc.

■ Report of the Board of Director Responsibilities for Financial Statements

The Board of Director is responsible for SE-EDUCATION Public Company Limited (SE-ED) financial statements and financial information presented in this annual report. The aforementioned financial statements are in line with the accounting standards defined by the Institute of Certified Accountants and Auditors of Thailand, using appropriate accounting policy consistently employed by SE-ED as well as applying careful judgment and best estimation. Important information is adequately disclosed in the notes to financial statements.

The Board of Director has provided and maintained an efficient internal control system to ensure that accounting records are accurate, complete and adequate to protect its assets and uncover weaknesses in order of prevent fraud or materially irregular operation.

To accomplish this task, the Board of Director has appointed an audit committee, which consists of Non-Executive Directors responsible for the quality of financial statements and internal control system, whose comments on these issues are readily included in the Audit Committee Report in this annual report.

The Board of Director has the opinion that SE-ED's overall internal control system has functioned up to the satisfactory level and rendered credibility and reliability to the SE-ED financial statements for the year ended December 31, 2004



Mr. Thanachai Theerapatvong

Chairman of the Board



Mr. Thanong Chotisorayuth

Managing Director

SE-EDUCATION Public Company Limited's Audit Committee consists of three Directors – Mr. Saroj Lamlerprasertkul, Committee Chairman; Mr. Prawit Tantiwasinchai and Mr. Somboon Chinsawanant, Committee Members. Each of the committee was not the company executive or employee. And Mr. Wachiratham Siriarchawattana as the secretary of the board.

The Audit Committee's duties and responsibilities are to review financial reports in accordance with approved Accounting Standards; to reveal sufficient information; to review internal control systems and internal audits as being proper and effective; to verify the company operation to perform in accordance with the SET acts, to consider the revelation of company information in cases of conflicts of interest; and to select and appoint auditors.

In the year 2004, the Audit Committee held a total of 4 meetings. The Audit Committee had regularly meeting with the auditor, the management, accounting department and internal audit department to review the financial statements each quarter and for the year ended December 31, 2004 before submission to the Board of Director. The Audit Committee also manages financial reports in accordance with approved Accounting Standards; reveals sufficient information in accordance with the law; listens to auditors' explanations and suggestions on completion of the audit. The audit committee had regularly meeting with the internal auditor to appraise the sufficiency of internal control, considers to agree with the annual audit plan of the internal auditor for fiscal year 2004, co-reviews with the management on the internal auditor report co-reviews with the management to achieve a more effective internal audit and control. In case of risk management, the audit committee had a meeting with the management to exchange ideas about business risk management. However the audit committee is on the process of setting up the risk management committee to take the duties and responsibilities directly. The audit committee has prescribed, followed up and supervised to support the corporate good governance as practiced in the company. Otherwise the audit committee has concerned for abidance by the Securities and Exchange Act including the transparency of connected transactions. The Audit Committee revealed that the internal control system did not find any items which will considerably affect the company and has already reported to the Board of Director.



Mr. Saroch Lamlerprasertkul

Chairman of the Audit Committee

March 29, 2005

General Information

Name, Location of Head Office and Distribution Center

Name	: SE-EDUCATION Plc.
Head Office	: 46/87–90 Nation Tower, 19th Floor, Bangna–Trad Road, Bangna, Bangkok 10260.
Distribution Center	: 99 Moo 1 Kingkaew Road, Tambon Rachathewa, Amphur Bangplee, Samut Prakarn 10540.
Tel.	: 0–2739–8000
Fax.	: 0–2751–5999
Homepage	: http://www.se-ed.com
Business	: Publishers, distributors and retailers of books and magazines
Registered No	: Boo Mor Jor 102.
Registered Capital	: THB 348.13 million, consisting of 348.13 million shares at THB 1.00 each, THB 314.15 million are already fully paid up.

Name, Location of Subsidiary company

Name	: SE-ED Book Center Co., Ltd.
Address	: 46/87–90 Nation Tower, 19th Floor, Bangna–Trad Road, Bangna, Bangkok 10260.
Tel.	: 0–2739–8000
Fax.	: 0–2751–5999
Business	: Business Consultancy
Registered Capital	: THB 100,000.00 which consists of 10,000 shares at THB 10.00 each and already fully paid up. SE-ED holds 99.93% of shares.

Name, Location of Associated Companies

Name	: M and E Co., Ltd.
Head Office	: Soi Krung Thon Buri 6, Krung Thon Buri Road, Klongsan, Bangkok 10600.
Tel.	: 0–2437–2884
Fax.	: 0–2438–1189
Business	: Technical Journal, Engineering Handbook Publisher
Registered Capital	: Fully paid up for 4,000 shares at THB 100.00 per share. SE-ED holds 25% of shares.

Name : **Ploen Patt Co., Ltd.**

Address : 33/39-40 Moo 17, Suan-Pak Road, Sala-Tham-Sup, Thawi-Watthana, Bangkok 10170.

Tel : 0-2885-2670-5

Fax : 0-2885-2670-5 Ext 1201

Business : Private school.

Registered Capital : Fully paid up for 800,000 shares at THB 100.00 per share.
SE-ED holds 28.75% of shares.

References

Stock Registrar : **Thailand Securities Depository Co., Ltd.**
62 The Stock Exchange of Thailand Building,
4th, 6-7th Floors, Ratchadapisek Road,
Klong Toey, Bangkok 10110.
Tel: 0-2229-2800 Fax: 0-2359-1262

Auditor : Ms. SUSAN EIAMVANICHA Auditor ID: 4306
Ms. WANRAYA PUTTASATIEAN Auditor ID: 4387
SAM NAK-NGAN A.M.C. Co.,Ltd.
4th Unit, 19th Floor, Silom Complex Building,
191 Silom Road, Silom, Bangrak, Bangkok 10500.
Tel: 0-2231-3980-7 Fax : 0-2231-3988

Legal Consultant : Chuan and Associates Law Office
4/1482, 3rd – 5th Floors, Nawamin Road, Klongkum, Buengkum,
Bangkok 10230.
Tel: 0-2509-3421-2 Fax: 0-2509-3571

Bond holder Representative: No bonds

Consultant or Manager for Management Contract: None

SE-EDUCATION Public Company Limited (SE-ED) was established as a registered company on October 10, 1974 with a registered capital of THB 99,000. Their objective is to do business in knowledge dissemination, with a view to developing the full potential of Thai people in areas essential to national development. The company founders were ten electrical engineering graduates from Chulalongkorn University, who used to be active in varsity activities from the academic club of faculty of engineering, Chulalongkorn University during their study and realized that Thailand still lacked of technical and academic materials development.

The company has been listed on the Stock Exchange of Thailand (SET) in the Service Industry, Public Relations Main Business, and Printed Matter Minor Business, since 1991. The company went public on April 29, 1993. Nowadays the company is well known by its nickname “SE-ED” which comes from [Science](#), [E](#)ngineering and [E](#)ducation.

At the beginning, the company published the monthly magazine “Semiconductor Electronics” and was the distributor of electronic parts and equipment from abroad.

In 1978, the company published the monthly magazine “Taksa, Science and Technology Edition” for the general and young readers who are interested in science and technology.

In 1979, the company launched the monthly magazine “Miti Tee See” to encourage the creativity and imagination urging readers to pay more interest in science.

In 1980, the company had the project to publish the engineering and scientific textbooks which were later set as Textbook and Academic Books Section.

In 1983, published the monthly magazine “Microcomputer” and began to publish the Microcomputer books. At the same time, the company set the Management Book Section for the purpose of publishing the books that can help people work efficiently rather than publishing bestseller books for the moment.

In 1985, the company adapted and introduced the Standing Order Distribution System and merged the magazine “Taksa , Science and Technology Edition” and “Miti Tee See” in the new name “Rou-Rorb-Tua” Magazine which was later improved the style and content with the name “UpDATE” Magazine. In the meantime, the company expanded the Children Book Section and in 1986 “Wittayasat Arn Sanook” the knowledge cartoon was launched and warmly welcomed.

The company pioneered publications in the magazine and educational book business continuously until becoming the leading substantial knowledge publishing firm in the country with the best distribution system in the book business. The company also became a distributor for other publishers producing books in the same fields.

Although, compared to the average publishing industry, SE-ED had a satisfying sales volume and growth, by being the publishing firm with highest sales volume through bookstores channels and being the largest books distributor at that time. But the company has found that there was a limitations due to very few good quality bookstores had been in existence. Consequently, the company’s books could not be efficiently circulated. As a result, sales volume of each book could not be increased as much as it should.

Following research, the company realized that these existing bookstores could not be expanded or improved much further. At that time, many new shopping centers were opening, and the company believed they would be good venues for the bookshop business. As the company had confidence in those malls to be likely attractive to bring out large communities and would likely to change the traveling path behaviour of Thai people. Therefore the strategy of providing more convenient way for Thai people to get the books for reading was to set up good bookstores in those malls. But as the investment was high and no one has pioneered in this case conscientiously before, then the company decided to start the bookstore business in leading shopping centers to avoid affect to existing bookstores which were mostly located in commercial bulidings.

Therefore in the third quarter of 1990 the company submitted issue to be listed company in the Stock Exchange of Thailand and started the SE-ED Book Center bookstore project for Thai people to buy good books more conveniently and for supporting the growth of all books market by tend to focus in opening branches in leading shopping centers. In order to be a complete general bookstore, SE-ED Book Center will sell its own books and other publishers' books by opening the first branch around the end of year 1991 at Fortune Town Shopping Center by laying stress on being the center of substantial books and entertainment for family and working people.

In the third quarter of 1996, SE-ED began operating SE-ED Book Center in super centers, with the first branch in the Lotus Super Center, Pattaya branch. SE-ED believes super centers are the new retail business outlets that will become more important and popular in the future. Super centers will also prove to be suitable places for bookshops in the long-term future. The company improved the modern image of SE-ED Book Center by using bright and vivid colors. The company also designed new bookshelves that could be manufactured more easily and save expenditure in production. Consequently, SE-ED could operate new branches of its bookstores faster and more conveniently. SE-ED also focused on improving book distribution centers to accommodate many more books for more than 100 branches. SE-ED is also improving marketing strategies that have been specially developed and tested. All these developments have enabled SE-ED to be ready for further growth and to expand itself firmly. As it has expanded, SE-ED has been able to operate the new branches more conveniently with less capital and expenditure. The bookshop business has more tendencies to success.

