



รายงานประจำปี
2549
2006
Annual Report



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

ภารกิจ

ซีเอ็ดจะดำเนินธุรกิจที่เอื้ออำนวยต่อการศึกษาค้นคว้า ในสาขาที่จำเป็นต่อการพัฒนาประเทศ (จะดำเนินธุรกิจที่จะทำให้ “คนไทยเก่งขึ้น”) โดยพัฒนาขึ้นเป็นธุรกิจที่ยั่งยืน มีการเติบโตต่อเนื่องที่สูงกว่าค่าเฉลี่ยของอุตสาหกรรม เป็นบริษัทตัวอย่างที่ดี สามารถสร้างสรรค์ผลงานที่เป็นประโยชน์ และเป็นที่ยอมรับในวงกว้าง พนักงานมีความสุข และสามารถให้ผลตอบแทนการลงทุนที่น่าพึงพอใจในระยะยาว

Mission

SE-ED will operate its business in the areas that facilitates learning, particularly in fields deemed essential to national development (leading Thais towards excellence) by developing the business that is sustainable with continuous growth higher than industry average. The company also sets a standard as a good role model by contributing to the beneficial works which are widely accepted. The staffs are happy, and the company can enjoy satisfactory return on investment in long term.

The signing ceremony with Oxford University Press to become Thailand's sole distributor of books and media for English language learning

Participating in the discussion of Corporate Good Governance Award presentation



ลงนามความร่วมมือเป็นตัวแทนจำหน่ายหนังสือและสื่อการเรียนการสอน ภาษาอังกฤษในเครือสำนักพิมพ์ มหาวิทยาลัยออกซฟอร์ด (Oxford University Press)

The signing ceremony with Oxford University Press to become Thailand's sole distributor of books and media for English language learning



บริจาคหนังสือตามโครงการ “หนังสือเพื่อน้อง” มากกว่า 160 โรงเรียน
Books donation project “Books for thr Young” to more than160 schools



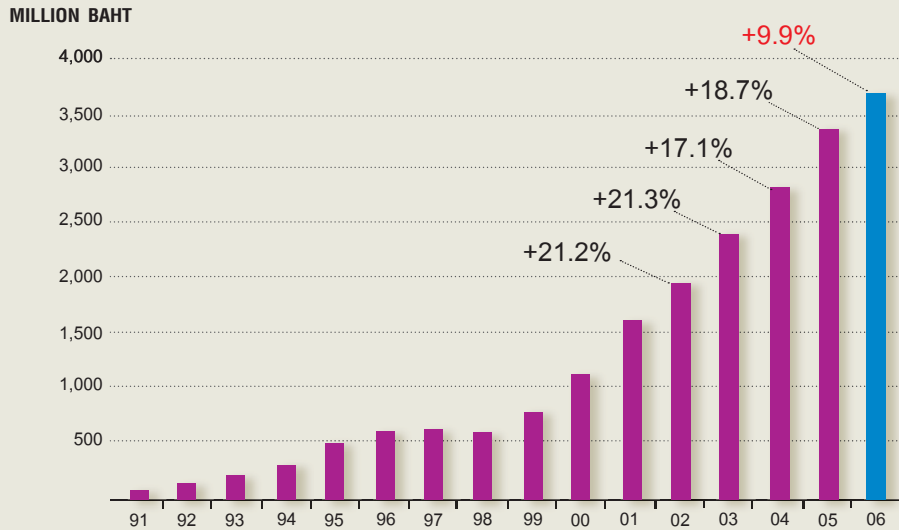
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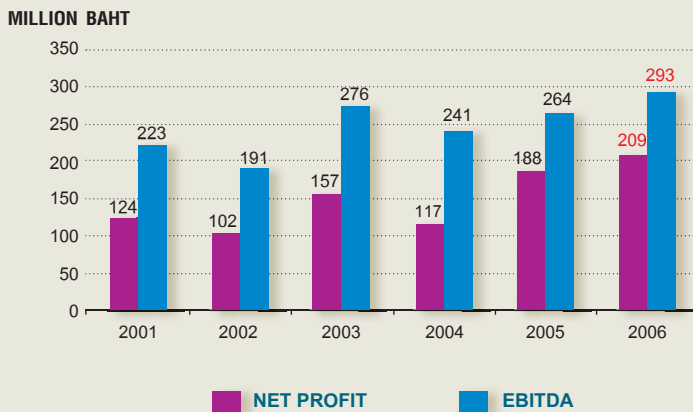
OPERATING RESULTS

SE-EDUCATION PUBLIC COMPANY

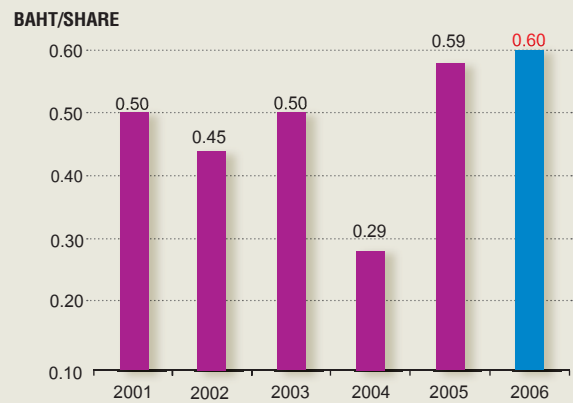
Total Revenue



NET PROFIT AND EBITDA



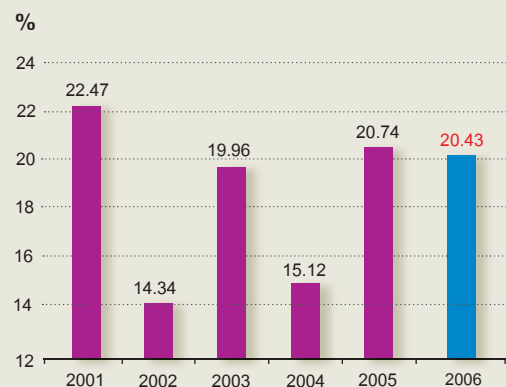
DIVIDEND PAID PER SHARE FROM OPERATING RESULT FOR THE YEAR



RETURN ON EQUITY (ROE)



RETURN ON ASSETS (ROA)



จุดเด่นในรอบปี HIGHLIGHTS

หน่วย : ล้านบาท
Unit : Million Bath

ผลการดำเนินงาน	2549	2548	2547	2546	2545	2544
OPERATING RESULTS	2006	2005	2004	2003	2002	2001
รายได้รวม Total Revenues	3,725.74	3,391.13	2,856.34	2,429.96	2,003.24	1,652.69
กำไรสุทธิ Net Profit	209.19	187.91	116.96	156.65	102.26	123.73
กำไรสุทธิต่อรายได้รวม Net Profit Margin (%)	5.61	5.54	4.09	6.45	5.10	7.49
กำไรต่อหุ้น (บาท)* EPS (Baht)	0.67	0.63	0.41	0.73	4.85	5.86
มูลค่าหุ้นทางบัญชีต่อหุ้น (บาท)* Book Value per share (Baht)	1.95	1.91	1.69	2.22	2.31	2.27
สินทรัพย์รวม Total Assets	1,477.50	1,442.27	1,107.81	1,105.18	1,041.06	905.59
หนี้สินรวม Total Liabilities	812.49	828.97	592.73	539.13	517.45	397.35
ส่วนของผู้ถือหุ้น Shareholders Equity	665.01	613.30	515.08	566.04	523.62	508.24
ทุนที่ออกและเรียกชำระแล้ว Paid – up Capital	332.90	322.14	314.15	255.07	210.99	210.99
อัตราผลตอบแทนต่อสินทรัพย์ ROA (%)	20.43	20.74	15.12	19.96	14.34	22.47
อัตราผลตอบแทนต่อส่วนของผู้ ถือหุ้น ROE (%)	32.73	33.31	21.64	28.75	19.82	27.76
ณ วันที่ As of	29/12/2549 29/12/2006	30/12/2548 30/12/2005	30/12/2547 30/12/2004	31/12/2546 31/12/2003	27/12/2545 27/12/2002	28/12/2544 28/12/2001
ราคาล่าสุด (บาท)* Last Price (Baht)	7.20	5.90	5.40	6.00	5.90	4.00
มูลค่าหลักทรัพย์ตามราคาตลาด (บาท) Market Cap. (Bath)	2,387.85	1,900.60	1,696.42	1,530.43	1,244.82	843.95

Remark * EPS, Book Value and Last Price have been recalculated by assumed that the company has split par since 2003 in order to be compared to current year on the same basis.

Financial Ratios

LIQUIDITY RATIO

Ratio	2006	2005	2004
Current Ratio (Times)	1.05	1.04	0.96
Quick Ratio (Times)	0.71	0.71	0.66
Cash Flow Ratio (Times)	0.41	0.58	0.26
Accounts Receivable Turnover (Times)	4.53	4.50	4.13
Average Debt Collection Period (Times)	79	80	87
Inventory Turnover (Times)	9.16	10.05	10.69
Average Selling Period (Days)	39	36	34
Debtor Turnover (Times)	3.88	4.31	4.66
Debt Payment Period (Days)	93	84	77
Cash Cycle (Days)	25	32	44

PROFITABILITY RATIO

Ratio	2006	2005	2004
Gross Profit (%)	31.52	30.67	30.09
Operating Profit (%)	7.98	7.86	5.90
Other Profit (%)	1.21	0.77	0.79
Cash to Earnings Ratio (%)	111.38	154.94	86.60
Net Profit Margin (%)	5.61	5.54	4.09
Rate of Return to Equity (%)	32.73	33.31	21.64

EFFICIENCY RATIO

Ratio	2006	2005	2004
Return on Asset (%)	20.43	20.74	15.12
Return on Fixed Assets (%)	71.22	68.97	66.64
Asset Turnover (Times)	0.65	0.66	0.65

FINANCIAL POLICY RATIO

Ratio	2006	2005	2004
Debt to Equity Ratio (Times)	1.22	1.35	1.15
Interest Capability Ratio (Times)	2,091.06	3,100.98	817.39
Debt Service Coverage Ratio (Times)	1.27	2.15	0.66
Dividend Payout Ratio** (%)	93.81	99.11	71.03

Remark ** Dividend Payout Ratio for 2006 has been approved from the board of Directors and waiting for approval from shareholders in the annual general meeting on April 25, 2007 and calculate from the amount of common shares counted on January 26, 2007.

SE-ED's Corporate Highlights

- The company's commitment formulated 32 years ago was to *"doing business in knowledge dissemination with a view to developing the full potential of Thai people in essential areas for national development such as science, engineering and education."*
- A pioneer of technical books and magazine publisher who achieved success and being recognized nowadays in Thailand as publishing business.
- Being a Thai leading publishing firm in all the three lines of publishing business as : -
 - ❑ **A publisher** with sales volume through local bookstores across the country in the top rank It emphasizes on engineering, science, management, business, young-learner supplements and substantial general knowledge books.
 - ❑ **A distributor** with largest sales volume who distributes books to local bookstores and also has a distributing system deemed to be the best of the country in books business by developing the system called *Standing Order Distributing System* for Thailand.
 - ❑ **A bookstore chain owner** with highest number of branches and highest sales since 1999. Moreover, SE-ED was regarded by the books distributing promotion club (books distributors club) under the publishers and booksellers association of Thailand *"Outstanding Bookstore Chain 2002 and 2003 Award"* and *"Outstanding Bookstore of the decade (2004)"*
- One of 200 small companies outside the U.S. which are the Best under \$1 billion in revenue for 2002 (200 Companies for 2002, Best under a Billion), declared on October 28, 2002, by *FORBES Magazine Global edition*, a world class business magazine, selected from 20,000 companies all over the world outside the U.S.
- A registered company listed in the Stock Exchange of Thailand being:-
 - ❑ Appraised from the Thai Institute of Directors Association with supported from the Stock Exchange of Thailand (SET) which is rate as "Very Good" to be one of publishing listed company rated as "Very Good – Excellent" and to be one of the top 71 listed companies of 402 listed company with best corporate governance rated as "Very Good – Excellent" for the year 2006.
 - ❑ The company's share has been ranked 99 with the highest Total Return Index among the 508 listed companies in the stock market from the last twelve months of investment, as of November 30, 2006. SE-ED's Total Return Index was 54.13, highest in media group. The Total Return Index has been provided by the Stock Exchange of Thailand as the investors' reference, representing monthly total return for each security over the last twelve months, calculated from the stock value variation, the stockholders' rights to buy stocks and stock dividends, where all granted dividends have been spent on buying additional stocks.
 - ❑ The company was rated as "Good" with 81.24% in the first valuation in the Annual General Meeting (AGM) of the shareholders by the Securities and Exchange Commission in cooperated with the Listed Companies Association and the Thai Investors Association to increase awareness of stockholder's rights and good corporate governance principles. Additionally, the company has also received 95.87% in the meeting management part, which was rated as "Excellent". The meetings were organized with good corporate governance principles which are transparency and opportunity for a full inquiry by shareholders.