Furthermore, SE-ED Book Center has improved the relationship with shopping centers and super centers, being recognized as an important business alliance of each shopping center. This support has enabled SE-ED to develop its business format continuously. Nowadays SE-ED Book Center is a chain of book center evolving and expanding very fast, resulting in the highest number of branches and sales volume in this business in Thailand. SE-ED Book Center has served as the heart of the company's growth since 1997.

SE-ED's all performance was consistently pleasant. However, since 1997 Thailand encountered the serious economic crisis which led to business collapsing and widespread unemployment, overall lower purchasing power. The publishing business was effected in many ways. Several of SE-ED's main customers in books retail business encountered the severely loss and cash flow problem, so SE-ED had to reserve for a large amount of bad debt. Because of the lower purchasing power and decreasing of sales orders from bookstores, SE-ED was aware of granting credit to customers to keep control of the bad debt level. The competition was higher and higher, as a result the sales volume both for SE-ED's own published books and distributing books decreased dramatically. So, it's recorded that 1998 was the first year of SE-ED's loss situation since listed in the Stock Exchange of Thailand.

However, after encountered the great economic crisis, SE-ED began to revise the business structure for a long term strength by spreading risk, improving financial structure by, increasing more capital for unpredictable economic problem in 1998 and setting the reliable financial standard for paying up the long term loan from financial institute and has enough cash liquidity for uninterrupted business expansion, As a result, in 1999 SE-ED conquered the fatal economic crisis and came back to profitability with satisfy liquidity and continuous expansion.

In 2001, the company moved from Soi Trakulsuk, Asoke–Dindaeng Road, where SE–ED had been since 1983, to Nation Tower, following the move by SE–ED Book Center office to Nation Tower in the second half of 1998. As a result, the company has more working space, enabling SE–ED to better coordinate and manage the business more conveniently while preparing for further company and business expansion.

In 2003, the company’s distribution center has been moved to 99 Moo 1 Kingkaew Road, Thambon Rachathewa, Amphur Bangplee, Samut Prakarn Province 10540 for larger area enough to support the company growth.

Nature of the Business

The company has three major areas of business as follows:

- 1. Bookstores Business** by managing SE–ED Book Center, Book Variety and many book centers of the universities in Bangkok and several provinces, while expanding its bookstores chain branches and books retail space in other business premises (83.43% of revenue in 2004).
- 2. Distribution Business** by distributing SE–ED owns books and publications, as well as those of other publishers to nationwide bookshops and other marketing channels.
- 3. Publishing Business** by publishing own books and magazines, selling advertising space in its monthly magazines and books; providing the printing books service for other parties, and organizing the annual “Thailand Electronics & Industrial Technology Exhibition” and many specialized technology exhibitions, organizing the SE-ED Kiddy Camp for youths, and arranging several academic training and seminar courses.

SE–ED continues to play a leading role supporting and encouraging all aspects of the business, which has resulted in the achievement of a competitive advantage, as well as increasing the company’s overall revenue.

In addition, the company has held a 25% shares in M & E Co., Ltd. since 1984 with a paid–up share capital of THB 400,000. The M & E Co., Ltd. prints and publishes technical magazines and engineering manuals, distributed by SE–ED.

The company has also held a 99.93% shares in SE–ED Book Center Co., Ltd. (founded May 11, 2001), with a paid–up share capital of THB 100,000. The SE–ED Book Center Co., Ltd. does not operate any other business. The purpose of registering the name of “SE–ED Book Center Co., Ltd.” is to protect “SE–ED Book Center” exclusively from others seeking to register it as a new company.

In 2003 , the company has held 28.75 % shares in PLOEN PATT Co.,Ltd. (founded September 25, 2002) with a paid–up share capital of THB 80,000,000. The purpose of registering the name of “PLOEN PATTANA SCHOOL” located at Bhuddhamonthon 2 Road, classroom opened from pre–kindergarten grade up to twelve grade. The academic year will start on 2004 ever since. This was the important gathering of more than 70 education - loving alliances from several group such as parents, guardians of students, teachers,

academics, school executives joining to the private organization with significant roles in families institutes and education field to create new concept school model based on serveral processes by prescribe the idea of management guide, curriculum design as well as the learning method to build happy children with knowledgable, efficient and with necessary skill to be grown up as new worth citizens to lead and take care Thai society for sustainable progressive development and link to internationality.

As December 31, 2004, The main shareholders are:

1. SE-EDUCATION Plc. has held 28.75 %
2. RAK LOOK FAMILY GROUP Co.,Ltd (Plan Pubishing Co.,Ltd) has held 8.75 %
3. Mrs. Thida Phitaksinsuk has held 5.0 %
4. Ms. Krongtong bunphakorn has held 5.0 %

Total revenue from sales categorized by products

Revenue from Sales & Service	2004		2003*		2002*	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Books						
– Retail ¹	2,383,122	83.43	1,945,788	80.08	1,621,303	80.93
– Wholesale ²	340,172	11.91	341,163	14.04	271,078	13.53
– Publishing service	15,566	0.55	3,024	0.12	3,327	0.17
Total	2,738,860	95.89	2,289,975	94.24	1,895,708	94.63
Magazines ³	94,788	3.32	86,765	3.57	79,591	3.97
Others	22,692	0.79	53,221	2.19	27,940	1.40
Total revenue	2,856,340	100.00	2,429,961	100.00	2,003,239	100.00

Remarks

- ¹ Retail – revenue from SE-ED Book Center and Book Variety bookstores, the company's bookstores and other retail outlets managed by SE-ED Book Center and Book Variety.
- ² Wholesale – revenue from books published, sales volume of magazines and distributed to bookstores and other retail outlets.
- ¹ and ² – total sales of company own publications in 2004, 2003 and 2002 represents 8.58%, 9.66% and 11.95% of sales revenue respectively.
- ³ Magazines – total revenue sales advertising publishing and revenue from “Thailand Electronics & Industrial Technology Exhibition”, “SE- ED Kiddy Camp”

* The revenue of year 2003 and 2002 has been rearranged for comparison with the current year.

Major Products and Services

Product and Service are operation as follow:

1. Books At present, the company is the large publishers supply to bookstores by being the pioneer and leader in publishers in the field of computer, electronics, other engineering field, knowledge enhanced books for youths, business/management, self development books and reference book.

2. Magazines The company is also the publisher of 10 magazines in science and technology field as follows:

- **Semiconductor Electronics** Monthly Magazine emphasized on electronics launched in 1974.
- **MICROCOMPUTER** Monthly Magazine devoted entirely to PC technology circulated since 1983.
- **UpDATE** Monthly Magazine catered to those readers who want to keep abreast of latest developments in the world of science and technology published since 1978.
- **Hobby Electronics** Monthly Magazine specially geared to the needs of those fledgling electronics enthusiasts and also interested readers launched in early 1991.
- **MICROCOMPUTER USER** Monthly Magazine targeted to general users of PC technology. Circulated since late 1993.
- **Industrial Technology Review** Monthly Magazine launched in mid-1994 provided reading material on major developments in industry and technology for factory engineers and general readers.
- **Mechanical Technology** Magazine is the 2 month magazine launched in mid-2001.
- **The Absolute Sound & Stage** Magazine is the monthly magazine about video and audio for home, car, studio and stage launched in the end of May 2002.
- **Extreme Technology** Magazine is the monthly magazine about new products, technology and new hitech products with comparative performance for buyer decision. Launched in late of October 2003.
- **Smart Purchasing for manufacturers** is a fortnightly magazine about new products, news and articles for procurements personnel in industrial plant. Launched in January 2004.

The revenue from this part comes from the sales of magazines, advertising and special edition.

3. Distribution The company distributes its own books and also distributes books published by other publishers and various organizations, which are in line with its policy by wholesales supply to bookstores both small scales and large scales all over the country not less than 700 shops. The company sells direct to the educational establishments and distributes to SE-ED Book Centers, Book Variety, and some universities book centers which belong to the company bookshops.

Currently, the company has its own publication more than 1,800 titles still in the market and distributes more than 2,900 titles from various organizations and publishers, and is the Thailand largest distributor who supply book to bookstores.

4. Bookstores business (SE-ED Book Center or SBC) by operating the SE-ED Book Center and Book Variety both in Bangkok and other provinces. Including the expansion in network bookshops form and managing the selling area in several models (with revenue of 83.43% to the 2004 total revenue). SE-ED Book Centers are medium-sized general bookshops, modern in design and goods layout plan, efficiently selling and lay stress in being located in convenient location for people to come buying the books. Main locations will be located in leading shopping malls (such as Central, The Mall, Robinson, Future Park Rangsit, Future Park Bangkoe, provincial leading shopping centers, etc.), leading super centers (such as Tesco Lotus,

Big C, and Carrefour, etc.) and education institutes (such as Ramkhamhaeng University, National Institute of Development Administration, Dhurakij Pundit University, Siam University, Khon Kaen University etc.) in several models both in Bangkok and other provinces.

Otherwise the company has also launched new bookstores in another name of “Book Variety” (which is the same name as the company own TV program produced and broadcasted on UBC cable TV channel 8 and later transferred to broadcast on TTV Channel 1) since July 2002. This will be another look of SE-ED Book Center bookstores chain.

At the year end of 2004, there have been 174 branches of SBC opened, in this amount 169 branches are still in operation with 83 branches in Bangkok and nearby provinces, and 86 branches in other provinces. SE-ED owns 162 branches, another 4 branches are SE-ED Book Center Network Bookstores (SE-ED Book Center fully supports the shops by providing all merchandises) and 3 branches are SE-ED Network Bookstores (SE-ED not fully supports, the shop owners have to order the merchandises by themselves) Moreover, SE-ED also takes charge of managing the books and magazines sales spaces of super centers, TESCO Lotus Express stores, and other shopping centers in several sales models totaling of more than 157 different sales locations.

Currently, SE-ED Book Center and Book Variety operate the highest number of chain bookstores with the greatest sales volume in Thailand.

Information of SE-ED Book Center and Bookstores chain at year-end

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Branches increase in year	2	1	1	4	2	2	10	13	12	19	28	27	22	31
Branches opened	2	3	4	8	10	12	22	35	47	66	94	121	143	174
Branches closed	–	–	–	–	–	–	–	–	–	(1)	–	–	(3)	(1)
Total existing branches	2	3	4	8	10	12	22	35	47	65	93	120	139	169
Kiosk in operation	1	1	2	2	2	2	5	8	11	17	28	37	39	42
Petty sales in operation	–	–	–	–	–	–	–	–	–	–	2	63	75	115
Total operation selling point	3	4	6	10	12	14	27	43	58	82	123	220	253	326

- Remarks**
- There is a reclassification of bookstores branches to be proper managed, so the number of branches may be different from the previous documents as the **branches** has included the small size of bookshop of 20-50 square metres. **Kiosk** means mainly the newsstand sales type. **Petty sales** means sales type that the company takes charge in managing the goods in book corners (including newspapers and magazines) in Lotus super centers, Big C and in Tesco Lotus Express by selling jobs are responsibilities of the area owner.
 - At year end 2004 there are existing operation 169 branches. There are 83 branches in Bangkok and its vicinity and 86 branches in other provinces. This figures has include the small scale of 6 branches.
 - At year end 2004 then are existing operation 140 branches in the brand of SE-ED book center, 16 branches in the branch of Book Variety, 4 branches in universities book centers and 9 branches in other brand name.
 - At year end 2004 there are existing 4 operation branches which are fully network model (the company takes charge of all goods), and non-fully network model (the company offers to be able to use the company brand name but the owners have to manage their merchandises by themselves) in operation 3 branches, 42 branches of Kiosk and 115 branches of petty sales.

5. Other activities The company also performs additional activities as follow:

- Organized the Thailand Electronics & Industrial Technology Trade Show in order to earn more revenue as well as to promote Thailand's electronics industry.
- Organized SE-ED Kiddy Camp for the youth age from 8–14 year which were held in academic vacation period.
- Operated the Book Variety Program which is the television program about books circle, broadcasted on TTV1 Nation Channel every Saturday at 9.00 am – 9.30 am.
- Arranged training courses in engineering field and arranged the seminars in specialized field such as “Thailand Network” and “Thailand Metrology” etc.

Policy and Marketing

Marketing Strategy Throughout the past 30 years, the company has been a leading initiator in the technical book publishing business, especially in the “How-to” category. This reputation as Thailand's main publisher of technological books and journals enabled its other operations to flourish and enjoy greater success. The company's marketing policy emphasizes on :

- selective of location for new SE-ED Book Center and bookstores chain in different models:—only the location of high potential to making profit in long term will be considered.
- creating total added value by utilizing the strong point of having company own retail outlets, SE-ED Book Center and bookstores chain in different models. Focus in creating distribution models appropriated for each shop in each book and each category to hit the target group of customers and reduce the sales return rate.
- setting direction, selection and production plan of new books accord with the market's need. So the main products will have long life cycle time in the market and will make profit in long term.
- developing tools and channels for public relation activities in order to promote the new products for gaining more chances to be success since launching time.
- creating the good relationship with suppliers and customers in all levels to be impressed in co-operation and get more business opportunities.

Policy on Price The company pricing policy is setted conformably to purchasing power of each target group ,tally with real production costs and having reasonable profit in long run. However, this will not be applied to magazines sales, which depend on advertising income as the main revenue earner.

Distribution Channels The company distributes books and magazines to SE-ED Book Center and bookstores chain in different models in Bangkok and other provinces by managing the distribution channels according to customers, products and services as follows:

- 1. Retail customers** The customers are general readers and working people. The company distributes books and magazines to 174 branches with 169 branches still in operation including 7 branches for network shops (as at December 31, 2004) which the center of substantial books and entertainment for family and working people, located in leading shopping centers and super centers in Bangkok and other provinces and also in the higher educational institutes.

2. Wholesale customers With around 700 groups of customers throughout the country, the company distributes books and magazines to several bookshops in Bangkok. For distribution to provincial bookshops, the company uses either a service of the other private companies for case by case.

For circulation and distribution the company own magazines the company own magazine in Bangkok and its vicinity, the company has distributed via several distributors to disperse to bookstores and newsstands in each area. For other provinces, one distributor has been assigned to distribute to bookstores and newsstands all over the country.

For circulation and distribution in Bangkok and its vicinity, the company utilizes the “Standing Order” distributive system, a combination of consignment and non-returnable sales system. For most of booksellers in other provinces, a non-returnable sales system has been applied with a limit of returnable quantities.

3. Advertisers Major companies in the industrial circles including the computer and electronics circles are both regular and irregular advertisers in the company’s monthly magazines.

These customers are not related in any way to the company and have no future obligations what ever with the company.

Industry Competition

Industry Overview and Competition The publishing industry grew ever larger growth rate expected to be around 10–15% for 2000–2005. There are still market opportunities, therefore many new faces occur in the publishing business, retail business and magazines business. Thus the tough competition has begun. Anyway this will inspire the market long-term growth.

However, the company has still have a very good growth rate in book publishing business, wholesale and retail business. As the company still held strength in these area and were the growth that support to each other. Whereas the magazines business still grows in overall but the computer periodicals were hardest hit by competition and an advertising price war, reducing its advertising revenue significantly. However, electronics and industrial periodicals still show significant growth.

Opportunities and Threats As the government promotes more advanced education among people and has policy to create Thai as the knowledge society to catch the global development. In the mean time there are many new interesting titles of books published, causes to more reading tide. These are the factors to cause the books business which used to be a small scales to enlarge continuously, as well as the rush expansion of super center in the recently period effects to the much increasing of the company new bookstores branches of SE-ED Book Center. As the company acts as the role of large publisher and large books distributor of the country and being the owner of the largest bookstores chain with high cash liquidity and capability to expand in several models, so the company has potential to grow continuously better than the industry average.

Key Success Factors The factors that contribute to the company’s current leading position and the company’s more important role in future book business can be summarized as follows:

- **Business policy is evidently conducive to national development** Since its inception the company has all along adhered to its business in knowledge dissemination, with a view to developing the full potential of Thai people in areas essential to national development. The company’s continued

growth is in line with national development, and fortunately not severely affected by the economic slump. Besides, as the company has policy to have a good ethics and promotes the growth of books industry together with the company, so its corporate image is clear, well accepted and trusted by every party concerned.

- **SE-ED has the tools and business components to efficiently operate future business**

Nowadays, the company's Business Operating Structure divisions co-operate with each other to reach success.

1. The company has its own distribution channel and system via the SE-ED Book Center, and Book Variety which is the important distribution channel because it spreads to main community all over the country with largest number in branches and get high priority offering to select new location for its new branches. These effect to support the wholesale growth opportunity and cause the lower cost of bookstores business in return. Otherwise it effects to the higher opportunity for success for publishing books.
2. The company also has its own media and public relations, including 10 different journals, a Book Variety TV Show, website www.se-ed.com, free e-mail service and free homepage via www.se-ed.net.

- **Quantity and size of Competitors** As books business is one of the continuous growth business and has also great potential to grow and is not difficult to get into this business. So there are so many people interest to get into this business each year both in publishing role and in retailing role although many of them have been closed their business already. But each of them tries to differentiate from each other, then the books business is flourishing and cause to expand the base of books readers, so the effect of many competitors is not much.

Otherwise as the company does business cover all the category of publisher, wholesales, distributor and bookstores cause to get beneficial in either way for the new comer in each role, so the effect of competitors is slightly.

For the bookstores business, there are more competitors from several large firms interested in doing this business but the market has divided conform to the products mixed in the stores and to location, so this causes not much effect to the company. While the company as the market leader with strong financial status, being accepted by general readers and ready to expand new branches, so the company can keep a big step ahead from taking advantage of high priority to choose new location and has the lower operating investment. In future the books business is expected to grow from the growth of large firms who well prepared in this field only.

- **Market share** Although the company is the market leader in 3 roles:- retailer as bookstores chain, wholesales as books distributor, and books publisher but has still not much market share. The largest market share is in bookstores business which the company shares not less than 20% of the market, the same situation in other countries that nobody get hugh market share.

For the business of books distribution to bookstores, the company shares highest part in the market but in publishing business can stand in one of the three top of market depend on the quantities of achieving notable books of each company in that year.

- **Supersede products** The rapidly development in industry and business leads to a need in new learning and developing knowledge to avoid disadvantage in competition. Regardless of how far the communication and computer technology progress, books have still been the only media to impart knowledge to people conveniently everywhere, every time, inexpensive and long lifetime.

- **Bargaining power of buyers and sellers** As the books business has a level of the standard trading condition structure with several traders by nobody can evidently monopolize the market and need to be interdependent, so there are not much problem in bargaining. However due to the new large retailers in other business expand into the books business and may cause bargaining with publishers and distributors according to the general retail business nature but is still not much effect to the over all business as they still share not much portion of the market at present.

Procurement

1. Books for distribution At present the books that are distributed to all bookstores through out the country come from the company own publishing house and other more than 300 publishers that contact to the company distribution business unit to distribute nationwide. The company will consider only the products which are in accordance with the company direction and have sales opportunity.

2 Books and other goods SE-ED Book Center deals directly SE-ED Book Center receives goods from 2 channels. From the company distribution business unit which is the distributor to the whole country and the other channel, the mostly one, deals directly to suppliers by the marketing department of SE-ED Book Center in charge of consideration and selection products for sales in the company bookstores.

3. Books and magazines published by the company This business line has been authorized by the book publishing group and the magazines group to prescribe the direction and selective of original manuscripts to publish including the production process of printing into complete copy for handover to the company distribution group for distribution.

Production power usage ratio As the company does not own any printers, then the production of books and magazines are in the responsibility of in-house work group to take care of the production throughout the complete cycle and spread the printing jobs to several printers matched with the schedule. Therefore the real production can be increased or decreased without any loss in vain.

Raw material and supplier Paper is the main raw material which the company purchased from local distributors in lump sum (no any import paper by the company). The types of paper used in production of books and magazines mostly are woodfree , newsprint , coated and cover coated.

Relation with materials and books suppliers and the effect of losing them The main suppliers of paper are Lau Hua Chiang Company Limited and Rien Thai Boon Kij Company Limited with the purchasing term of non-refundable condition with 30 days credit term payment. The company has no any relation with these suppliers and no any binding obligation to buy from them in the future. In case of these two suppliers can not provide paper, the company can get from other suppliers. The total value company pay for raw material and finished goods to 10 main suppliers was 33.37% of the cost of goods sold in 2004 which can be considered that no suppliers have influence to cause effect to the company.

Risk factors

The factors that may cause risk for investment of investors or affect the issuer are as follow:

Risk from deficiency of special field expert personnel. Experts and specialized field personnel are the most important resources in academic books and magazines production including other creative works in the company business line which most of them are the pioneer businesses.

The company has aimed at the importance of the personnel mentioned above, then the ESOP project has been set up to provide stock options to employees to persuade them with motivation to create company growth in long-term. This project has been approved from SEC to issue warrants in December 2001. Besides the company has also provided training and developing the company culture in order to improve the employees to gain higher potential and work more happily.