- ❑ The company was rated as “Excellent” in the Opportunity Day, activity by the Stock Exchange of Thailand. The evaluation was from collecting satisfaction data of attendees from the investors and analysts with the level of high up to highest satisfaction of 98.29% (60% among them was highest satisfied.) Furthermore, the company has also been rated as the highest outstanding in three aspects namely, the usefulness of information, the method, and appropriateness of presentation time, compared with the other 67 listed companies participated.
- ❑ Appraised from the Thai Institute of Directors Association with support from the Stock Exchange of Thailand (SET) and the Office of Securities Exchange Commission (SEC) to be one of the top 85 listed companies with best corporate governance (Top Quartile Companies) for the year 2003.
- ❑ Appraised from Thai Institute of Directors Association to be one of top 20 companies with best corporate governance for the year 2003 which was a survey of 234 companies listed in the Stock Exchange of Thailand.
- ❑ Declared and awarded by the Office of Securities and Exchange Commission the *“Disclosure Report Award 2002 and Disclosure Report Award 2003”* as “a listed company that is be commendable for data disclosure to investors”. The SEC presents this award in order to promote good corporate governance in Thailand.
- ❑ The company with highest Average Revenue Growth Rate, compared to the firms in the publishing industry about 29.4 times within 14 years or the annually growth average at 27.3 % since listed in the Stock Exchange of Thailand up to the year 2005.
- ❑ Today, SE-ED’s share has been recognized as one of the most Value Stock for Stock Exchange of Thailand.
- The producer of “Book Variety” TV program on air every Saturday from 9.00-9.30 a.m. at Nation Channel, TTV1
- The organizer of “Thailand Electronics & Industrial Technology”, the country’s greatest annual Electronics and Industrial Trade Fair.
- The company owned the website, www.se-ed.com, which is one of the most popular websites in book business category.

General Information

Name and Location of Head Office and Distribution Center

Name	: SE-EDUCATION Public Company Limited
Head Office	: 46/87-90 Nation Tower, 19th Floor, Bang Na-Trat Road, Bang Na, Bangkok 10260 Thailand
Distribution Center	: 99 Moo 1, King Kaeo Road, Rachathewa, Bang Phli, Samut Prakan 10540 Thailand
Tel.	: 66-2739-8000, 66-2352-1111
Fax.	: 66-2751-5999
Homepage	: http://www.se-ed.com
E - mail	: ir@se-ed.com
Business	: Publisher, distributor and retailer, SE-ED Book Center and Book Variety both in Bangkok and selected provinces.
Registered No.	: 0107536000285
Registered Capital	: THB 348.13 million, consisting of 348.13 million shares at THB 1.00 each, THB 332.89 million are already fully paid up.

Name and Location of Subsidiary Company

Name	: SE-ED Book Center Co., Ltd.
Address	: 46/87-90 Nation Tower, 19th Floor, Bang Na-Trat Road, Bang Na, Bangkok 10260 Thailand
Tel	: 66-2739-8000, 66-2352-1111
Fax	: 66-2751-5999
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 and Location of Associated Companies

Name	: M and E Co., Ltd.
Head Office	: 94 Soi Krung Thon Buri 6, Krung Thon Buri Road, Klong San, Bangkok 10600 Thailand
Tel.	: 66-2862-1396-9
Fax.	: 66-2862-1395
Business	: Publish "Technic" magazine and other engineering handbooks.
Registered Capital	: Fully paid up for 400,000 for 4,000 shares at THB 100.00 per share. SE-ED holds 25% of shares.
Name	: Plearnpatt Co., Ltd.
Address	: 33/39-40 Moo 17, Suan-Phak Road, Sala Tham Sop, Thawi Watthana, Bangkok 10170 Thailand
Tel.	: 66-2885-2670-5
Fax.	: 66-2885-2670-5 Ext. 1201, 1108
Business	: Private school
Registered Capital	: Fully paid up THB 170 million for 17,000,000 shares at THB 10.00 per share. Issued and paid-up share capital THB 169,350,000, SE-ED holds 48.82% of shares.

References

Stock Registrar :	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, 4th, 6-7th Floor, Ratchadaphisek Road, Klong Toey, Bangkok 10110 Thailand Tel : 66-2229-2800 Fax : 66-2359-1262
Auditor :	Miss. Sukanya Sutheepasert Auditor ID : 5063 AND/OR Miss. Praphasri Leelasupha Auditor ID: 4664 SAM NAK-NGAN A.M.C. Co.,Ltd. 4th Unit, 19th Floor, Silom Complex Building, 191 Silom Road, Silom, Bangrak, Bangkok 10500 Thailand Tel : 66-2231-3980-7 Fax : 66-2231-3988
Legal Consultant :	Chuan and Associates Law Office 4/1482, 3rd - 5th Floor, Nawamin Road, Klongkum, Buengkum, Bangkok 10230 Thailand Tel : 66-2509-3421-2 Fax: 66-2509-3571
Bond holder Representative :	No bonds
Consultant or Manager for Management Contract :	None

Message from the Chairman

The overall economic situation in 2006 was still in the period of slow down from several factors causing the negation effect to dwindle the confidence and investment sentiment from investors. The causes of this slump can be attributed to several factors such as the fluctuation of world petroleum price or the increasing of inflation rate and the ever increasing of interest rate, the flood disaster in several provinces the disorders in deep southern part, including the unstable political situation. This resulted in people lesser desire to consume. It can be said that it is one of the hardest years for retail business, although there was some positive effect from the occasion of the 60th anniversary of HM the King's accession to the throne.

The economic depression of retail business in overall picture can be evidently seen through out the year of 2006 and worsened toward the year's end, but, again, the overall books business continued to grow in quite satisfactory level. The figure is the result of the sales of products from the celebration of the occasion of the 60th anniversary of HM the King's accession to the throne. While SE-ED Books Center had increased products of Nano technology T-shirt for an auspicious occasion of the 60th anniversary of His Majesty the king's accession to the throne with nearly two hundred thousand units sold. This has affected much to the revenue in 2006. In addition, the company has implemented the information technology to be used in SE-ED Book Center, since October. This helped the management effectiveness to improve for a certain extent.

The operation of the 2006 was satisfied even in the situation of several fluctuations as said above. The net profit for the year was 11.32% higher than the previous year. Besides, the company has been ranked as the **"very good"** corporate governance company from the Institute Of Thai Directors of the year 2006 which was the only Company in printing and publishing category who was evaluated in the level of score 'very good-to-excellent' and also received the assessment of shareholders's annual meeting at the level of **'good'** by the Thai Investors Association (TIA), and also by the office of the Securities and Exchange Commission (SEC). The appraisal in the top ranking among the companies in SET lists reflected the determination of the board of directors, management, and employees to pay attention to the business operation with transparency, fairness to every stakeholder, and traceability, along with the desire to be a good model company.

The year of 2007 will be another year that the political and economic situation affects the overall business performances. It is considered a challenging year for the company to ride through. Every SE-ED employees declared in harmony to be the year of "full capacity fight" for SE-ED, in order to add value to the company business structure which are expanded and continuously developed to create sustainable growth in the future.

As the 32 years of company business have passed, the Board and the Company's employees have adhered to the principle of **"to make Thais smarter"** and the commitment to doing business of knowledge dissemination and development for sustainable business including the awareness of preserving and caring of environment for all. We will determine to perform according to our principle and to develop Thai education further.

At last, I feel honored in working towards the company success, and, on behalf of the Board of Directors, I am highly appreciated our supporters, shareholders, business partners, business suppliers including our customers, and the people in every level of company's organization. With determination from management and employee under the principle of good corporate governance, I believe that this will result in the benefit for the country's human resources development which permits for the high quality Thais.

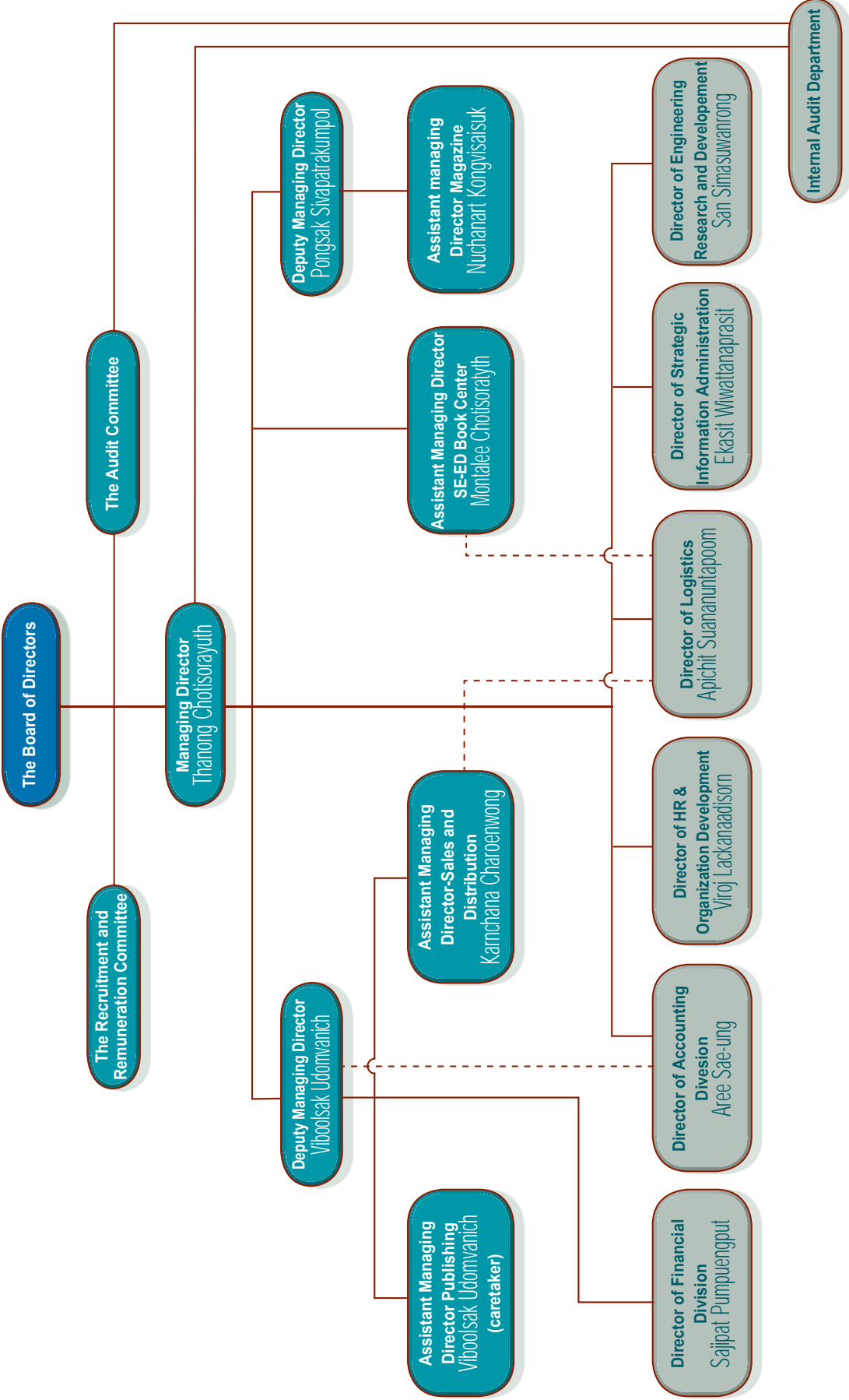


Mr. Somboon Chinsawanon
Chairman of the board



SE-EDUCATION PUBLIC COMPANY LIMITED

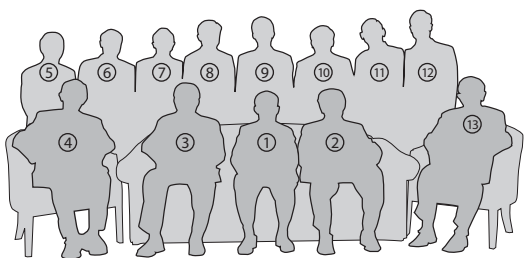
Organization Chart



■ BOARD OF DIRECTORS

SE-EDUCATION Plc.