Risk from distribution channels One of the main distribution channels is the retail bookstores chain in SE-ED Book Center brand and Book Variety brand name in leading department stores and super centers all around Bangkok and upcountry. The weighted revenue from this channel is about 83.43% of company total revenue in 2004.

Then the company spreads risk by opening the bookstores distribute through several groups of shopping center groups, not binding to any malls or opening bookstores in one specific shopping mall group only. Most of the leasing contracts for bookstores are in long term period for stability in sales location investment. Therefore if any malls or super centers encounter problems or can not operate in any condition or changing leasing policy, the company only gets effect partially.

Besides the company has insured coverage damage occur to assets and goods to reduce unforecast risk from any harms probably happen to the bookstores branches.

However the growth of bookstores branches expansion in the super centers may be effected by the slow down growth of super centers unless the government treats with leniency about enacting the town plan law to control of the super centers expansion.

Copyright infringement The academic books production may have risk from being used in case of the company infringed a copyright of others such as an author or publisher has infringed a copyright and entrust the company to publish and/or distribute while the company didn't know about the infringement. The copyright holder may sue the company as the publisher or the distributor. Therefore the company editorial staffs have to select the original manuscripts more carefully and cautiously in order to avoid the copyright infringement problem. Besides the company has specified in the contract with authors or manuscript owners that they have confirmed their works did not infringe any copyright and will subsidy all damages happened to the company if the copyright infringement occurred. This will reduce the probability of any damages caused by this problem.

However very few problems occur and the effected value are not material.

Risk of outdate products and superseded by other media At present the computer technology has been developed rapidly so the sales duration of computer books which the company is one of the leader in this field is shorter than before. And the electronics media has begun to replace books in some category and some application so the company has modified the direction by increasing the ratio of books with long length of sales and have large volume sales in production line. Including the set up of company web site www.se-ed.com for interesting people can be informed more quickly about the new books launching.

However the foreign statistics shows that even the electronics media will be rapidly developed but still take more adequate time to start effect to books business significantly. At that time the company can adapt to this trend in time as the company has already provided infrastructure for this case.

Risk from raw material and product deficiency Paper is the important raw material in books production and price has been changed vary to market demand and production quantity all the time. But the books published by the company have target group with purchasing power and well educated so that the

company can use the policy to set price in accordance with the real cost in that period, then this does not produce a great impact.

Risk from printing industry As the company has not invested in printers so there is no risk and does not affect adversely from price war in printing industry. The company chooses several printers to support productions so that the company can control expense properly to the competitive printing price offer all the time and can fix the production time duration definitely.

Shareholder Information and Management Structure

Shareholder Information

(a) Major Shareholders List of the first 10 major shareholders according to article 258, Stock and Stock Exchange Act B.A. 2535, as of November 26, 2004.

No.	Shareholders	Number of Shares	Percentage of Paid-up Capital
1	Nation Multimedia Group Plc.	46,384,250	14.76
2	HSBC (SINGAPORE) NOMINEES PTE LTD.	28,250,000	8.99
3	Mr. Rit Thirakomen	22,851,790	7.27
4	SE-EDUCATION Public Company Limited	19,783,600	6.30
5	Thai NVDR Company Limited	13,166,550	4.19
6	Mr. Thanong Chotisorayuth	10,157,790	3.23
7	Mr. Sermsin Samalapa	9,471,400	3.02
8	Mr. Pongsak Sivapatrakumpol	8,950,810	2.85
9	Bangkok Insurance Public Company Limited	5,805,000	1.85
10	Mr. Wattana Chiangkoon	5,486,600	1.75
Total		170,307,790	54.21

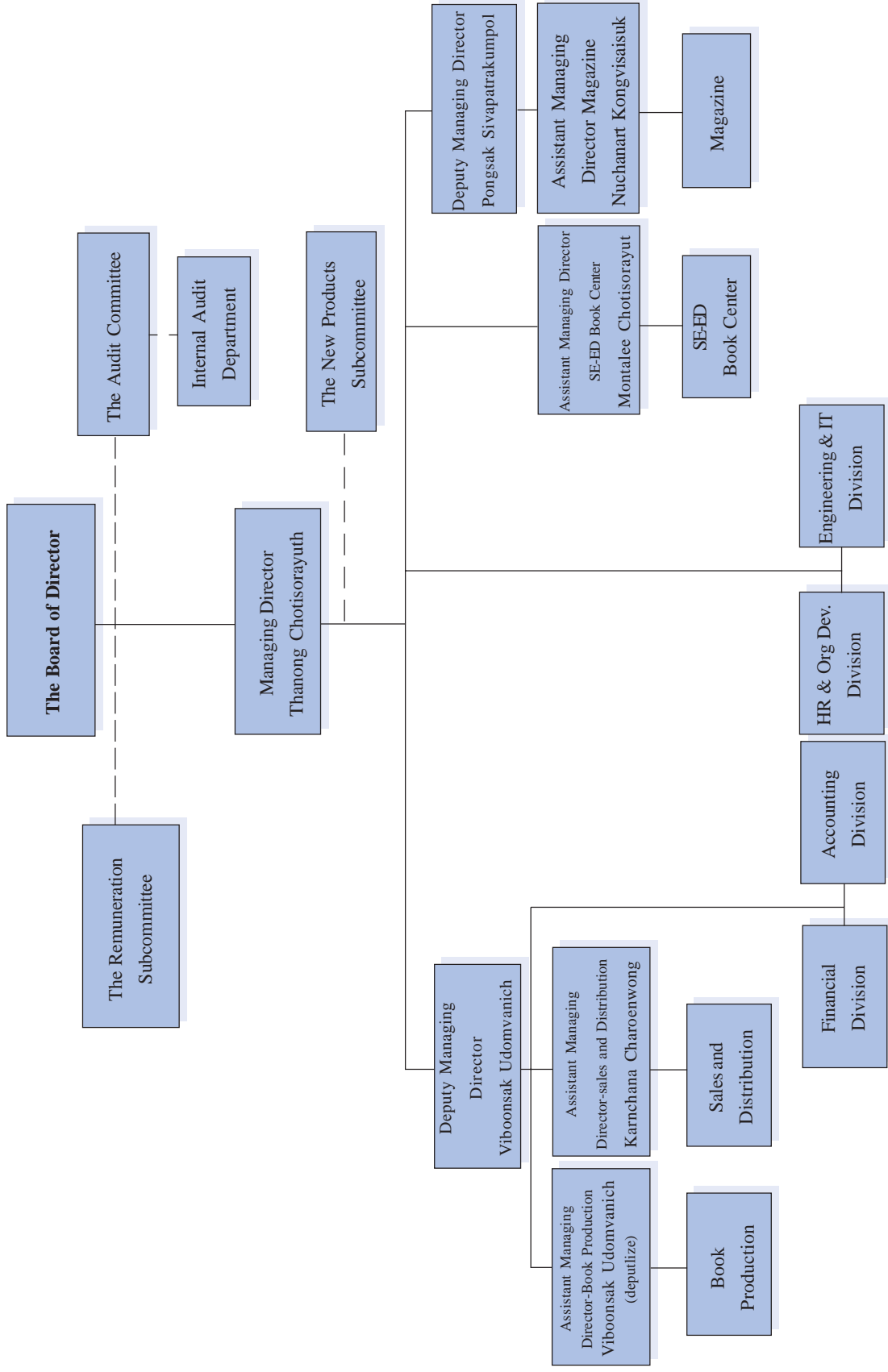
Remarks The registered capital as of December 23, 2004 is equal to 314,152,170 Baht.

There Data from Thailand Securities Depository Co.,Ltd.

(b) Names of main shareholders who practically have material influence in prescribing the management policy or the company operation are: Nation multi media group Plc.

Management Structure Management Structure consists of 2 boards and 2 subcommittees. The boards are board of directors, board of Audit Committee. The subcommittees are New Products Subcommittee and Remuneration Subcommittee. The authorizations are as follows:

SE-EDUCATION PUBLIC COMPANY LIMITED
Organization Chart



The Board of Directors has the duty to make recommendations and to establish company policy, working strategy and other visions of the company's operation.

As of December 31, 2004 the Board consisted of the following 13 members:

- | | |
|---------------------------------|-------------------------------------------------------|
| 1. Mr. Tanachai Theerapatvong | Chairman |
| 2. Mr. Saroj Lamlertprasertkul | Chairman of Audit Committee / Independent Director |
| 3. Mr. Pravit Tuntivasinchai | Audit Committee / Independent Director |
| 4. Mr. Somboon Chinsawanant | Audit Committee / Independent Director |
| 5. Asst. Prof. Yuen Puvorawan | Director |
| 6. Mr. Wattana Chiengkul | Director |
| 7. Mr. Pirach Sitthakul | Director |
| 8. Mr. Suthichai Yoon | Director |
| 9. Mr. Worasith Pokhachaipat | Director |
| 10. Mr. Sermsin samalapa | Director |
| 11. Mr. Thanong Chotisrayuth | Director / Managing Director |
| 12. Mr. Viboolsak Udomvanich | Director / Deputy Managing Director/Company Secretary |
| 13. Mr. Pongsak Sivapatrakumpol | Director / Deputy Managing Director |

Remark As the Mr. Somboon Chinsawanant has been appointed to be audit committee from the resolution of general shareholders' meeting no.1/2004 on April 27, 2004. Mr. Eugene S. Davis has resigned from director service and Mr. Sermsin Samalapa has substituted in the director position according to the resolution of board of directors on May 14, 2004 and approved the resignation from audit committee and director of Mr. Somchai Hanjikasem on August 11, 2004.

The directors authorized to sign for and bind the company to independently conduct various matters consist of Managing Director and Deputy Managing Director, with company–logo stamped and signed by at least two–thirds of authorized directors.

Scope of Duties of the Board of directors

The board of directors has duties to make decision and supervise the operation of the company except the following which has to be approved from the resolution of general shareholders meeting:

- 1) Issues prescribed by law to apply for the resolution of general shareholders meeting.
- 2) Issues of relating parties transactions with the value of items necessary to be approved from the resolution of general shareholders meeting according to the regulation or promulgation of The Stock Exchange of Thailand about related parties transactions of listed companies.
- 3) Issues of buying or selling significant assets with the value necessary to be approved from the resolution of general shareholders meeting according to the regulation or or promulgation of the Stock Exchange of Thailand about acquiring and disposal of assets of listed companies.

The company secretary has duty to take care of company conduction to be complied with the laws and the company regulations.

The Audit Committee has the duty to encourage operational efficiency and increase the organization's value to give effect to

1. Increasing confidence and trust in the company's financial statements and reports.
2. Improving the function and process of internal and external audits and improving the efficiency of communications between the internal audit committee and the auditor.