1. Mr.Somboon Chinsawananon
2. Mr.Saroch Lamlertprasertkul
3. Mr.Thanong Chotisoraayuth
4. Asst. Prof.Yuen Poovarawan
5. Mr.Pongsak Sivapatrakumpol
6. Mr.Phairat Sittakul
7. Mr.Pravit Tantiwasinchai

8. Mr.Vorasit Pokachaiyapat
9. Mr.Sumeth Damrongchaitham
10. Mr.Yongsak Eakprachyasakul
11. Mr.Viboolsak Udomvanich
12. Mr.Kachen Benjakul
13. Mr.Wattana Chiengkul

BOARD OF DIRECTORS

1. Mr.Somboon Chinsawananon

Chairman of the Board and Independent Director

Highest Qualification

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

IOD Certificate

- None

Number of shares

- 150,000 shares

Relation among family within the executives

- None

Working Background

- 2005-present Chairman and Independent Director, SE-EDUCATION Plc.
- 1995-2005 Director and Independent Director SE-EDUCATION Public Plc.
- 2004-present Director of Committee of Financial Institutions-Bank of Thailand
- 1995-1999 Deputy Managing Director, Kasikorn Bank

2. Mr.Saroch Lamlerprasertkul

Chairman of Audit Committee and Independent Director

Highest Qualification

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

IOD Certificate

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

Number of shares

- None

Relation among family within the executives

- None

Working Background

- 1999-present Chairman of Audit Committee and Independent Director, SE-EDUCATION Plc.
- 2000-present Managing Director, CAS Management Co.,Ltd.
- 1994-1999 Managing Director, ACT Management Co.,Ltd.

3. Mr.Thanong Chotisorayuth Director, Managing Director and authorized director

Highest Qualification

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

IOD Certificate

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

Number of shares

- 12,629,070 shares

Relation among family within the executives

- Mrs.Montalee Chotisorayuth's Husband

Working Background

- 1987-present Managing Director, SE-EDUCATION Plc.
- 2003-present Director and Executive Director, Plearnpatt Co.,Ltd.
- 1985 -1987 Director and Deputy Managing Director of Marketing
- 1984-present Director, M&E Co.,Ltd.

4. Asst. Prof.Yuen Poovarawan Director

Highest Qualification

- M.S. in Industrial Engineering and Management, Asia Institute of Technology (AIT)
- M.S. (in Electrical Engineering), Chulalongkorn University
- B.S. (in Electrical Engineering), Chulalongkorn University

IOD Certificate

- None

Number of shares

- 1,174,940 shares

Relation among family within the executives

- None

Working Background

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

5. Mr.Pongsak Sivapatrakumpol Director, Deputy Managing Director and Authorized Director

Highest Qualification

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

IOD Certificate

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

Number of shares

- 9,807,330 shares

Relation among family within the executives

- None

Working Background

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

6. Mr.Phairat Sittakul Director

Highest Qualification

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

IOD Certificate

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

Number of shares

- 100,000 shares

Relation among family within the executives

- None

Working Background

- 2005-present Audit Committee and Independent SE-EDUCATION Plc.
- 1974-2005 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

7. Mr.Pravit Tantiwasinchai

Audit Committee and Independent Director

Highest Qualification

- Bachelor Certificate (Audit), Chulalongkorn University
- BBA (Accounting), Chulalongkorn University

IOD Certificate

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

Number of shares

- None

Relation among family within the executives

- None

Working Background

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

8. Mr.Vorasit Pokachaiyapat

Independent Director

Highest Qualification

- M.S. (Computer and Database Management), Bantley Collage, Massachusetts, USA
- BBA, Camegie Mellon University, Pennsylvania, USA

IOD Certificate

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

Number of shares

- None

Relation among family within the executives

- None

Working Background

- 2005-present Independent Director, SE-EDUCATION Plc.
- 1998-2005 Director, SE-EDUCATION Plc.
- 1991-present Managing Director, Finansa Plc.
- 1990-1991 Assistant Manager Director, Chase Manhattan

9. Mr.Sumeth Damrongchaitham

Director

Highest Qualification

- MBA (Finance), Thammasart University
- BBA (General Management), Ramkhamhaeng University
- B.S. (Construction Management), King Mongkuts Institute of Technology Ladkrabang
- Bachelors degree in Economics (Public Finance), Chulalongkorn University

IOD Certificate

- Director Accreditation Program (DAP)

Number of shares

- None

Relation among family within the executives

- None (Directors represent main shareholders)

Working Background

- 2005-present Director, SE-EDUCATION Plc.
- 2004-present Director and Executive Director Chief Operation Officer (Corporate Support and Business Development), GMM Grammy Plc.
- 2000-2004 First Vice President, National Finance Plc.
- 1996-1999 Assistant Vice President, National Finance Plc.

10. Mr.Yongsak Ekprachyasakul

Director

Highest Qualification

- Mini MBA, Thai Chamber of Commerce University
- The Boss Class 30, Management and Psychology Institute.

IOD Certificate

- None

Number of shares

- None

Relation among family within the executives

- None (Directors represent main shareholders)

Working Background

- 2005-present Director, SE-EDUCATION Plc.
- 2002-present Director and Managing Director (Sales and Marketing Division), GMM Grammy Plc.
- 1999-2002 Sales Director, MGA Co.,Ltd.
- 1988-1999 Sales Manager, MGA Co.,Ltd.

11. Mr.Viboolsak Udomvanich

Director, Deputy Managing Director and authorized director

Highest Qualification

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

IOD Certificate

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

Number of shares

- None

Relation among family within the executives

- None

Working Background

- 1987-present Director and Deputy Managing Director, SE-EDUCATION Plc.
- 2003-present Executive Director, Plearpatt Co.,Ltd.
- 1985-present Deputy Managing Director-Production, SE-EDUCATION Plc.

12. Mr.Kachen Benjakul

Independent Director

Highest Qualification

- Master of Arts in International Economic and Finance, Chulalongkorn University
- Bachelor of Industrial Engineering (I.E), Chulalongkorn University

IOD Certificate

- Director Accreditation Program (DAP)

Number of shares

- 50,000 Share

Relation among family within the executives

- None

Working Background

- 2005-present Independent Director, SE-EDUCATION Plc.
- 2006-present Executive Director, Plearpatt Co.,Ltd.
- 2000-2004 Senior Equity Analyst, Government Pension Fund (GPF)
- 2000-2000 Analyst,

13. Mr.Wattana Chiengkul

Independent Director

Highest Qualification

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

IOD Certificate

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

Number of shares

- 5,186,600 shares

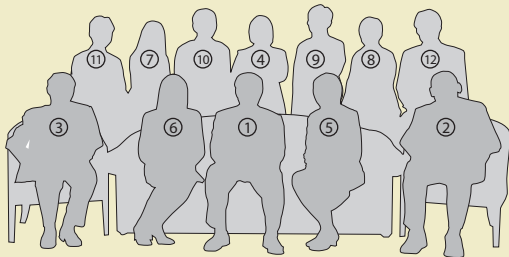
Relation among family within the executives

- None

Working Background

- 2005-present Independent Director, SE-EDUCATION Plc.
- 1990-2005 Director, SE-EDUCATION Plc.
- 2002-present Managing Director, TOTEM Co.,Ltd.
- 1997-2002 Org Dev-Maintenance Manager, ABB Co.,Ltd

Executive



1. Mr.Thanong Chotisorayuth Director, Managing Director and Authorized Director

Highest Qualification

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

IOD Certificate

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

Working Background

- 1987-present Director and Managing Director, SE-EDUCATION Plc.
- 2003-present Director and Executive Director, Plearn Patt Co.,Ltd.
- 1985 -1987 Director and Deputy Managing Director of Marketing
- 1984-present Director, M&E Co.,Ltd.

2. Mr.Viboolsak Udomvanich Director, Deputy Managing Director and Authorized Director

Highest Qualification

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

IOD Certificate

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

Working Background

- 1987-present Director and Deputy Managing Director, SE-EDUCATION Plc.
- 1985-1987 Director and Deputy Managing Director-Production, SE-EDUCATION Plc.
- 2003-present Executive Director, Plearn Patt Co.,Ltd.

3. Mr.Pongsak Sivapatrakumpol Director, Deputy Managing Director and Authorized Director

Highest Qualification

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

IOD Certificate

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

Working Background

- 1993-present Director and Deputy Managing Director, SE-EDUCATION Plc.
- 1990-1993 Director and 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 of SE-ED Book Center, SE-EDUCATION Plc.
- 1993-1998 Executive Editor-Education book, SE-EDUCATION Plc.

5. Mrs.Karnchana Charoenwong

Assistant Managing Director-Sales and Distribution

Highest Qualification

- B.S. (Accounting), Kasetsart University

Working Background

- 1998-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

- 2001-present Assistant Managing Director-Magazines Groupabove, SE-EDUCATION Plc.
- 1999-2000 Director of Electronics and Industrial Magazine Group, SE-EDUCATION Plc.
- 1979-1999 Advertising Manager of Electronics Magazine Group, SE-EDUCATION Plc.

7. Ms.Aree Sae-ung

Director of Accounting Division

Highest Qualification

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

Working Background

- 2004-present Director of Accounting Division, 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.

8. Ms.Sajipat Pumpuengput

Director of Financial Division

Highest Qualification

- BBA (Management) Sukhothai Tammatirat University

Working Background

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

9. Mr.San Simasuwanrong

Director of Engineering Research and Development

Highest Qualification

- Engineering (Production) King Mongkutu's Institute of Technology North Bangkok

Working Background

- 2003-present Director of Engineering Research and Development, SE-EDUCATION Plc.
- 1997-2003 MIS Manager, IT City Co.,Ltd.
- 1997 General Manager, Cyber City Co.,Ltd.

10. Mr.Viroj Lackanaadisorn

Director of HR & Organization Development

Highest Qualification

- MBA (Finance) Chulalongkorn University
- B.E. (Automotive Engineering), Chulalongkorn University

Working Background

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

11. Mr.Apichit Suananuntapoom

Director of Logistics

Highest Qualification

- MBA (Finance), Ramkhamhaeng University
- B.E.(Automotive-engineering), Chulalongkorn University

Working Background

- 2004-present Director of Logistics SE-EDUCATION Plc.
- 2003-2004 Executive Officer - Marketing and Supply Chain Management, Toyota Motor Asia Pacific Pte.,Ltd.
- 2002-2003 Senior Engineer - Procurement Department, Isuzu (Thailand) Co.,Ltd.
- 1999-2002 Engineer - Purchasing Department, Isuzu (Thailand) Co.,Ltd.

12. Mr.Ekasit Wiwattanaprasit

Director of Strategic Information Administration

Highest Qualification

- M.S. in Engineering, Assumption University
- B.S. (Business Computer), Rajabhat Bansomdej chopraya University

Working Background

- 2005-present Director of Strategic Information Administration, SE-EDUCATION Plc.
- 2005 Senior Manager - IT Management, SE-EDUCATION Plc.
- 2003-2005 Compass East Industry Plc. Senior Consultant, Deloitte Touche Tomatsu Co.,Ltd.
- 2001-2003 Strategic System Analyst,



2006 Operation Report and Future Projects

- **Publishing business situation in 2006**
- **Industry Overview and Competition**
 - **Business Direction**
- **The significant operation in 2006**
 - **Conclusion**
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■ Publishing business situation in 2006

The overall economic outlook in 2006 was still in the state of slow down growth due to multi-faceted factor and also negatively affect the consumer confidence domestically and investors, whether it was the fluctuation of petroleum prices, increased inflation, increased interest rate, flood catastrophe in many provinces, and problems of proliferation of violence and instability in the deep South. The most disturbing factor was the unstable political atmosphere started from the political conflicts who proceeded from 2005 and become even more volatile since February, leading to the coup d'etat and resulted in political change in the month of September.

The above factors affected the slow down in country's demand. People reduced their purchase, coupled with the psychological stress that loomed in and instability of country's direction. This has caused people to reduce their buying sentiment. Less people shopped in the department stores. All these ramifications have been severely affected the retail business in department stores, indicating with clarity how slump the retail industry really was for all of the 2006, which became worsen towards the year's end. This is considered one of the hardest years for retail business entrepreneurs.

However, will the strength of economic foundation of the country, along with the great celebration of the occasion of the 60th anniversary of HM the King's accession to the throne that people took such auspicious occasion as an event to show the gesture of thankfulness toward the King, causing them to wear yellow shirts every Monday even after the ceremonial event has long passed. This has stimulated the retail economy which is related to the ceremony, resulting in the economic growth of 4.7% which should be considered a quite satisfactory outcome.

The book business in 2006 still continued to grow in a consistent manner, even though it was expected to show a slow down in growth similar to other retail businesses. This is the major force behind the drive toward expansion of more bookstore branches, particularly from the convenient store chain which is operated by large convenient company. Large bookstores were also being opened in the large department store, which just opened in 2006, also coupled with the growth of small and medium scale publishers in this industry.

The new book titles which were distributed to bookstores and published in 2006 were expected to be 30.7 titles per day, compared to 31.9 titles per day in 2005. This is because the more awareness of publishers in screening books to meet the market demand, permitting better sales for the book business in the future.

The Publishers and Booksellers Association of Thailand expected growth of books business to be 10-12% in 2006 with the market size of THB 16,500~16,800 million in 2006 and the average reading rate was 1.7 book per person a year, and it is expected that there will be THB 260 per person per year for the money spent in buying books, which by this figure, it was statistically considered relatively small. It also reflected that overall potential of books market still has room to grow.

With even more newcomers and the fact that pre-existing publishers continued to improve the quality of their publishing, it causes an increasing in market demand, resulting in the enlargement of market base which is good to the overall books business.

The market of magazines is very highly competitive, with growth only 4-5%, and the value of advertising in printing media was also decreased a little.

■ Industry Overview and Competition

Industry Overview and Competition The publishing industry grew at ever larger rate which expected to be around 10–15% for from 2000 to 2006. There are still market opportunities. As the result, it attracts many interested individuals into the publishing business, retail business and magazines business. The competition has, therefore, increased dramatically. However, it is believed that this will stimulate the market growth in long run.

However, the company has a very good growth rate in book publishing business, wholesale and retail business, as the company still holds strength in these areas. Whereas the overall magazines business still grows in but the computer periodicals were hardest hit by competition and an advertising price war, causing a significant decrease in its advertising revenue. However, electronics and industrial periodicals still show significant growth.

Opportunities and Threats Government policy currently promotes more advanced education for its citizens to better prepare them for global change. This, in turn, stimulates a greater thirst for new areas of knowledge, triggering an increase in local demand for books. All these conducive factors contribute much to the even brighter and more stable future for the book business as a whole, particularly technical books and magazines. The rapid expansion of mega stores and super centers all over the country has helped to mushroom the company's retail outlets. As a major publisher and distributor of technical books, and the owner of largest bookstores chain with high liquidity cash basis, the company is in a strong position to respond to this encouraging market trend, and grew ever larger than the market average growth.

However, the company's future branch growth depends upon the retail growth restriction policy and also the rule of law stipulated by government which may affect the growth of shopping centers and Super Centers.

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, its corporate image is clear, well received and trusted by every party concerned.
- **SE-ED has the tools and business components to efficiently operate future business** Nowadays, the company's business divisions cooperate among themselves and render greater opportunity for even more success.
 1. The company has its own distribution channel and system via the use of the SE-ED Book Center, and Book Variety, which is the important distribution channel because it spreads to many major communities all over the country with largest number in branches and is always the first to be offered to select new location for its new branches. These effects 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 email service and free homepage via www.se-ed.net.

Quantity and size of Competitors As book business is one of the continuous growth businesses and has also great potential to grow and the barrier to entry is low, many people are interested to get into this business each year both in publishing role and also in retailing role, despite that fact that many of them went out of business already. Because each of them tries to differentiate from each other, this result in the flourishing of books and the base of books readers keeps expanding. As a result, such activity does not severely affect the company.

Moreover, as the company does business cover all categories ranged from publishing, wholesaling, distributing and bookstores it is, of course, beneficial in either way for the new comer in each role, as the result 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, as such, this causes not much effect to the company. While the company as the market leader with strong financial position and receiving great acceptance by general readers and being ready to expand new branches, the company can keep a great step ahead from taking advantage of first priority to choose new location and has the lower operating investment. In future the books business is expected to grow out of a few large firms who are well prepared to face the competition.

Market share Although the company is the market leader in 3 important businesses: The leading retailer in bookstores chain and book distributor (or wholesaler), and books publishers. Owing to the continuous growth of book business, numerous entrepreneurs show interest in joining and this causes the spread of business concentration. The market shares for market leaders in this industry are not significantly difference.

The company retail business is accounted for 20–30% at the maximum which is quite similar to the book market in other countries whereby no large bookseller can have market share more than this.

For the business of distributing book to booksellers, even though the company has the maximum market share, it is still considered insignificant due to the fact that market share in book business is less concentrated.

For publishing business, the company always ranks between number 1 out of 3 in the book market, depending upon which publishing, in each particular year, produces the best selling titles more or less than, but in general the market share is not that significant because it is less concentrated than usual.

Substitution products The rapid development in industry and business leads to a need to learning new things and developing knowledge to gain advantage over the competition. Regardless of how far the communication and computer technology progress, books still play an important role in imparting knowledge to people conveniently and inexpensively anywhere, anytime, and for a life time.

Bargaining power of buyers and sellers As the books business has a level of the standard trading condition structure with several traders in which nobody can evidently monopolize the market and the needs to be interdependent of each other, there are not much problem in bargaining. However, due to the fact that 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 of the over all business as their market share is still not significantly large enough at present.

■ Business Direction

Throughout the past 30 years, the Company has been a leading initiator in the technical book publishing business, in particular, the “How-to...” category. This reputation as Thailand’s main publisher of technological books and journals enabled other Company’s operations to flourish and enjoy greater success.

The Company has set the long term goals and marketing strategy which can be briefly described as follows:

Vision: SE-ED shall be a leader in ensuring that Thais have easy and convenient access to knowledge.

Mission: We are committed to make Thais smarter.

Marketing Strategy: To achieve the stated vision and mission, the Company stresses the readiness in several areas to develop and serve with quality which respond to the needs of target customers by focusing on executing the marketing strategies as follows:

1. Concentrate on SE-ED Book Center and SE-ED network branch expansion in variety of store formats so that the stores can cover areas nationwide particularly in the sizable communities, by choosing the high potential areas in long term. This enables that all Thais to have equal chance in knowledge acquisition, which also paves the way for the growth of book market in the future.
2. Focus on products or books development and production that directly serve market demand so as to maximizing product life cycles and being profitable in long term. In 2007, the Company is committed to publish more outside-reading English books, children books, supplementary books, and reference books.
3. Focus on product procurement and service which includes technology procurement or new diverse innovations which respond directly to the target customers.
4. Emphasize on maximizing total value creation by employing Company’s strength in retail channel –SE-ED Book Center and network stores – and also take advantage of its capability of being publicity channels.
5. Stress upon the book distribution model development suitable for each book category. This permits the right access to the target customers and minimizes the book damage.
6. Emphasize on development of tool and product publicity and promotion channels which gives more chance to sell at the early stage of product launch. In 2007, the Company begins to provide the product knowledge through SE-ED Channel – marketing tools used as a communication medium with general public through the store LCD TV destined to be installed in all branches nationwide.
7. Focus on perception erection and Company’s brand acceptance by emphasizing the key principle that is “Think of book, think of SE-ED Book Center”.
8. Emphasize on relationship building with business partners at different levels that permits good working impression between different parties and increase business opportunity.

Pricing Policy: Pricing policy is set to meet the purchasing power of each target group, appropriately reflecting the production costs, at the 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, Book Variety and other bookshops in Bangkok and other provinces by managing the distribution channels according to customers, products and services as follows:

- 1. Books and Magazines Retail customers** The customers are general readers and working people. The Company distributes books and magazines to 226 branches with 216 branches are still in operation including 7 branches for network bookstores (as of December 31, 2006) which the centers of books and entertainment for family and working people, located in shopping centers and super center in Bangkok and other provinces and also in the higher educational institutes.
- 2. Books and Magazines Wholesale customers** This group of customers is accounted for over 1,000 different. The Company is responsible for distributing all books and magazines to bookshops in Bangkok using its own transportation. For distribution to provinces, the Company uses private transportation Company as seemed appropriate.

However, for distribution of magazines published by SE-ED, the Company uses several transportation companies in each region to distribute to the bookshops.

For circulation and distribution to stores in Bangkok and around its vicinity, the Company solely utilizes the “Standing Order” distribution 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 electronic circle are both regular and non-regular advertisers in the Company’s monthly magazines.

■ The significant operation in 2006

In 2006 the company still expanded the business which concentrated in increasing bookstores branches SE-ED Book Center as the Company believes in the growth of books business and education business. The company has improved more business model of the bookstore to be profitable with new store models suitable to each community. The company stressed in the role of books distributors and publishers to match with the growth of books business. However, the company has developed the information technology system, communication system for all bookstores branches and headquarters and distribution center in order to support more services in the future, increasing efficiency and reducing product damage.

The main activities excluding normal operation 50 2006 were as follow:

1. New branches opening and renovation of existing branches as follow:
 - New 26 branches were opened with 8 branches in Bangkok and 18 branches in upcountry. As in December 31, 2006 there were 226 branches opened with 216 branches still in operation, 101 branches in Bangkok and nearly, 115 branches in upcountry, 40 kiosks and 130 point of sales.
 - Renovated 7 existing branches, some branches has been move to new suitable location, some branches increased the area according to the demand and some branches improved for more modernized and more attractive outlook.
2. Launch “Add magazine in March 2006 which was distributed freely as a PR channel and give useful information to readers.
3. Signing as the distributor of “technology Promotion Association (Thailand – Japan) in March 2006. The association has been the main publishers of translation books from Japanese Language in the field of engineering, management, literature and Japanese Language Teaching. The company was the distributor of all publications, except the Japanese language teaching books.
4. Expanding the distribution center area from 7,380 square meters to be 9,936 square meters since middle of 2006 be able of servicing for 600 branches of bookstores, for e-commerce business, and improved operation performance to service at less times, more varieties, more efficient.
5. Installing Navision software for distributions center and linked to all bookstores branches computer since October 2006 to connection of the retail business system with head quarter, speeding the account clearing, more flexible, less paper documents leading to use information in analyzing and apply to much more decision. Navision is the information system software of *Microsoft which the company purchased since 2003 and has used in-house developer team to support the development and company-wide software installation.
6. Developing and installing ADSL for all bookstores branches to supports all communication among branches, headquarters and distribution center, increasing service and decreasing communication expenses.
7. Installed CCTV in SE-ED Book Center to reduce product damage and for internal control. The system has been installed since Q4 of 2006 and will be fully completed in 2007.

8. Improved computer system for bookstores branches expansion and supporting Navision software and all communication systems, support e-commerce, including installed back up system and other reliable protection system.
9. Organized “Thailand Electronic & Industrial Technology 2006” Exhibition during September 21 – 24, 2006 at Queen Sirikit Convention Center.
10. Launched new web site www.thailandindustry.com to expand more service for customers in industry magazine group since November 2006.
11. Started the “SE-ED Learning Center” project to provide knowledge and inspiration for youths in holidays. The SE-ED Kiddy Camp was the activities established since 2003 for youths during their doted term vacation with more camps for selective and has increased other courses in holidays such as brain-based courses, mathematic course, junior engineer course etc.
12. On November 28, 2006 has signed the deal to be the exclusive distributor of Oxford University Press (OUP) in Thailand which effective on January 1, 2007 and with right to sell in Cambodia, and Laos, Myanmar and Indonesia to push the learning English Language in Thailand and nearby country.

Oxford University Press is the oldest publishers of more than 500 years old and is the oldest university press in the world with sales revenue more than all universities press combined. OUP has been highly regarded as the largest university press of English Language Teaching, with 5,000 new titles per year.

The company and Oxford University Press has also projected other than books distribution, such as providing translation books for English language skill development, providing workshops seminar about teaching media and English language technical for teachers and educational institution, organizing teacher training, all across the country.

■ Conclusion

The operation result of 2006 was at satisfied level, considering to the several fluctuations mentioned above. The net profit of the year 2006 was THB 20919 million or growth 11.32% from last year. While the Q4 total net profit was THB 67.43 million, an increased from the third period last year of 14.82% and 2.57%, compared from the same period of 2005.

The company's total revenue of the year rose by THB 3,725.75 million or growth 9.87% from the same period last year. The sale revenue accounted for THB 3,680.70 million, or up 9.38%. The main driver for such growth was still the increased revenue of SE-ED Book Center and Book Variety, which grew 10.42% which was the new branches and sale point grow and from the same stores sale growth with the branches renovated. Moreover the sales of books for other bookstores and educational institutes grew 5.89%

■ Future Projects:

The Company's policy is to make knowledge easily available to Thais in general and convenient in several aspects. Mean while, it also seek to improve the management effectively and can compete to result in better return for shareholders in long term.

Therefore, not only the revision of operation system, information system, communication system between branches and headquarters, marketing communication system, personnel development, performance index development for developing the work capability and participation, production and distribution that are in market demand which is appropriate for long term profitability. The Company still has several projects for future operation.