As of December 31, 2004 the Audit committee consisted of the following 3 members and Secretary of the Audit Committee :

- | | |
|-------------------------------------|-----------------------------------------------------|
| 1. Mr. Saroj Lamlerprasertkul | Chairman of Audit Committee / Independent Director. |
| 2. Mr. Pravitt Tuntivasinchai | Audit Committee / Independent Director. |
| 3. Mr. Somboon Chinsawanant | Audit Committee / Independent Director. |
| 4. Mr. Wachiratham Siriarchawattana | Secretary of the Audit Committee. |

Scope of Duties of the Audit Committee

1. Review of the financial statements of the company before submitting to the board of directors.
2. Give recommendations on appointment and fixing remuneration of the auditor. Coordinate with the auditor on the auditing objective, scope and guideline, the plan and the problems found during audit and the issues the auditor deems essential.
3. Coordinate with the internal auditor of the company on the objective and planning on the audit. Report results on the evaluation of the internal control of the company. Evaluate on sufficiency of the resources used in the internal control, including the problems found during the inspection.
4. Review of the company's operations to ensure that they are in compliance with the Securities and Exchange Acts, Stock Exchange of Thailand regulation.
5. Take care of preventing of conflict of interest occurrence and consider to disclosure company information clearly and correctly in case of there are connected transactions or items probably to cause conflict of interest.
6. Consider, select and raising appointment of auditor , and evaluate the auditor achievement.

The New Products Subcommittee As of December 31, 2004 the Subcommittee consisted of the following members:

- | | |
|---------------------------------------------------------------|-------------------------------------|
| 1. Mr. Thanong Chotisorayuth | Director / Managing Director |
| 2. Mr. Viboolsak Udomvanich | Director / Deputy Managing Director |
| 3. Mr. Pongsak Sivapatrakumpol | Director / Deputy Managing Director |
| 4. Assistant Managing Director in charge of involved products | |
| 5. Editor or Manager in charge of involved products | |

Scope of Duties of the New Products Subcommittee

1. Joint consider , analyze the prospective sales and marketing plan.
2. Prescribe the price strategy and marketing strategy for new books and magazines.

The Remuneration Subcommittee appointed by the board of directors, has the joint duty to review the annual remuneration for the management team to be commensurate with the responsibility and the outside labor market. As of December 31, 2004 the Remuneration Subcommittee comprised three persons as follows:

1. Mr. Somboon Chinsawanant
2. Mr. Worasith Pokhachaipat
3. Mr. Thanachai Santichaikul

Scope of Duties of the Remuneration Subcommittee

1. Present the policy and criteria on payment of the remuneration for the directors, managing director, senior executives, advisors to the board of directors, subcommittees appointed by the board of directors.
2. Consider the annual remuneration of the directors, managing director, and senior executives, advisors to the board of directors, and the subcommittees appointed by the board of directors.

Executive members As of December 31, 2004. There are 10 members, the order 1 to 6 are the executives, the order 9 to 10 are the executives in accordance with the definition of SEC promulgation as follow:

- | | |
|--------------------------------|------------------------------------------------------|
| 1. Mr. Thanong Chotisorayuth | Director / Managing Director |
| 2. Mr. Viboolsak Udomvanich | Director / Deputy Managing Director |
| 3. Mr. Pongsak Sivapatrakumpol | Director / Deputy Managing Director |
| 4. Mrs. Montalee Chotisorayuth | Assistant Managing Director – SE–ED Book Center |
| 5. Mrs. Karnchana Charoenwong | Assistant Managing Director – Sales and Distribution |
| 6. Mrs. Nuchanart Kongvisaisuk | Assistant Managing Director – Magazines |
| 7. Mr. San Simasuwanrong | Engineering & IT Director |
| 8. Mr. Viroj Lackanaadisorn | HR & Org Dev. Director |
| 9. Ms. Aree Sae–ueng | Accounting Director |
| 10. Ms. Sajipat Pumpuengputh | Financial Director |

Scope of Duties of Managing Director.

The managing director to be authorized to deputize for all directors:

1. To administer company affairs, follow objectives and obligations, including procedures and resolutions issued by the committee and have authority to direct all professional staff and employees. In managing company business, the Managing Director is directly responsible to the Committee.

2. To hire, occupy, promote and punish, professional staff and employees on their resignation, promotion, or salary adjustment. This directive excludes professional staff and employees who are employed, occupied, promoted or punished and acquitted by a committee, or procedural regulations.
3. To regulate conditions of employment of professional staff and employees, to order or announce the procedure of administration and operation which does not obstruct the company's regulations, the committee's agreements, the labor law or other related laws.
4. To operate any other business following company regulations and the committee's agreement, including assigning operational functions to the company's officers and employees.
5. To act and commit for endorsement of contracts permitted under license and any other contracts involving licenses with appropriate circumspection to prevent any violation of a license held by others.
6. For any business related to external sources, the Managing Director and Authorized Directors have the authority to act and commit in the scope of the authority, specified in regulation No.1. Except any business in which the Managing Director and Authorized Directors might be in disagreement, or have some benefit from that business, or conflict with the company or company's subsidiaries. Conclusion would be reached when the committee meeting includes the independent directors. To meet this success, the managing director and an authorized directors will assign any person as a representative to respond to that particular duty.
7. If the managing director is absent, or not available, the deputy managing director will act on his behalf for general routine work and report to the managing director afterwards, other than that will request permission to proceed from the chairman. When there is a vacancy for the position of managing director, the acting managing director will be selected from the list of directors or shareholders approved by the board of directors.

Directors and executives of the company are qualified under Article 68 of the Act of Legislation for a Public Limited Company (B.E. 2535), provided they are not disqualified in accordance with the announcement of the Stock Exchange Commission, to deal with requests and permission to sell new bonds.

Nomination of Directors and Executives The company does not have a committee for specific nominations. Nominations will be operated as follows:

Component and Appointment of Directors According to company regulations, the number of directors will consist of not less than 5 persons and at least half of whom must have residence in the Kingdom.

Directors will be elected in the general annual meeting of shareholders. One shareholder will have one vote for one share. Each shareholder must cast all the votes to select one or several persons as directors.

Persons receiving the maximum number of votes consecutively will be elected as directors. If too many candidates receive equal votes, they will draw lots to determine final selection.

At general annual meeting, one-third of directors will be retired. If the number of directors cannot be divided into three equal parts, the number of retirements may be calculated to the nearest one-third.

Directors are not allowed to operate another business, or to become partners or shareholders in other corporate that operate in the same business and compete with the company, unless they have informed the shareholders' meeting prior to the appointment.

Directors must inform the company immediately of any changes in interest to their contract with the company, or from their decrement and increment of bonds and shares of the company and subsidiary companies.

The signatures of two out of three directors, approved by a meeting of directors, with the stamp of the company's seal are considered a binding authorization by the company. The board of directors will delegate the names of directors selected for this duty.

Component and Appointment of The Audit Committee The board of directors appoints the audit committee, each member is qualified according to the promulgations of the Stock Exchange of Thailand.

Component and Appointment of The New Products Subcommittee By their appointment, the managing director is also the chairman of The New Products Subcommittee, authorized to appoint other members of the subcommittee concerning the new products section.

Component and Appointment of The Remuneration Subcommittee The board of directors appoints the Remuneration Subcommittee from member of the board of directors and outside people who are experts in the publishing business.

Directors represent main shareholders as at December 31, 2004 The company has 2 directors who represent main shareholders from Nation Multimedia Group.

Remuneration for Executives

(a) Remuneration for Board of directors consists of 15 persons

(Unit : Baht)

Directors	Cash Remuneration				Non-Cash Remuneration	Total
	Meeting allowance	Gratuity	Emoluments	Other Remuneration		
1. Mr. Tanachai Theerapatvong	60,000	200,000	140,000	—	—	400,000
2. Mr. Saroj Lamlerprasertkul	90,000	190,000	80,000	—	—	360,000
3. Mr. Pravit Tuntivasinchai	46,000	170,000	60,000	—	—	276,000
4. Mr. Somboon Chinsawanant*	46,000	120,000	52,000	—	—	218,000
5. Asst. Prof. Yuen Puvorawan	32,000	120,000	36,000	—	—	188,000
6. Mr. Wattana Chiengkul	32,000	120,000	36,000	—	—	188,000
7. Mr. Pirach Sitthakul	32,000	120,000	36,000	—	—	188,000
8. Mr. Suthichai Yoon	32,000	120,000	36,000	—	—	188,000
9. Mr. Worasith Pokhachaipat	22,000	120,000	36,000	—	—	178,000
10. Mr. Sermsin samalapa*	—	—	28,000	—	—	28,000
11. Mr. Thanong Chotisrayuth	32,000	120,000	36,000	—	—	188,000
12. Mr. Viboolsak Udomvanich	32,000	120,000	36,000	—	—	188,000
13. Mr. Pongsak Sivapatrakumpol	32,000	120,000	36,000	—	—	188,000
14. Mr. Eugene S. Davis*	12,000	120,000	8,000	—	—	140,000
15. Mr. Somchai hanjitkasem*	12,000	170,000	31,936	—	—	213,936
Total	512,000	1,930,000	687,936	—	—	3,129,936

Remark * As the Mr. Somboon Chinsawanant has been appointed to be audit committee from the resolution of general shareholders' meeting no.1/2004 on April 27, 2004. Mr. Eugene S. Davis has resigned from director service and Mr. Sermsin Samalapa has substituted in the director position according to the resolution of board of directors on May 14, 2004 and approved the resignation from audit committee and director of Mr. Somchai Hanjitkasem on August 11, 2004.

(b) Remuneration for 6 persons consisting of the board of director who also are in management team and other first 4 persons under the managing director and every executives in the same level of the 4th executives excluding financial director and accounting director.

Items	Cash Remuneration		Non-Cash Remuneration	
	Amount (Unit)	Total (Bath)	Amount (Unit)	Total (Bath)
Salaries	6	12,062,508	–	–
Bonus	6	3,716,244	–	–
Other Remuneration:-				
– Contributions for the Provident Fund	6	602,112	–	–
– Vehicle Expense	6	720,000	–	–
– The difference between stock market price and exercised price (ESOP)	–	–	6	5,670,427
Total		17,100,864		5,670,427

Good Corporate Governance

The company gives great importance to the good corporate governance and establishes the good governance process with the audit committee being a vital mechanism for the board of directors to inspect the proper management and operation to be compliance with standard procedures and in correct direction. The characters and scope of duties of the audit committee are under the principles of good corporate governance specifications set by the Stock Exchange of Thailand.