- **Continuation of SE–ED Book Center branch expansion :** The company's policy is to expand number of branches for SE–ED Book Center and SE–ED network to at least 15 branches per year to meet the target customer demand in various communities that make it possible for customers to buy books more conveniently, resulting in the increase of company's market coverage, particularly in the strategic areas that respond to the demand for reading for Thais that still continues to grow. This is in line with the demographic expansion of community. This includes the improvement of information system for overall book business, to support the growth of book business and new kinds of service in the future to serve customer with much area coverage in even smaller community.
- **Re–new the stores, add products diversity and continue to improve for better service :** To re–new the existing SE–ED Book Center and network, by modernizing the products, areas, and other structures in the stores, and enabling the stores to serve the more customers who may have more needs. The branch renovation activity will range from area adjustment and expansion or reduction, or relocation in some cases to suit the demand of each community and grants the company a continuous performance to compete, and resulting in consistent sales growth of all the existing stores.
- **Book Production :** The Company seeks to find business partnership with international publishers to product and distribute more course books at the university and Matayom (from year 7th to 12th) levels, particularly in the fields that are important to the nation's development and also has high market demand. The book will be published with international quality in mind. The books shall include reference book that relevant to make Thais smarter, such as outside reading.
- **Magazine Publishing :** Launch new magazines that are found to have high potential in the market.
- **Distribution :** Develop large center of distribution and related logistical system to effectively manage which will serve the book and magazine distribution to SE–ED Book Center and network that will increase in number in the future, and also speedier service to the nationwide retail bookstores. This also means the greater support for the increase product and more variety.
- **E–Commerce business :** To extend the market coverage reaching the distribution channel of all target group and also lay ground work for future globalization. It allows more convenient to the customer to find books they want.

- **Children learning development activity** : The Company developed learning activity for youth during their free time based on the learning methodology of brain-based learning, emphasizing on fun and learning, inspiring children who is eager to learn things in a continuous manner, by the name “SE-ED Learning Center”.
- **Seminar and other activities** : The Company will organize special activity both in participation in the product and international technology exhibition, hold academic seminars in particular electronic and industrial fields which is considered the strength for the company’s magazine division. In addition, there are project of web service to develop internet contents and e-commerce in the industrial sector for the future to come.

Yet, the company is still committed to other projects that will help Thais to be more knowledgeable in various fields through several other formats apart from printing press, so as to serve the ever-changing social behavior in the future.

■ The Company activities in corporate social responsibility (CSR)

The company realizes the important of role for all Thais toward social responsibility and also for the country at large, in whatever ways possible. For this reason, the company tries at best to play some role in every aspect of social responsibility.

Dated back to the early day of the company, the picture in this regards will be much clearer because the company are formed ten electrical engineering graduates from Chulalongkorn University, who used to be active in varsity activities during their academic years at the club of faculty of engineering, Chulalongkorn University. They realized that Thailand still lacked the development of technical and academic material and the company was then established on October 10, 1974. Their social responsibility ideology has the objective of company establishment as “to do business in knowledge dissemination, with a view to developing the fullest potential of Thai people in areas essential to the national development.” And the name that emphasizes the objective is “SE–ED”, which is derived from the words Science, Engineering and Education. The overall intention is to make Thais par excellence

Therefore, it may be said that this is the company that take the country’s problem as the company’s mission statement and the business has been operated on this ideology from day one, and also continue to do so for 32 years even now, through organization culture transfer and growth direction of the company.

The overall company business is aimed at the growth in relation to the founding objective, even if the productions may be books and magazines which is deemed to be beneficial but still lack in the market, helping other publishers distribute so that the books have a chance to be viewed, survived the market, and publishers are stronger, and make it possible for them to produce more quality books. For the bookstore business, it allows community to have opportunity to view books, make the books more available, organize the year–round youth activity, found and operate ‘Plearnpattana’ school to set example of new model school for developing children for the country’s future.

Therefore, for the staffs at SE–ED, CSR is not just an added activity as do any other organizations, but it is actually the company’s mission and is regarded to play a significant role in the company advancement in book business both in overall picture and in terms of actual knowledge to expand the market base very quickly.

The company is confident that the development of sustainable organization not only involves the return on investment and suitable growth for shareholders, but the company needs to develop itself to be a good role model by performing a good work that benefit the society at large and is widely accepted. The staffs are happy to work. The company should support and save the environment while business still operates the business. The company, therefore, operates in connection to the sustainable business development and social and environment.

The company engages in varieties of activity for social, community, and diverse environmental setting in addition to the normal activities which can be cited by the following examples:

Education and Youth Development and General Public Project : The Company aims at business development that is in line with National Education Act with respect to the social participation in education management and supports the life–long learning, whereby the company dedicates to produce beneficial education media for Thais, whether it is a book, magazine, or varieties of related activity such as:

- **Youth Camp Project: (SE–ED Kiddy Camp)** The Company takes on the youth camp called “SE–ED Kiddy Camp” in the four consecutive years for the last 4 years, which is held during the school holiday. It is an academic camp putting the emphasis on learning process for science, in combination with extra recreation, creative, and ethic activities, such as Dinosaur venturing the earth camp, aeronautic science camp, power of nature camp, youth business venture camp, etc. In 2006, the company held 14 camps for the total of 704 people.
- **Youth Learning Center Project (SE–ED Learning Center)** The project is design by aiming at making Thai children smarter, by being excelled in the fields that are important to the country’s development through learning process associated with brain development potential – Brain Based Learning. It inspires learners to learn more by using free time during the holiday weekend, such curriculums as Young engineer course, Thinking development course, Math eureka course, Robot invention, Detecting Rover course which is learned from electronic kits which can detect object in front and avoid the object automatically. This also includes SE–ED English camp for those who learn English through multiple intelligence methods. In 2006, the company has offered courses through this project in the total of 17.
- **Academic training Project :** The Company organizes training courses in engineering, computer for the general audiences. In 2006, the company trained the total of 23 courses.
- **Plearnpattana School :** The Company jointly in vested in Plearnpattana School with the percentage of 48.82%. The school uses Thai curriculum from kindergartens to Matayom 6 (High school) which aims at creating a model school for young Thais to have sufficient capability to become the potential citizens in the future.
- **Books for the students Project :** This is the book donation project which donated the carefully selected books to the school library which lack the learning resources. In 2006, the company has donated books to the school around the country of up to 160 schools, valued 7 million baht. The company jointly donated books and educational equipments through schools in the project one Ampur one dream school initiated by Education Ministry which supports education for school that is considered dream school to be used of model school for the whole country.
- **Library construction for school :** The Company jointly donated shelves, educational tools, and books to help construct the school library in many areas in Bangkok and other provinces, such as the library of Wat Patumwanaram, the library of Suksa Songkor Sakol Nakorn, the library of Omkoi Vidayakom, the library of ban nong sadao school, etc.
- **UpDATE Magazine Project :** the company publishes monthly magazine called UpDATE magazine since 1978 to introduce interesting knowledge in science and technology for youth and general audiences without expecting profit and the company has received the award ‘Academic magazine for youth’ for many consecutive year.

Social, Community, Family Institution Development Project : The Company emphasizes on being part of the society and the important of family which is the root of community and society. The Company is highly committed to create and play a major part in social development in a sustainable fashion.

- **Webboard for Parents and Youth at www.se-ed.com Project :** This web board has its objective in being the center of idea in child development. It also a place where the exchange of ideas, and sharing of love and concern and experiences take place. It is the place where people can find consultation about their kids psychology which includes the way to child’s education.

- **White School Project :** The company sees the important of child protection from books or media which is either produced by the company or resell in our retail stores. These types of product will be dealt through careful censorship and selection of products to permit white media for kids and youth. This will ensure that parents can bring in children to visit, or make a purchase of products from our stores, children will be protected from all obscene media or media that is dangerous for kid and youth.
- **Stop the Pirated Products Project :** The Company publishes books and magazines while stressing the important of intellectual property rights. Therefore, the company has the policy of not, in any event, producing, selling, or supporting products that are in violation of copyright law. This effort also includes the support of making people understood of how all copyright infringement practices are illegal and what laws are related to such practices, and how it can be corrected.
- **Blood Donation Project :** The Company supports the campaign seeking blood to help patient in need by actively involved in organizaing staff participation in blood donation.

Nature Preservation and Environmental Protection : The Company support nature preservation and environmental protection as follows:

- **The Energy Conservation Project :** The Company initiated the electric power conservation by installing string as an on–off switch for lighting in all working areas of the building for staffs to turn the light on and off more conveniently at the area where it is needed, a kind of reminder for everyone about the energy conversation. The project has been launched since year 2001.
- **Paper Use Reduction Project :** The Company supports the practice of document or business information management in term of electronic media to reduce the use of paper and result in convenient search of information, starting from information system development and overall work process in the organization to reduce the work procedures and paper usage reduction. In bigger picture, the Company can reduce the use of paper no less than 1,000 reams per month. On top of that, the company finds the use of plastic envelopes or covers in reusing undamaged envelopes as a document cover delivered back and forth among work units within the firm.

Human resources development : The Company support human resources development for staffs who possess good quality, valuable for social and country development, by emphasizing on staff who work with joy, by creating good work environment, taking care of staffs with fairness by being fair and appropriate in terms of compensation and welfare.

- **Education and Training Development Project :** The Company supports the staff development to be valuable to the social and environment by aiming at staffs who are knowledgeable, competent, and moral to build a business that is fair and sustainable in the future, and also pave way for future competition which not only develop knowledge for business but also organizes the staffs for Dhamma and meditation course in the mind development project at Satian Dhamma Sathan in an annual basis. The Dhamma teaching activity is also occasionally included in the program.
- **Meditation through Music Project :** The Company support the staff to work with concentration by play classical tunes from Mozart that is specially selected during work hours to increase work effectiveness. It also help relieve the stress during the work.

Company Background and Management Structure

- **Company Background**
- **The Proportion of Shareholding in the Groups of Company and Inter-Business Groups Transactions**
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■ Company Background

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

The company has been approved as a listed company by the Stock Exchange of Thailand (SET) in the category of media and publishing under of the service industry sector, since 1991. The company has transformed itself to become a public company on April 29, 1993. Today the company is popularly known, in short, by the name of “SE-ED”, which is derived from the words **S**cience, **E**ngineering and **E**ducation.

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

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

In 1979, the company launched the monthly magazine “Miti Tee See” that aimed at the creativity and imagination and, particularly, for those who don’t like the heavy science, hoping to gain readers attention in science.

In 1980, the company started to publish the engineering and scientific textbooks which were later became the textbook and academic books division.

In 1983, published the monthly magazine “Microcomputer” and began to publish the books about microcomputer. At the same time, the company set up the management books division for the purpose of publishing the books that can help people work more efficiently rather than publishing books that can only be sold in a short moment.

In 1985, the company adapted and introduced the Standing Order Distribution System and merged the magazine “Taksa, Science and Technology Edition” with “Miti Tee See” which resulted in the new magazine called “Rou –Rorb –Tua” magazine which was later transformed and changed its name into what is today called “Update” magazine. In the meantime, the company’s Children Book division was born in 1986 and “Wittayasat Arn Sanook” – the first finest set of cartoon books aiming at teaching young learners – was published and warmly welcomed by general public.

The company continues to take its lead in publication of magazines and educational books, becoming the forefront in knowledge publishing firm in the country with the best distribution system in the book business. The company also became the book distributor for other publishers producing books in the same fields.

Although, compared to the average publishing industry, SE-ED had satisfied the expectation of both sales volume and sales growth, as the publishing firm with highest sales volume through bookstores channels and the largest books distributor at that time, the company found that there were still limitations due to that fact there were a few good quality bookstores existed in the market. Consequently, the company's books could not be effectively circulated. This resulted in the inability to increase sales volume of each book sold at the desirable level.

Following an extensive research into the retail industry, the company realized that the pre-existing bookstores could not be expanded or improved much further. At that time, many new shopping centers had been opened, and the company believed that they would be good venues for the bookshop business. As the company had confident in those malls that they are attractive and able to bring in large communities and would likely change the buying behavior of Thais. Therefore, the strategy of providing more convenient purchasing channel for Thais which was to allow access to reading materials was to set up well-thought-out bookstores in those malls. But as the investment cost was high and no one has seriously venture in this area of business before, the company decided to start the bookstore business in leading shopping centers to avoid affecting the previously existing bookstores which were mostly located in commercial buildings.

In the third quarter of 1990 the company was permitted to be listed on the Stock Exchange of Thailand and started the SE-ED Book Center project that allows Thai people to get access to book and to support the future growth of overall book market by focusing on opening branches in various leading shopping centers. SE-ED Book Centers will sell both books from its publications and also from the others. The first branch of book centers for family and working people opened in late 1991 at Fortune Town Shopping Center.

In the third quarter of 1996, SE-ED opened SE-ED Book Center in super centers. The first branch was at Lotus Super Center, Pattaya with strong belief that super centers would be the new trend going forward and also suitable locations for long-term business. The company further improved its image to be more modern, by using bright and vivid colors. Newly designed bookshelves were installed so that it could be manufactured more easily and more cost-effective. Consequently, SE-ED could put new bookstore branches in operation faster and more convenient. It also focused on developing the distribution centers to accommodate more books for more than 600 branches. In 2006, the company expanded distribution center area from 7,400 sq.m. up to 10,000 sq.m., or 35% increase. SE-ED also developed and tested business model that is suitable for the company's competitiveness and business sustainability. All these developments have enabled SE-ED to be ready for future growth and to expand with confident. As it expanded, SE-ED was able to operate the new branches more conveniently with less capital and at reduced costs and, for this reason, made it possible for bookstore to be successful in the business.

Furthermore, SE-ED Book Center has developed the relationships with several shopping centers and super centers, being recognized as an important business alliance. This 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 selling bookstore in Thailand and also serving as the very heart of company's business growth since 1997.

SE-ED's business performance continued to be at the satisfactory level. In 1997, when Thailand encountered serious economic crisis leading to business collapse and widespread unemployment as the result of lower purchasing power, the publishing business was affected in many ways. Several of SE-ED's major book suppliers encountered the severe loss and liquidity problems, to the point that SE-ED had to allocate asset as bad debt account, largely due to the lower purchasing power and decreasing of sales orders

from bookstores. SE-ED was seriously aware of granting credit to customers to keep control of the possible bad debt. The competition also became tougher than before. As a result, the sales figure that came from both SE-ED own published book and other non-SE-ED published books was not as it is hoped to be. It was considered the first time that SE-ED faced accounting loss in 1997, since listed in the Stock Exchange of Thailand.

However, after the economic meltdown, the company began to revive its business structure for the long-term strength. The company started to diversify risk at the suitable level and, at the same time, tried to improve financial structure, increased more capital for unforeseeable economic problem in 1998 and set the reliable financial standard for paying up the long-term loan from financial institutes and for incoming expansion. Finally, SE-ED can recoup from the almost fatal slump and came back to profitability with adequate liquidity and continuous expansion in 1999.

All company's offices were then completely relocated from Soi Trakunsuk, Asoke-Din Daeng Road – the place where SE-ED offices have been located since 1983 – to the new location situated at the Nation Tower building in 2001, whereby SE-ED Book Center department was first to move since the middle of 1998. With this relocation effort, the company could have bigger working space, enabling more convenient coordination and management for future business expansion.

In 2003, the distribution center has been moved to 99 Moo 1 King Kaeo Road, Ratchathewa, Bang Phli, Samut Prakan for larger area, enough to support the company's long term growth.

Nature of Business

The Company has three major areas of business as follows:

The company has three major business areas, which can be described as follows:

1. Bookstores Business : SE-ED has operated SE-ED Book Center, Book Variety, and many university book centers in Bangkok and provinces as well as the network and sales area in various forms (representing 84.54% of 2006 revenue).

2. Distribution Business: SE-ED distributed both the books published by SE-ED and other publishers to bookstores all over the country.

3. Publishing Business : SE-ED publishes its own books and magazines, sells advertising space, provides the printing service for other parties, organizes yearly exhibition “Thailand Electronics & Industrial Technology Exhibition” and many specialized technology exhibition, and organizes the SE-ED Kiddy Camp for children, as well as arranges several academic training and seminar courses.

In all three major businesses, SE-ED continues to engage as a leader in supporting and encouraging all aspects of the businesses, which has resulted in the achievement of a competitive advantage, as well as increasing the company's overall revenue.

Total revenue from sales categorized by products

Revenue from Sales & Service	2006		2005		2004	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Books						
– Retail ¹	3,149,777	84.54	2,852,573	84.12	2,383,122	83.43
– Wholesale ²	430,037	11.54	406,107	11.97	340,172	11.91
– Publishing service	6,747	0.18	11,705	0.34	15,566	0.55
Total	3,586,561	96.26	3,270,385	96.43	2,738,860	95.89
Magazines ³	94,142	2.53	94,616	2.79	94,788	3.32
Others	43,560	1.21	26,129	0.78	22,692	0.79
Total revenue	3,724,263	100.00	3,391,130	100.00	2,856,340	100.00

- Remark**
- 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.
- 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 2006, 2005 and 2004 represents 7.81%, 8.03% and 8.58% of sales revenue respectively.
- ³ Magazines – total revenue from, advertising publishing and revenue from “Thailand Electronics & Industrial Technology Exhibition”, “SE– ED Kiddy Camp”.

Major Products and Service

Products and Services of SE–ED as follows:

- Books** Currently, SE–ED is the large publisher in Thailand, publishing books for nationwide bookstores. The company pioneered its publishing in the country in several subject areas such as computer, electronics, engineering in various fields, management, self–help, psychology, youth development books, childcare, science, language (English, Chinese, Korea, Japan) skills, food, health, reference (e.g. English, Thai, Japanese, Korean dictionary) maps, and the production of non–book products (e.g. CD) which promote the development of learning potential in different level.
- Magazines** The company has also published 10 magazines of science and technology namely,
 - **Semiconductor Electronics** : A monthly magazine emphasizing on electronics was launched in 1974.
 - **UpDATE** : A monthly magazine catering to those readers who want to keep abreast of latest developments in the world of science and technology, first published since 1978.
 - **MICROCOMPUTER** : A monthly magazine devoting entirely to PC technology was first circulated since 1983.
 - **Hobby Electronics** : A monthly magazine specially preparing the knowledge of electronics for the fledgling electronics enthusiasts and also interested readers was launched in early 1991.

- **MICROCOMPUTER USER** : A monthly magazine which focuses on knowledge transfer in the field of microcomputer for general audience. It was launched in late 1993. Yet, the magazine project has been terminated since January 2007 to allow editorial team to regroup and reform for other venture for greater business opportunity.
- **Industrial Technology Review** : Monthly magazine launched in mid-1994 provided reading material on major developments in industry and technology for plant engineers and general readers.
- **Mechanical Technology** : Monthly magazine related to mechanical engineers, operating techniques, machine problem-solving guidance – it was first published in the middle of 2001.
- **The Absolute Sound & Stage** : Monthly magazine about video and audio for home, car, studio and stage launched in the end of May 2002.
- **Extreme Technology** : Monthly magazine about new, technology and hi-tech products with comparative performance for buyer decision, first launched in late October 2003.
- **Add Magazine** : Free monthly magazine offering variety of interesting information and also new technology adaptable to the daily living (launched in February 2006) and is distributed free of charge mainly through SE-ED Book Center Bookstore branches.

The Company's revenue from magazine comes from the sales of magazines, advertisement and special edition.

3. Distribution The Company has distributed both books published by se-ed and other publishers including various organizations who produced works which is in line with the company's policy. All of them were distributed to at least 1,000 bookstores, both large and small bookstores. The Company sells directly to the educational institutes and distributes to SE-ED Book Centers, Book Variety, and some universities book centers owned by SE-ED.

Currently, the Company has over 1,100 titles to publish, and distribute over another 3,500 titles from various publishers and organizations. SE-ED is considered the largest book distributor in the country.

Towards the end of 2006, SE-ED has been appointed as Thailand's sole distributor of Oxford University Press (OUP) for book and related media for English language teaching and learning from January 1st 2007 onward. Under this agreed cooperation between SE-ED and OUP, the business activities of production and distribution associated with English language learning will be increased through company's distributing channel which promptly allows SE-ED to share some responsibility of resolving the country's problem with regards to English language learning in Thailand in the much greater extent.

4. Bookstores business (SE-ED Book Center or SBC) SE-ED operates several SE-ED Book Center and Book Variety both in Bangkok and other provinces including the expansion in bookstore networks and sales area management in several models (making profit 84.54% of 2006 total revenue). SE-ED Book Center are medium-sized bookshops selling all kind of books, with modern design and good layout plan, efficiently selling and emphasize in being located in convenient location for people to come buying books. The main locations are located in leading shopping malls (such as Central, The Mall, Robinson, Future Park Rangsit, Future Park Bangkae, 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 Bundit University, Siam University, Khon Kaen University etc.) in different formats both in Bangkok and other provinces.

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 is also regarded as one type of SE-ED Book Center bookstore.

As of the end of 2006, SE-ED has already opened 226 branches of SBC. From this mentioned figure, there are 216 branches in operation, with 101 branches in Bangkok and nearby provinces, and 115 branches in other provinces. 209 of them belongs to SE-ED, another 4 branches are designated as SE-ED Book Center Network Bookstores (SE-ED Book Center fully supports the shops, as a book suppliers) and 3 branches are SE-ED Network Bookstores. (SE-ED does not fully support, since the shop owners can order books 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 170 different sales locations.

Currently, SE-ED Book Center and Book Variety are the highest sales value book chain in Thailand.

Descriptions	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Branches increase in the year	2	1	1	4	2	2	10	13	12	19	28	27	22	31	26	26
Branches opened	2	3	4	8	10	12	22	35	47	66	94	121	143	174	200	226
Branches closed in the year	-	-	-	-	-	-	-	-	-	(1)	-	-	(3)	(1)	(5)	-
Total existing branches	2	3	4	8	10	12	22	35	47	65	93	120	139	169	190	216
Kiosk in operation	1	1	2	2	2	2	5	8	11	17	28	37	39	42	44	40
Petty sales in operation	-	-	-	-	-	-	-	-	-	-	2	63	75	115	165	130
Total operation selling point	3	4	6	10	12	14	27	43	58	82	123	220	253	326	399	386

Remark – There has been an effort in reclassification of bookstores branches to be properly suited. Therefore, the number of branches may be different from other published documents by Company. **Branches** include the small size of bookshop of 20–50 square meters. **Kiosk** means mainly the newsstand sales type. **Points of sales** means the sales type that the Company takes charge in managing the products in book corners (including newspapers and magazines) at both Lotus super centers and at Tesco Lotus Express by which SE-ED is only responsible for managing products, but the selling jobs are the responsibility of the area owner.

- At year’s end 2006 there are 4 existing branches in operation. There are 101 branches in Bangkok and its vicinity and 115 branches in other provinces. This figure has included the small scale of 17 branches.
- At year’s end 2006 there are 193 existing branches in operation, using the brand of SE-ED book center, 12 branches in the branch of Book Variety, 4 branches in universities book centers and 7 branches in other brand name.
- At year’s end 2006 there are 4 SE-ED network bookstores (SE-ED is responsible for all book supply to the network stores) and there are 3 SE-ED network (SE-ED offers special help to these mentioned network bookstores by allowing them to use SE-ED Book Center name or SE-ED network) 40 branches of kiosk and 130 points of sales.

SE-ED Book Center and Bookstores Chain Branches at year-end

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

- Organized the Thailand Electronics & Industrial Technology Trade Show in order to promote Thailand’s electronics industry.
- Organized SE-ED Kiddy Camp for youth from 8–14 year which were held in academic vacation period.
- Organized SE-ED English Camp 2006.
- Created the Book Variety Program, the television program about books circles, broadcasted on TTV1 Nation Channel every Saturday at 9.00 am–9.30 am.
- Organized Computer, Engineering, and Management seminars for general audiences

Procurements of Products and Services

Books Distribution from other publishers, in general, consists of 2 parts:

- **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 600 publishers who decide to grant the company as their distributors to distribute their book nationwide. The company will consider only the products which are in accordance with the company marketing direction and have sales opportunity.
- **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 and mostly deals directly with suppliers by the marketing department of SE- ED Book Center in charge of consideration and selection products for sales in the company bookstores.

Relation with suppliers and the effect of losing them : For the value of product for reselling in SE-ED stores acquired from each of the book suppliers in the book market is no more than 10 percent of total revenue. The company has no relation with these suppliers and has no binding obligation to buy from them in the future. In the case that the suppliers can not supply the books, the company can acquire the products from other suppliers. The total value the company expenses for books purchasing from 10 main suppliers was total at 32.63% of the cost of products sold in 2007, which can be considered that no specific revenue from sales can have severe effect to the company.

Books published by SE-ED : Books and magazines published by the company. This business line is responsible by the book publishing group and the magazines group to prescribe the direction and selection of original manuscripts to publish including the production process of printing into complete copy before handover to the company distribution group for distribution.