Policy on Good Corporate Governance

The board of directors has been aware of the importance of good supervision to increase transparency, competitiveness and confidence to the shareholders, the investors and the involved parties. So it has prescribed a policy on advocacy of supervision on the business to essentially cover as follows:

- Treatment of shareholders and stakeholders equally and fairly to all concerned.
- The board of directors has determined to increase value to the business in the long run and manages the business thoroughly and carefully. It is responsible for working with ability and efficiency for optimization to the shareholders, and makes sure there is no conflict of interest and is responsible for its own actions.
- Operations must be transparent, able to be inspected and the information disclosed sufficiently to all parties concerned.
- Operations of the business considering the inherent risks with appropriate control and management.
- The company prescribes the business ethics for the directors, management and all employees to uphold.

Shareholders: Rights and Equitable Treatment

In 2004, there were one shareholders meeting which was the annual general meeting for 2004. The meeting were held at the company. The meeting notices and information on the agenda were sent out to shareholders 14 days in advance. In each item, the opinions of the board of directors and the minutes of the meeting were available for all shareholders to inspect.

In 2003 the company started to add alternatives to the shareholders by enabling independent directors to act as proxies for the shareholders who cannot attend the meeting. Also the company had a policy to improve the information for the meeting with more details. Since the company realizes the importance of the right of the shareholders to access to the information of the company. It shall increase details on the matter for consideration, reason, and necessity; with both positive and negative impacts on each item.

Various groups of Stakeholders

The company has given priority to all groups, regardless of being internal vested interests such as the employees or the management of the company or external vested interests such as trade partners, competitors, writers, translators, public servants and other involved parties. Since the company realizes that support from vested interests can help in competitiveness and profit building of the company, they are regarded as important to the long-term success of the company.

Shareholders' Meeting

In the meeting of the shareholders in 2004 the chairman of the meeting gave an opportunity for the shareholders to have the equal right to inspect the operations of the company. They were able to inquire and express opinions and give recommendations, including recording issues on essential questions and opinions in the minutes of the meeting.

Leadership and Vision

The board of directors has participated in determination of vision, missions, strategies, goals, and business plans, including supervision for the management to comply with the specified business plans effectively and efficiently to increase the highest economic value to the business and maximum reliability to the shareholders.

The board of directors has organized the company to have internal controls, internal audit and measures to manage risk effectively, including continuous follow up on such matters in the board meetings.

The board of directors shall consider prescribing and separating the duty and responsibility between the subcommittees and the management clearly as the details in Management Structure Heading including communicating the roles, duties and responsibilities to the directors, subcommittees, the management and the employees of the company regularly.

Conflict of Interest

For prevention of conflict of interest the board of directors has paid special interest to items that may have conflicts of interest. By prescribing policies and procedures on approval of the connected items in writing, including prescribing the policy and supervision method so the management and the involved parties cannot use insider information for personal interest as follows:

Items that may have conflicts of interest The board of directors has learned of the items with conflicts of interest and the connected items and has considered appropriately each time. It includes complying with the criteria of the Stock Exchange of Thailand (SET) on the price and item as if it were on an arm's length basis. The detail, value, contract partner, reason/necessity of such connected items that are essential shall be disclosed in the annual report and the annual information form.

Supervision on the use of insider information The company prescribes the management to report on the change of the holding of securities to the Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) pursuant to Section 59 of the Securities and Stock Exchange Act 1992. It also forbade the management or its departments that receive the insider information from disclosing the

information to outsiders or uninvolved persons, and would not buy the securities of the company a month before the financial statement is distributed to the public.

Business Ethics

The company has upheld doing the right thing as a guideline for business of all the directors and employees. The company has announced the enforcement of business and employee ethics for the directors, the management and all the employees to uphold as guideline in performing duties according to duty with loyalty, honesty and justice. In addition, this also includes conduct with the company and vested interests, the public and society. The company has assigned the internal audit section to continuously follow up on compliance with ethics, and prescribes disciplinary actions in case of violations.

The board of directors has confidence that a good corporate governance process can help to promote the operations of the company, and is the heart of achieving the important basic target to optimize value for the shareholders. The values the company aims and expects for all the directors and employees to do in all missions are:

- Giving highest priority to building satisfaction for customers.
- Having confidence in working together.
- Dedication towards work with virtue and professionalism.
- Upholding the principles of good procedure and discipline.
- Readily responding to all uneventful situations.

Balance of Power for Non-Executive Directors

The board of directors consists of 13 members.

- Directors that are in the management team: 3 persons
- Directors that are not in the management team: 7 persons
- Independent directors: 3 persons

Thus, the company has three independent directors equivalent to 23.08% of the total. However, the company has a policy to recruit independent directors to account for no less than one-third of the total.

Aggregation or Segregation of Positions

The chairman of the board is the representative of the largest shareholders holding 14.76% of the total shares. (Information as at the registered date of November 26, 2004)

The chairman of the board is not the same person who holds the position of managing director. Moreover, the structure of the board of directors consists of 3 independent directors given the check and balance system on the administration.

The board of directors has considered to prescribe definition of “independent director” conform to the minimum criteria of independent director definition promulgated by the Securities and Exchange Commission and The Stock Exchange of Thailand. As follow:

1. Holding shares not more than 5% of the whole votable shares of the company and its affiliated company, associated company of related company, which should be inclusive of the shares held by related person: mate, children under legal age.

2. No participation in managing the company inclusive of not being an employee, staff member, advisor who received regular salary or has control authority of the company or affiliated company, associated

company or being a person probably to cause conflict of interest, actually no any benefit or interest of the mentioned nature would be applied for not less than one year.

3. No business relation, no direct or indirect benefit or interest both in finance and management of the company, its affiliated company, associated company or persons with may cause conflict of interest to affect independency.

4. Is not close relative of any management member, major shareholders of the company, its affiliated company, associated company or persons who may cause conflict of interest and not being appointed to be the representative to take care of major shareholders or directors' benefit.

Remuneration for the Directors and the management

The policy on remuneration for the directors has been prescribed clearly and transparently with the remuneration at the same level as industry wide, and it is sufficient to take care and keep qualified directors as needed. The meeting of the shareholders has received approval already, and the directors that have been assigned as audit committees shall be given additional remuneration according to the increased volume of work.

Remuneration for the management shall comply with the principle and policy that the board of directors prescribes, which relates to the operation of the company and results of the management of each person. The subcommittee shall consider the remuneration and present the appropriate amounts to the board of directors for consideration and final approval.

The company has paid total remuneration to the directors and the management in 2004 amounting to 25.90 million Baht for cash remuneration amounting to 20.23 million Baht and for non– cash remuneration to 5.67 million Baht with the details in Management Structure Heading.

Board of directors' Meeting

The board of directors has meeting schedules in advance and extra–meetings as necessary by specifying the agenda in advance, to follow up on the operations regularly. The secretary of the company shall prepare the meeting notice with the meeting agenda and documents at least 7 days in advance. So the board of directors has time to study the data sufficiently before attending the meeting. In 2004 the board of directors held a total of 5 meetings.

Furthermore, there were written minutes of the meeting that were filed and certified by the board of directors for the board of directors and involved parties to audit.

Attendance	Board of Director Meeting		Audit Committee Meeting	
	Attendance (times)	Total Meeting (times)	Attendance (times)	Total Meeting (times)
1. Mr. Tanachai Theerapatvong	4	5	–	–
2. Mr. Saroj Lamlerprasertkul	5	5	4	4
3. Mr. Pravitt Tuntivasinchai	4	5	4	4
4. Mr. Somboon Chinsawanant*	4	5	2	3
5. Asst. Prof. Yuen Puvorawan	5	5	–	–
6. Mr. Wattana Chiengkul	5	5	–	–
7. Mr. Pirach Sitthakul	5	5	–	–
8. Mr. Suthichai Yoon	5	5	–	–
9. Mr. Worasith Pokhachaipat	4	5	–	–
10. Mr. Sermsin samalapa*	2	3	–	–
11. Mr. Thanong Chotisrayuth	5	5	–	–
12. Mr. Viboolsak Udomvanich	5	5	–	–
13. Mr. Pongsak Sivapatrakumpol	5	5	–	–
14. Mr. Eugene S. Davis*	–	2	–	–
15. Mr. Somchai hanjitkasem*	1	3	1	3

Remark* As the Mr. Somboon Chinsawanant has been appointed to be audit committee from the resolution of general shareholders' meeting no.1/2004 on April 27, 2004. Mr. Eugene S. Davis has resigned from director service and Mr. Sermsin Samalapa has substituted in the director position according to the resolution of board of director on May 14, 2004 and approved the resignation from audit committee and director of Mr. Somchai Hanjitkasem on August 11, 2004.

Committee and Subcommittees

The board of directors has appointed a committee and subcommittees to help supervise the business of the company as follows:

1. The Audit Committee
2. The Remuneration Subcommittee
3. The New Products Subcommittee

The lists of the committee and subcommittees with their scope and duties of each is detailed under the Management Structure Heading.

Controlling System and Internal Audit

1. Control and internal audit system the company has given priority to internal control of the management and the operation level, so it has prescribed duties and powers on the operation of the operators and the management clearly and in writing. There is control on the use of the assets of the company to generate benefits, and there is separation of duty between the operators, the controllers and evaluation from each other for suitable check and balance. Moreover, there is internal control on the financial system and the company prepares the financial report system for submission to the responsible management line.

The company has an internal audit unit responsible for checking for assurance on the main practices and important financial activities of the company according to the guideline and effectiveness. It includes audit on legal compliance and compliance control as well as the internal audit unit to be independent and capable of doing the check and balance fully. Therefore, the board of directors has prescribed the internal

audit unit to report the results of the audit directly to the audit committee, and is evaluated by the audit committee too.

2. Risk management The risks are regularly evaluated against doing business on the internal and external factors. The working group consists of the assistant managing director in the involved line for each risk, and the supervisor of each unit involved in the analysis and causes of risk factors, prescribing measures on risk management including follow-up on the risk management plan.

Directors' Reporting

The board of directors is responsible for the financial statements of the company and financial information appearing in the annual report. The financial statements are prepared according to generally accepted accounting principles in Thailand. Using the accounting policy that is suitable and practiced regularly and with careful discretion and the best projections in the preparations, including disclosure of the important data adequately in the notice supplementing the financial statements.

The board has provided and maintained all necessary requirement of the internal audit with effectiveness and logical confidence that the accounting records are correct, complete and sufficient to maintain the assets. The board also wanted to be aware of any defects to prevent any significant irregularity.