Production utilization ratio : As the company does not own any printers, 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 unnecessary waste.

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 wood-free, newsprint, coated and cover coated.

Relation with raw material suppliers and the effect of missing them : For the purchasing value of paper, the company has no particular relation with these suppliers and no any binding obligation to buy from them in the future. In the case that these two suppliers can not provide the company with paper, the company can still procure them from other suppliers. The total value the company expenses for raw materials and finished goods to 10 main suppliers was 21.54% of the cost of products sold in 2006 which can be considered that no specific supplier can cause severe effect to the company.

Process and production technology : Production process for new book starts from editorial team call for meeting to plan and consider the selection of manuscripts. This manuscript may come from the self-proposed original writer, or from the company-assigned writer or translator in accordance with the company's determined guidelines. Then editorial team will consider the content, correctness, and

readability of the books which also include the activity involved re-evaluating and opinionating the books in terms of marketability by company's respectable book advisors who possess knowledge and interest in particular subject areas. After the team agreed on the book, the content may be re-adjusted and format at the suitable level for the market, and the use of copyright contract may be signed with writer, translator, or foreign publisher.

In the mean time, artwork team will start to design the book cover and when the finish manuscript is finished and ready for print, the computer artwork will later takes its duty. After finishing the artwork, the step of proof-reading activity will be taken and corrected until the content and art design are completed. In the case of book, there will be additional step that is the naming of the book and pricing, which also involves the related marketing work that is suitable for the target audiences.

The process of producing magazine is quite similar to the process of book publishing that is the editorial team takes responsibility right from the market direction till the end of the production process.

For for book and magazine manuscript works, the company uses macintosh computer and PC along with all other related tools and equipments, whereby all these computer technology shows sign of having higher efficiency but becoming less expensive. In addition, the editorial staffs in the team are very experience and expertist in writing. They come from people in the editorial team and also general writers.

After the manuscript is done, the company will pay for the printer to print, while paper is supplied directly by the company. The paper company then delivers paper straight to the printing press at the determined time so that each manuscript is printed into book and magazine.

Capability, Necessity, and Expenses in reapplying machinery to compete : As company do not own printing press, therefore, there is no need for company to invest in the machinery and equipment in printing. It becomes unnecessary for company to develop machinery and equipment. And due to the competitive environment of printing press business, it enables the company to possess bargaining power and, with this, the company is always allowed to have choices of printing press companies to choose from.

Environmental Impact : The core production team for the company is actually the editorial team. Therefore, production process is only concerned the production of manuscript and coordination within offices of the company. Such activity will not result in the making pollution that can affect the environment and the company's business is not under the direct control of any government agency.

■ The Proportion of Shareholding in the Groups of Company and Inter-Business Groups Transactions

In addition, the Company also invested 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 99.93% shares in SE-ED Book Center Co., Ltd. (founded on 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 prevent the use of “SE-ED Book Center” from others who might seek to register it as a new Company.

In 2003, the Company held 28.75 % shares in PLEARNPATT Co.,Ltd. (founded on September 25, 2002) with a registered paid-up share of THB 80 million. In December 31, 2005, the Company increased percentage of share holdings to 48.82% of registered share capital with the amount of THB 170 million and the paid-up share capital was THB 169.35 million. The registering name of PLEARNPATT Co., Ltd. is the name of the school called “*PLEARNPATTANA SCHOOL*”, located at Buddhamonthon 2 Road, enrolling students from pre-kindergarten year up to twelfth grade. The first academic year started in 2004. This was the important gathering of more than 70 education-loving alliances from several groups of people such as parents, teachers, academics, school executives, in collaboration with private organization who played a significant role towards family institutions and education to create new concept school, based on various learning processes by offering guidance for school management, curriculum design, and learning methodology that rendered happy children with knowledgeable, efficient and necessary skills for them to grow up as valuable citizens at the level that allow them to lead and be responsible for Thai society to create sustainable and progressive development and connect with others globally.

As of December 31, 2006, the major Shareholders were:

Major Shareholders of PLEARNPATT Co., Ltd	Percentage of share holding	
	Amount (%)	Paid-up share capital (%)
1. SE-EDUCATION Public Company Limited.	48.82	48.82
2. Mr. Rit Theerakomen	11.76	11.76
3. RAK LUKE FAMILY GROUP Co., Ltd	4.12	4.12
4. Mrs. Thida Phitaksinsuk	2.74	2.35
5. Ms. Krongtong Bunprakong	2.35	2.35

Inter-Business Groups 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 of 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 of Mr.Thanong Chotisorayuth, Mr. Viboolsak Udomvanich and Mr. Pongsak Sivapatrakumpol to approve transactions, by which agreements have to be signed and co-signed 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 the future which are in the forms of leasing, service providing, and copyright contracts for the mutual benefit of the Company by disclosure of the types and amount of related transactions between the Company and probable conflicted persons accordance with the promulgations and regulations of SEC and SET.

■ 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 27, 2006. (latest share register closed date)

No.	Shareholders	Number of Shares	Percentage of Paid-up Capital
1	GMM Grammy Public Company Limited	42,422,200	12.79
2	HSBC (SINGAPORE) NOMINEES PTE LTD.	36,000,000	10.85
3	Mr. Rit Threerakomen	21,289,890	6.42
4	SE-EDUCATION Public Company Limited	19,783,600	5.97
5	Thai NVDR Company Limited	13,238,650	3.99
6	Mr. Thanong Chotisorayuth	12,629,070	3.81
7	RAFFLES NOMINEES PTE LTD.	10,443,100	3.15
8	Bangkok Assurance Company Limited	9,856,300	2.97
9	Mr. Pongsak Sivapatrakumpol	9,807,330	2.96
10	Mr. Wattana Chiengkul	5,186,600	1.56
Total		180,656,740	54.47

Remark The issued and paid-up capital, as of November 27, 2006, is equal to 331,645,420 Baht.

Investors can view the current Shareholder's information from the Company's website before the date of the annual Shareholder's meeting.

As of the share register book closed date, There were 1,915 Thai national Shareholders total 271,544,320 shares (81.88%) which consists of 23 juristic persons and 1,892 persons, the foreigners Shareholder amounted of 22 persons total 60,101,100 shares (18.12%) which consists of 11 juristic persons and 11 general persons.

(b) Names of main Shareholders who practically have material influence in prescribing the management policy or the Company operation is GMM Grammy Public Company Limited

(c) The actual share holder of HSBC (Singapore) Nominees PTE LTD. is Mr. Edward Phillip Burke, a British citizen.

Management Structure

The Board of Directors consists of 3 Boards. The Board is the Board of Directors, Board of Audit Committee and the recruitment and remuneration Committee . The authorizations are as follows:

The Board of Directors has the duty to make recommendations and to draw Company policy, working strategy and other visions of the Company's operation. As of December 31, 2006 the Board consisted of the following 13 members:

1. Mr. Somboon Chinsawananon	Chairman / Independent Director
2. Mr. Saroch Lamlerprasertkul	Chairman of Audit Committee / Independent Director
3. Mr. Pravitt Tantiwasinchai	Audit Committee / Independent Director
4. Mr. Phairat Sittakul	Audit Committee / Independent Director
5. Mr. Wattana Chiengkul	Director / Independent Director
6. Mr. Vorasit Pokachaiyapat	Director / Independent Director
7. Mr. Kachen Benjakul	Director / Independent Director
8. Asst. Prof. Yuen Poovorawan	Director
9. Mr. Sumeth Damrongchaitham	Director
10. Mr. Yongsak Ekprachyasakul	Director
11. Mr. Thanong Chotisorayuth	Director / Managing Director
12. Mr. Viboolsak Udomvanich	Director / Deputy Managing Director/Company Secretary
13. Mr. Pongsak Sivapatrakumpol	Director / Deputy Managing Director

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:

1. To determine vision, mission, and strategy of the Company that includes the objective and financial target to support the stability and balanced and sustainable benefit for all elements concerned. This also includes the continuous value adding to the share holder.

2. To practice according to the laws, stipulations, and regulations associated with business activity and also Shareholders' resolution, so that Company's business interest will be maintained as to not result in conflict of interest which may affect the interest groups.

3. To determine the management guideline and overall risk management, as effective risk management procedure may be realized.

4. To assign the task of report on financial status and ensure the openness, clarity, transparent, and reliability of such report in accordance with rules that each departments are related.

5. To supervise on the suitable communication channels between the Company and the Shareholder and also interest groups

6. To ensure the availability of the suitable system or mechanism of executives' remunerations, creating a proper work incentive.

7. To approve budget for financial activity such as budget for stock investment, loan, that will not result in the conflict of interest toward any Committee member.

With exception, the following matters are required for the Committees to have approval from the Shareholders' meeting prior to undertaking the plan.

1. Issues prescribed by law have to be approved by for the resolution of general Shareholders.

2. Issue of related-party transactions with the value of item needed to be approved form the resolution of general Shareholders according to the regulation or promulgation of the Stock Exchange of Thailand about related-party transaction of listed companies.

3. Issue of buying or selling significant assets with the value needed to be approved from the resolution of general Shareholders according to the regulation or promulgation of the Stock Exchange of Thailand about acquisition and disposal of assets of listed companies.

There was a review of duties of the Board of Directors in order to harmonize with the good corporate governance policy.

Moreover, the Company realized the importance of good supervising, as the result, 10 out of 13 Directors completed the Director Accreditation Program (DAP) and Director Certification Program (DCP) which are set by Thai Institute of Directors.

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

The Audit Committee has the duties 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, 2006 the audit Committee consisted of the following 3 members and Secretary of the Audit Committee (2 Directors have understanding or experience of accounting and finance) as follows:

- | | |
|--------------------------------|--|
| 1. Mr. Saroch Lamlerprasertkul | Chairman of Audit Committee/Independent Director |
| 2. Mr. Pravit Tantiwasinchai | Audit Committee/Independent Director |
| 3. Mr. Phairat Sittakul | Audit Committee/Independent Director |

Remark : Mr. Wachiratham Siriarchawattana manager of audit division is the secretary of the Audit Committee

Scope of Duties of the Audit Committee

1. To review of the financial statements of the Company before submitting to the Board of Directors.
2. To review the effectiveness and adequacy of risk management process and internal control system.
3. To review the effectiveness and adequacy of internal auditing task and assess the operation of internal audit staffs.
4. To review of the Company's operations to ensure that they are in compliance with the Securities and Exchange Acts, Stock Exchange of Thai regulation.
5. To take care of preventing the conflict of interest from occurring and consider to disclosure Company information transparently and accurately in case of there are connected transactions or items probably to create conflict of interest.
6. To consider, select and appoint auditors, and evaluate the auditors' works.
7. To provide consultation and recommendation in overall Company risk management
8. To propose proper practice of auditing guidelines
9. To revise the principle conduct of proper auditing by comparing the Company's practice to the standard practice and give suggestion to the Board of Directors
10. To perform any other scope of duties in accordance with the assignment from the Board of Directors

The Recruitment and Remuneration Committee appointed by the Board of Directors. Their duty is to search and recruit individuals to be positioned as Company's managing Director, head of the Directors, Director, and also to follow up on succession plan to select individuals suitable for higher level management position and reports directly to the Board of Directors for approval, or to advise to the share holders, in some cases. Moreover, the Committees also review the annual remuneration for the management team to be commensurate with the responsibility and the outside labor market. As of December 31, 2006 the Remuneration Committee comprised of three respective individuals:

- | | |
|-------------------------------|--------------------|
| 1. Mr. Somboon Chinsawananon | Committee Chairman |
| 2. Mr. Vorasit Pokachaiyapat | Committee |
| 3. Mr. Sumeth Damrongchaitham | Committee |

Scope of Duties of the Recruitment and Remuneration Committee

1. Short-listing and selecting the candidates to be appointed in the position of managing Director, senior executives. Follow up on succession plan to recruit the suitable individuals for the position of high executive when the term is expired.
2. To determine method and criteria in recruiting the Director and Managing Director, so that the process remains transparent.
3. To stipulate method and criteria short-listing of the candidates who possess the quality in advance from minority shareholders so as to treat all shareholders with fairness
4. To have legitimate power in calling for document or individual related to the case in point for consideration.

5. To present the policy and criteria on payment of the remuneration for the Directors, Managing Director, Senior Executives, Advisors to the Board of Directors, Committees appointed by the Board of Directors.

6. To consider the annual remuneration of the Directors, Managing Director, and Senior Executives, Advisors to the Board of Directors, and the Committees appointed by the Board of Directors

7. To perform the scope of duties as assigned by the Board of Directors

As such, the method of candidate selection has been stipulated, as follows:

1. The recruitment and remuneration Committee determine the quality of managing Director to be selected as a replacement. The quality will comply to the elements and quality as stated in the related laws/regulations. The Committees also determine the method for nomination and also the method of advance candidate nomination by the minority Shareholders.