The board of directors appointed the audit committee consisting of non-management directors to supervise the quality of the financial report and internal control, as well as the opinions of the audit committee. Comments concerning this matter appear in the report of the audit committee, already shown in the annual report.

The board of directors consider overall internal control of SE-ED is satisfactory, and can build confidence logically on the reliability of the financial statement of SE-ED as at 31 December 2004.

Relations with Investors

The board of directors is aware that data concerning the company's finance and non-finance aspects have affected the decision-making process of investors and vested interests. It therefore ensured the management implemented matters concerning disclosure of data were complete, accurate, reliable, regular and in time, to which the management has always given priority to and upheld all along. On investor relations the company has not set up a specific unit, as there still are not much activities in this matter but has assigned a deputy managing director to liaise with institutional investors, shareholders, including analysts and the public sector involved. Since activity on such matters is minimal, investors may contact 02-739-8000 press 8 or e-mail: ir@se-ed.com and website www.se-ed.com for more information.

Use of Internal Data

The company has prescribed its executives to report securities held and any changes in holdings of securities to the SEC in accordance with Section 59 of the Securities and Exchange Act, B.E. 2535. No company employee is permitted to use any document or data for personal gain or bring out of the office without company permission. Including a monthly balance sheet for stock trading purposes before it has been published to the public. Any employee found guilty will be dealt with in accordance with company rules and regulations and will be punished from admonishment or wages cutting or suspending from duties without pay or dismissal from employment depend on the seriousness of guilty.

Personnel As of December 31, 2004 the company has 1,744 employees, 800 employees at the head office and 944 employees at the bookstores branches. The company paid for remuneration including salaries, bonus and join subsidy in pension fund at the amount of THB 251.15 million (in 2003 the remuneration was THB 236.86 million for 1,590 employees.).

Personnel Development Policy The company has policy to enhance the potential and efficiency of personnel continuously to be able to compete and withstand the new knowledge which is always changed and developed. So the company has provided training courses within the organization and provided training courses from the outside organization by dividing courses suitable to the employees position, occupation standard or conform to the business unit target and objectives. Besides, the company also lays stress on employees self - awareness to understand lives and happily adapt to the environment, so the company has co-operated with Wong Wanich Foundation to arrange specific training course of “Meditation for self-development and work-development” to employees continuously.

Internal Control

Comments concerning the sufficiency of the internal control system consists of 5 parts as follows: In the meeting of board of directors 4/2004 on November 11, 2004 their has been an appraisal of the company internal control sufficiency by answering the questionnaires as in the documents attached. All the three members of audit committee has joined in the meeting and briefed the opinion about internal control sufficiency into 5 parts as follow:

Part 1 Corporate and Its Environment The company planned its business operation targets carefully and clearly, based on a one-year short-term and a three year long-term plan. Corporate structure is organized to enable the operation to reach its target. The company has prescribed its executives and employees to be prohibited from acting any conflict of interest with the company and prescribed the punishment in this case. However, the company has a policy and procedure for financial transaction, purchase and management that will be fair to business partners and long-term benefit of the company.

Part 2 Risk Management The company estimates its business risk through consideration of internal and external factors, by a working group comprising the Assistant Managing Director and heads of related divisions. The working group will analyze all the factors and risk origins, before establishing a measure of risk management, and follow up with a management risk plan.

Part 3 Controlling Executive Performance The company has decisively separated responsibilities regarding giving permission, recording of accounts and information technology, and property protection. Permission for any transactions must be approved and authorized by two out of three authorized directors.

Company permission for any transaction by main shareholders, directors, executives, or related persons, is considered only for the highest benefit of the company and as an item involving a third party.

Part 4 Information and Communications System The company provides sufficient information for directors' decisions. However, where the company cannot supply advanced financial information 7 working days before a directors' meeting, it will supply the information on the day before the meeting, or on the same day as the meeting.

The accounting record supplements and accounting documents have been collected in category and established in accordance with the accounting policy generally accepted auditing standard and suitable for the business profile.

Part 5 Pursuit System The company pursues the results of its operation by comparing them with each quarterly target. Inspection of its operation is always implemented in accordance with the internal control system. Internal inspectors are required to report results from the inspection to the Audit Committee. If an important defect is discovered, it must be reported to the Audit Committee immediately and steps taken to rectify it as quickly as possible.

Besides the audit committee has given an opinion about the appraisal of accounting internal control efficiency that can not find any substantial weak point in the accounting internal control system.

Dividend Payment Policy

The company declared a policy since financial year 1991 to pay dividend no less than 50% of the net profit after the deduction of corporate income tax. The payment will be made in the annual general meeting of the year immediately following the operating year.

The dividend payment of the past three years can be found in the note to financial statements number 14.

Related party transactions

Related party transaction between the company and probable conflicted persons appeared in the notes to financial statements item 4 : Inter-company transactions.

Need and reasonable of related party transactions Transactions between the company, associated companies and related parties shall be approved by the Board Committee, comprising independent directors for fair transactions and appropriate costs compared to outside persons transactions and no interests transfer between the company subsidiaries, associated companies and related parties.

Transactions between related parties Transactions between the company, management or shareholders, or related parties are considered by the volume of transactions (according to the regulations defined by the Stock Exchange of Thailand). The company has designated executives who are Members of the Board, comprising Mr. Thanong Chotisorayuth, Mr. Viboolsak Udomvanich and Mr. Pongsak Sivapatrakumpol to approve transactions, by which agreements have to be signed and concurred by two out of three executives.

Related transactions with executives or shareholders that meet the regulations determined by the SET have to follow those regulations.

Connected transactions with common interest persons need to be concurred by an external committee or independent experts.

Policy and trend of future transactions The company may have transactions with major shareholders and executives in future which are in the forms of leasing, service providing, and copyright contracts for the mutual benefit of the company by disclosure the types and amount of related transactions between the company and probable conflicted persons accordance with the promulgations and regulations of SEC and SET.

Remuneration of auditor

Auditing Fee

The company and its affiliated company has paid auditing fee for the period of fiscal year 2004 to the SAM NAK-NGAN A.M.C. Co., Ltd. in the amount of THB 577,211. The Auditor doesn't have any relation with the company other than auditing service only.

Other service fee

The company and its affiliated company doesn't pay any other service fee to the SAM NAK-NGAN A.M.C. Co., Ltd. for the fiscal year 2004.



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SAM NAK-NGAN A.M.C. Co., Ltd.



Report on Internal Control System in Accounting

No. GL044/2548

February 11, 2005

To The Board of Directors

SE-EDUCATION Public Co., Ltd.

46/87-90 Moo 10 Nation Tower Building 19th Floor

Bangna-Trad Rd., Bangna, Bangkok 10260

Subject: Report on the internal control system in accounting

I was assigned to audit the balance sheet of SE-EDUCATION Public company Limited as at December 31, 2004, in accordance with generally accepted auditing standards, to express our opinion on these financial statements and operations based on our audit. The audit includes studying and assessing the capability of the internal control system for accounting in order to ascertain the scope of audit compactly and suitably.

We would like to inform you that we did not audit every item, but audited by examining selected items to test for authenticity. Except as discussed in the last sentence of the first paragraph, we, therefore, cannot point out any weak-point in this internal control system. However, we did not find any weak-point in the substance of this internal control system for accounting that would affect the balance sheet.

We would like to extend our thanks to executives and all staff of SE-EDUCATION Plc. for their cooperation and good support to our officers.

Best regards,

(Miss Susan Eiamvanicha)

Certified Public Accountant (Thailand)

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an association of independent
accounting firms throughout the world

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Elaboration & Analysis of Financial Status and Results of Operations

Profitability and Operating Efficiency

Year	2004	2003	2002
Total Income (THB million)	2,856.34	2,429.96	2,2003.20
Growth	+21.30	+21.30	+21.21

Over the past 3 years the company has achieved a satisfactory level of steady revenue growth from book selling as well as sales of magazine advertising. Such growth stems primarily from the significant expansion of the company's retail outlets through 174 branches of SBC, are still in operation with 169 branches the company's own bookshops, which commenced operations in 2004. Another contributing factor is its increased production capacity of new titles, particularly in the computer book and general book categories. The company has endeavored to improve the control of its operating costs, minimize bad debts from sales, and to produce and distribute only products which meet the market demand.

Such growth confirms the increased public awareness for information and of the need to keep abreast of economic and technological developments despite the economic downturn.

Operating Results The company's total revenue as of December 31, 2004 is as follows:

1. The company's total revenue for year rose to THB 2,856.34 million, an increase of THB 426.38 million, or up 17.55%. The sales revenue accounted for THB 2,833.65 million, an increase of THB 456.91 million, or up 19.22%. The main driver for such growth was still the increased revenue of SE-ED Book Center and all bookstores chain, which grew 22.48%. Although the growth rate has been slow down evidently since quarter 3 due to the slow down of overall economics from the effect of rising fuel price and the government's energy saving policy to shortening operating hours of super centers. The growth rate of same store sales was 10% and also the growth from new branches which opened 31 branches in this year.
2. The company operating net profit excluding the other revenue for 2004 rose to THB 144.60 million which was decreasing THB 16.40 million from last year representing 10.19 % (For 2003 operating profit was THB 161.0 million) due to
 - 2.1 The cost of good sold was increasing THB 356.91 million, or up 21.98% which was increasing more than the growth rate of the sales revenue. This was the result of increasing sales ratio of low gross margin products such as magazines and newspapers compare to other products. Then the gross profit was slightly slow down.
 - 2.2 The selling and administrative expense was increased THB 116.40 million or up 19.67% which was higher than the year revenue growth rate due to
 - The large increasing of 31 branches of SE-ED Book Center and Book Variety, which the new branches will take time to increase revenue up to the level of profitable , so the selling and administrative expense and revenue were increasing in the close ratio.
 - There were modernize renovation of some existing branches, and invested in marketing activities to create long term customers base including of the expansion of some work section and investment in hardware system with expense in new software to support for the future growth, so the selling and administrative expense to revenue ratio was increased..

In case of other income, the company's other income which was non-operation revenue was decreased of THB 31.70 million compare to last year, representing of 60.02% decreasing. This other incomes were:

- Profit from assets selling of THB 19.42 million.
- Dividend receiving from short term investment and profit from short term investment selling which raised THB 5.28 million

These reasons effected the company's net profit for year as of December 31, 2004 to be THB 116.96 million, representing 4.10% of total revenue and THB 0.41 EPS. (For 2003 the company's net profit for year was THB 156.65 million, representing 6.45% of total revenue and THB 0.73 EPS) The profit was decreased of THB 39.69 million from the same period last year, representing 25.34%.

3. The year company monetary operating net profit accordance with the cash flow statement , excluding the other non-regular revenue for the year rose to THB 224.17 million representing 7.58% of total revenue which was increasing THB 5.47 million from last year representing 2.50% (For 2003 the year company monetary operating net profit as of December 31, 2003 was THB 218.70 million representing 9.0% of total revenue)

Financial status analysis for year 2004 compare to 2003

Financial status

Total Asset As of December 31, 2004 the Company had a total asset of THB 1,107.81 million, an increase of THB 2.63 million. Causes of increasing of total assets:

- Cash and bank deposit for THB 142.83 million decreased of THB 3.55 million.
- Short-term investment-net decreased THB 95.11 million due to disposal of securities to pay dividend and repurchased share.
- Inventories-net increased THB 16.28 million due to non-returnable purchasing of goods for SE-ED Book Center and Book Variety according with the increasing of SE-ED Book Center and Book Variety.
- Property, plant and equipment-net increase THB 20.05 million due to the increasing of decoration and Shelf of SE-ED Book Center and Book Variety and computer.
- Leasehold on buildings-net increased THB 21.13 million due to year 2004 have contract of 2 bookstore branches.
- Leasehold guarantee and advance payment increased THB 33.89 million due to the increasing of leasehold advanced paymentfor one bookstore branch at THB 30.22 million

Total liabilities As of December 31, 2004 the Company had a total liability of THB 592.73 million, a increase of THB 53.60 million. Increase in liabilities resulted from

- Bank overdrafts was decrease THB 39.76 million due to the advanced payment of leaseholding ond bookstore branch at THB 27.25 million around the end of year which due date in the cheque was year end while there was several consecutive holidays ,so the creditor could not draw money in time before year end.
- Trading debts and note payable THB 432.74 million, was decreased THB 15.57 million due to non-returnable purchasing of goods for distribution including the accrued payment of several best selling titles in the period of year end.

- Accrued corporate income tax THB 22.63 million, decreased THB 13.55 million because the net profit of 2004 was decreased cause the corporate income tax of 2004 also decreased.

Shareholders' equity As of December 31, 2004 amount THB 515.08 million, an decrease of THB 50.97 million represent 9.00% due to

- The stock repurchasing of 19.78 million shares at average price of THB 6.20 per share counted to THB 122.64 million. Increase Shareholders' equity resulted from the increase of
- paid-up share capital from the exercised of SE-ED-W1 amount THB 56.24 million and the exercised of ESOP project amount THB 2.84 million
- Premium of share capital increased of THB 36.13 million from the exercised of SE-ED-W1.

Cash flow and sufficiency of capital structure.

Unit : Million Baht

For the years end on December 31,

	2004	2003	2002
Cash received (used in) operating activities	144.88	165.11	285.76
Cash received (used in) investment activities	(29.37)	(10.28)	(185.69)
Cash received (used in) finance activities	(119.06)	(87.34)	(105.68)
Net cash received (used)	(3.55)	67.49	(5.61)

Cash flow receive from operation activities decreased THB 20.22 million from the same period last year due to in Q4 2004 have payment for leasehold contract brunch amount THB 27.25 million.

Cash flow used from investment activities increased THB 19.09 million due to

- Year 2004 has invested in leasehold building for 2 bookstore branches amount THB 30.53 million.
- There was disposal of asset in 2003 THB 52.15 million
- Cash received from selling short term investment-net increased THB 39.68 million over the same period last year.
- In first nine months of 2003 has invested in Ploen Pat Company Limited at THB 23 million, but in 2004 invested in leasing right at THB 19.34 million.

Cash flow used from financing activities increased THB 31.72 million due to

- The dividend payment in 2004 less than the same period last year THB 28.56 million. As the dividend payment of 2004 was THB 131.82 million from the operating result of Q4 2003 at THB 0.20 per share, Q1 2004 at THB 0.10 per share, Q2 2004 at THB 0.10 per share and Q3 2004 0.06 per share while the dividend payment of 2003 was THB 160.38 million from the result of whole year 2002 at THB 0.45 per share, Q1 2003 at THB 0.10 per share, Q2 2003 at THB 0.10 per share and Q3 2003 at THB 0.10 per share.
- Year 2004 there were cash from the warrant exercises of SE-ED-W1 and ESOP at THB 95.64 million increased THB 24.77 million over the same period last year, while year 2003 there were cash from the warrant exercises of SE-ED-W1 and ESOP at THB 70.87 million.
- There was stock repurchasing of 19.78 million shares an average price at THB 6.20 counted to THB 122.64 million in the Q2 2004 and Q3 2004.

FINANCIAL STATEMENTS

SE-EDUCATION PUBLIC COMPANY LIMITED

FOR THE YEAR ENDED 2004



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SAM NAK-NGAN A.M.C. Co., Ltd.



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

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SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2004 and 2003

(Unit : Baht)

		2004	2003
ASSETS			
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		569,409,584.40	642,661,813.77
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		538,397,843.80	462,513,285.28
TOTAL ASSETS		1,107,807,428.20	1,105,175,099.05

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	590,062,387.05	536,972,628.65
NON-CURRENT LIABILITIES		
Other-non current liabilities	2,668,616.46	2,158,538.94
TOTAL NON-CURRENT LIABILITIES	2,668,616.46	2,158,538.94
TOTAL LIABILITIES	592,731,003.51	539,131,167.59

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
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		515,076,424.69	566,043,931.46
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,107,807,428.20	1,105,175,099.05

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		2,856,340,432.37	2,429,960,603.20
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		2,689,045,247.69	2,215,734,859.14
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		116,961,603.90	156,653,868.92
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	-	556,043,931.46
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
<u>CASH FLOW FROM OPERATION ACTIVITIES</u>		
Net profit	116,961,603.90	156,653,868.92
Adjustment to net profit for cash received (payments) from operation		
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 goods	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 sales	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 operation	(181,367.92)	(86,623.87)
Gain on disposal of assets not used for operation	-	(639,545.24)
Gain on disposal of assets pending for sales	-	(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
<u>CASHFLOWFROMINVESTINGACTIVITIES</u>		
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	(29,371,608.04)	(10,281,665.02)
<u>CASHFLOWFROMFINANCINGACTIVITIES</u>		
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	(119,063,665.01)	(87,339,254.09)
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	146,374,973.49	78,885,911.71
Cash and cash equivalent items at the end of the period	142,825,561.52	146,374,973.49
<u>Supplemental disclosures to the cash flow statements</u>		
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	126,885,107.83	136,772,953.99
Total	142,825,561.52	146,374,973.49

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**

Items	For the Year ended on December 31,	
	2004	2003
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)

	As of December 31,		
	Type of relation	2004	2003
Trade accounts payable			
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)

	Type of relation	For the year ended on December 31,		Policy of Inter-price setting
		2004	2003	
Purchase goods values				
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
Rental and service charge				
Nation Multi Media Group Public Co.,Ltd.	Shareholder	7,688	7,502	Agreed upon price
Nation Property Co.,Ltd.	Related company with shareholder	–	821	Agreed upon price

5. Short – term investment–net

Consisted of: –

(Unit : Baht)

	As of December 31,	
	2004	2003
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)

	As of December 31,	
	2004	2003
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
Less 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)

	As of December 31,	
	2004	2003
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
Less 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: –

(Unit : Baht)

As of December 31, 2004

	Nature of business	Paid-up share capital Baht	Percentage of share holdings	Cost Baht	Investments		Dividend Baht
					Method	Baht	
<u>Subsidiary company</u> SE-ED Book Center Co., Ltd.	Business consulting firm	100,000.00	99.93%	99,930.00	Cost	99,930.00	–
<u>Associated companies</u> M AND E Co., Ltd.	Printing office company, produces technical magazines and engineering manuals	400,000.00	25.00%	100,000.00	Equity	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	19,837,330.17	–
				23,199,930.00		34,837,233.21	700,000.00

(Unit : Baht)

As of December 31, 2003

	Nature of business	Paid-up share capital Baht	Percentage of share holdings	Cost Baht	Investments		Dividend Baht
					Method	Baht	
<u>Subsidiary company</u> SE-ED Book Center Co., Ltd.	Business consulting firm	100,000.00	99.93%	99,930.00	Cost	99,930.00	–
<u>Associated companies</u> M AND E Co., Ltd.	Printing office company, produces technical magazines and engineering manuals	400,000.00	25.00%	100,000.00	Equity	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	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)

	As of December 31,	
	2004	2003
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)

	Land not used	Land improvement operation	Total
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 exercises 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:

(Unit : Baht)

	Resolutions of the Company's Board /Shareholder meeting	Meeting date	Dividends payment date	Dividends Per share (Baht)	Dividend Paid Totaling (Million Baht)	Legal reserve	
						% of Net profit	Amount (Million Baht)
<u>Year 2004 operating result</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>							
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>							
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 Baht	2003 Baht	2004 Shares	2003 Shares	2004 Baht	2003 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 December 31,

	Net profit		Weighted average number of ordinary shares		Earnings per share	
	2004 Baht	2003 Baht	2004 Shares	2003 Shares	2004 Baht	2003 Baht
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,	
	2004	2003
REVENUES FROM OPERATION		
Sales	761,879	662,537
Other income	4,442	23,794
Total Revenues	766,321	686,331
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	713,863	605,097
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX	52,458	81,234
INTEREST EXPENSES	(50)	(51)
CORPORATE INCOME TAX (Note 17)	(15,760)	(22,416)
NET PROFIT	36,648	58,767
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 hedge 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

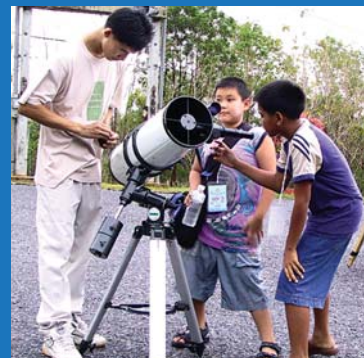
As of January 27, 2005, directors and employees had exercised their rights to purchase ordinary shares in number of 2,733,230 units which are warrants issued in accordance with the resolution of the shareholders meeting No.1/2001 held on April 30, 2001. Thus, the Company had increased the issued and 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.

เรามุ่งมั่นที่จะทำให้คนไทยเก่งขึ้น

Our Determination is to enhance Thais' Competitive Edge



ซีเ็ด

บริษัท ซีเ็ดยูเคชั่น จำกัด (มหาชน)

อาคารเนชั่นทาวเวอร์ ชั้น 19 เลขที่ 46/87-90 ถนนบางนา-ตราด กม. 4.5

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