2. The recruitment and remuneration Committee conclude the selection and present the name of suitable candidate along with reasons to the Board of Directors.

3. The Board of Directors considered the selection of suitable candidate who possess the right quality as proposed by the recruitment and remuneration Committee and present the candidate in the Shareholder's meeting for consideration.

The recruitment and remuneration Committee has, in advance, stipulated the method of nomination from the minority Shareholders for the quality that candidates must possess, as can be summarized below:

1. Single or multiple Shareholders who has (or have) the number of share stipulated by the recruitment and remuneration Committee for at least one year present the name along with certified document of shareholding and acceptant document from the nominated individual to the secretary to the Board of Directors.

2. The nominated candidates must possess the right quality and is not prohibited by public laws, securities and exchange laws and good corporate governance practices.

3. Secretary of the Board of Directors presents the list of name to the recruitment and remuneration Committee for consideration of the suitability.

In 2006, the recruitment and remuneration Committee has held 1 meeting and has reported to the Board of Directors.

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.

Company's Executives as of 31 of December 2006 with the total of 12 individuals, as follows: (The executive's positions are ranked from 1 to 8 in accordance with the definition of SEC promulgation)

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. Ms. Sajipat Pumpuengput	Director of Financial Division
8. Ms. Aree Sae–ung	Director of Accounting Division
9. Mr. San Simasuwannong	Director of Engineering Research and Development
10. Mr. Viroj Lackanaadisorn	Director of HR & Organization Development
11. Mr. Apichit Suananuntapoom	Director of Logistics
12. Mr. Ekasit Wiwattanaprasit	Director of Strategic Information Administration

Scope of Duties of Managing Director

The managing Director is empowered to act on behalf of all Directors in the following matters:

1. To administer Company affairs, follow objectives and obligations, including procedures and resolutions issued by the Committee and assume authority to direct all professional staffs and employees. In managing Company business, the Managing Director is directly responsible on behalf of the Committee.

2. To hire, position, appoint, and punish professional staffs and discontinue employment of staffs and employees, including the promotion, or salary adjustment. This directive excludes professional staff and employees who are employed, position, and punish and dismissed by a Committee, or procedural regulations.

3. To determine the 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 and careful consideration 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 within 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 should be reached when the Committee meeting includes the independent Directors. To achieve the success, the managing Director and the authorized Directors will assign any person as a representative to respond to that particular duty.

7. In absence or unavailability of Managing Director, the deputy managing Director will act on his or her behalf for general routine work and report to the managing Director afterwards, other than that the deputy managing Director 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.

8. The approval of over-budget item beyond what has earlier been agreed by the Board of Directors must be presented in the meeting of Board of Directors for considerations and approvals according the Company's regulation or stipulated laws.

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 the Board of Directors and Executives: The nominations and appointments of Board of Directors and Company's executives will be proceeded as follows:

Component and Appointment of Directors: According to Company's regulations, the number of Directors will consist of no 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 per share. Each Shareholder must cast the ballot to select one or several persons as Directors but may not vote any more or less to any candidate.

Persons who receive the maximum number of votes that are ranged according to the order of each candidates' score received from the vote will be elected as Directors, with the number of Directors equal to the number of Director needed, at the time of election. If too many candidates receive equal votes, they will draw for the raffle ticket 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 in any other business, or to become partners or Shareholders in other Company that operates in the same business and compete with the Company, unless they have informed in the Shareholders' meeting prior to the appointment.

Directors must inform the Company immediately of he or she benefit from the contract signed 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 the meeting of Board of Directors, with the stamp of the Company's seal are considered a binding authorization by the Company. The Board of Directors will nominate the names of Directors who have signing authority for any legal binding Company's paper with the stamp of seal's approval.

Component and appointment of the audit Committee : The Board of Directors appoints the audit Committee. Each member of such Committee is qualified according to the promulgations of the Stock Exchange of Thailand.

Component and appointment of the recruitment and remuneration Committee : The Board of Directors appoints the remuneration Committee from member of the Board of Directors.

Directors represent main Shareholders as at December 31, 2006 the Company has 2 Directors who represent main Shareholders, 2 Directors are representatives from GMM Grammy Public Company Limited.

Remuneration for Executives

(a) Remuneration for board of directors consists of 13 persons as of year 2006 are as following:

(Unit : Baht)

Items	Cash Remuneration				Non-Cash Remuneration	Total
	Earnet money of position	Meeting Attendance fees	Emoluments	Other Remuneration		
1. Mr. Somboon Chinsawananon*	90,000	230,000	180,000	–	–	500,000
2. Mr. Saroch Lamletprasertkul	100,000	220,000	120,000	–	–	440,000
3. Mr. Pravit Tantiwasinchai	85,000	200,000	120,000	–	–	405,000
4. Mr. Phairat Sittakul*	85,000	200,000	120,000	–	–	405,000
5. Mr. Wattana Chiengkul	40,000	150,000	120,000	–	–	310,000
6. Mr. Vorasit Pokachaiyapat	47,000	150,000	120,000	–	–	317,000
7. Mr. Kachen Benjakul**	50,000	150,000	120,000	–	–	320,000
8. Asst. Prof. Yuen Puvorawan	40,000	150,000	120,000	–	–	310,000
9. Mr. Sumeth Damrongchaitham**	57,000	150,000	120,000	–	–	327,000
10. Mr. Yongsak Ekprachyasakul**	30,000	150,000	120,000	–	–	300,000
11. Mr. Thanong Chotisorayuth	50,000	150,000	120,000	–	–	320,000
12. Mr. Viboolsak Udomvanich	50,000	150,000	120,000	–	–	320,000
13. Mr. Pongsak Sivapatrakumpol	40,000	150,000	120,000	–	–	310,000
Total	764,000	2,200,000	1,620,000	–	–	4,584,000

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

Items	Cash Remuneration		Non-Cash Remuneration	
	Amount (Unit)	Total (Baht)	Amount (Unit)	Total (Baht)
Salaries	6	13,452,300	–	–
Bonus	6	1,116,475	–	–
Other Remuneration:				
– Contributions for the Provident Fund	6	669,888	–	–
– Vehicle Expense	6	720,000	–	–
– The difference between stock market price and exercised price (ESOP) 2006	–	–	6	6,024,783
Total		15,958,663		6,024,783

■ Audit Committee's Report

The Board of Directors of SE-EDUCATION Public Company Limited resolved in the appointment of the Company's Audit Committee which consists of three individual – Mr. Saroch Lamlerprasertkul, Committee Chairman, Mr. Pravit Tantiwasinchai and Mr. Phairat Sittakul, Committee Members. Each of the Committee was not the Company senior management or employee. And Mr. Wachiratham Siriarchawattana is the secretary to the Committee.

The Audit Committee, who have been appointed by the Board of Director, has the scopes, duties, and responsibilities to review financial reports in compliance with approved Accounting Standards, to reveal sufficiently and timely in relation to information, to review good corporate governance and risk management, 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 Act with sufficient disclosure, to ensure transparency in the case of overlapping items or the issues involving conflicts of interest, to consider auditor state of independence, to select and submit for appointment of auditor and consider compensation to the auditor each year.

1. Review of quarterly and annual financial statement reports : In 2006, the Audit Committee held the total of 5 meetings. The Audit Committee had regular meetings with the auditor, the management, accounting department and internal audit department to review the financial statements at each quarter and also at the year's end December 31, 2006 before submission to the Board of Directors to make certain that the Company's financial statement was in line with accounting standard and regulations outlined by Stock Exchange of Thailand (SET), Securities Exchange Commission (SEC), and other related supervisory authority. It also appropriately and timely disclosed all details about Company's financial position. The audit Committee held joint meeting with auditor, management department, accounting department, and internal audit, to consider the accuracy, completeness, and sufficiency of information disclosure in financial statement on a quarterly and annual basis, and also consider the adjustments of accounting items that might essentially affect the financial statement.

2. Select and submit for appointment of auditor : The Audit Committee considered the selection of auditor. The Committee also considered state of independence of auditor and determined the appropriate compensation to be presented to the Board of Directors for the request of final approval from Shareholders' meeting to appoint the auditor.

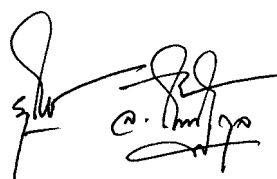
3. Supervision of good corporate governance : Audit Committee monitors to ensure that there is sufficient and transparent openness of Company's information; and the operation was in compliance with the regulations stated by SET, SEC and regulations of related supervisory authority. In addition, the Committee reviewed the policy on corporate good governance, environmental and social responsibilities, and the Company's promotion of good governance practices, well managed, transparent, and retraceable, to build trust and confident for all investors, supervisory authority, Stakeholders and finally result in the connection of thoughts that drive towards mutual benefit.

4. Review of risk management practices : In overseeing the risk management practices, the Committee continued to ensure that the Company's risk was at the acceptable level. The Committee reviewed the Company's risk management plan for year 2006 and acknowledged the report of the risk management practices, periodically.

5. Review of internal control assessment : The Committee performed the review of the Company's internal audit control to ensure a proper internal control and effective and sufficient usage of resources, assets protection, damage reduction, misconduct, the reliability of financial information. The auditor presented opinion that was in agreement with the fact that no essential issues or shortcomings were found to affect the financial statement.

6. Supervision of internal audit : The Committee has reviewed the operation, auditing plan for year 2006, and manpower. It acknowledged and assessed the performance of the audit division to make certain the proper internal controls are practiced as planned. The Committee also jointly reviewed the plan for annual audit year 2006 to 2007 which determined the risk that may occur and could mainly affect financial statement and the Company's operation. The audit activities include the auditing of accounting and financial on computer and information system, and also other areas that may affect the Company's operation. The Committee agrees that the Company's internal control system had no essential issues that will affect the Company, and the Committee already reported to the Board of Directors.

The Committee recognizes the importance of proper internal control, risk management, and good corporate governance which will ensure the Company's sufficient internal control and adequate risk management at suitable and acceptable level, and has good corporate governance and accurate and credible financial report.



(Mr. Saroch Lamlertprasertkul)

Chairman of the Audit Committee

March 9, 2007

■ Risk Factors

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

Risk in Distribution Channels : One of the main distribution channels is the chain retail outlets SE-ED Book Center and Book Variety in leading department stores and super centers nationwide. This channel made profit as 84.54% of total income in 2006.

Then the Company diversifies risk by opening the bookstores through several groups of shopping center groups, not binding to department or opening bookstores in one specific shopping department store group. Most of the leasing contracts for bookstores are in long term period for stability in sales location investment. Therefore, if any department stores or super centers encounter problems or cannot operate in any condition or changing leasing policy, the Company's income will not be significantly affected.

Moreover, the Company has acquired all the assets and products insurance to reduce the unexpected risk that might occur.

Risk from product loss : As the Company that operates in retail bookstore business of over 200 branches nationwide, it has faced with loss of products due to thief and other causes similar to what other retail businesses have encountered.

The Company is aware of the important in protection and being vigilance towards product loss. As such, it seeks to install closed circuit television (CCTV) in all Bangkok and other provinces, and has appointed the staffs to keep track and determines Company's measures in an attempt to mitigate the problem.

The risk from computer and information technology errors or mal-functions : The Company installed varieties of computer and information technology systems for all the work such as store front selling system, distribution management system, purchasing system, accounting and financial system, etc. All these computer and information technology are regarded as crucial facts in supporting the effective Company's operation. Therefore, errors and mal-functions of computer systems may have the effect over the Company's management.

Therefore, to reduce the impact of such computer and technology system error and malfunctions at the branch and headquarter levels, the Company has set up protection system and back-up system at the generally accepted standard. It also creates measures of preparedness for any uneventful circumstances and of back-up plan. This also includes the regular training and practice of preventive measures.

The risk from inoperable products distribution center : Most products sold in SE-ED Book Center branches are distributed from the Company's distribution center. The distribution is, therefore, very important fact in business operation. In the case product distribution center becomes inoperable from natural causes, accident, or other causes, the computer business operation will be affected.

The Company has sought to insure all the assets and product to reduce unexpected risk related to disaster which might occur at the distribution center. In case such uneventful situation happens, the Company

can mitigate the problem by requesting publishers or distributors to deliver products to the distribution center in a temporary period and then directly deliver the product to the bookstores.

Risk in Specialist shortage : 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 completely realizes 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 in gaining higher potential and work more happily.

Risk from reselling censored and pirate books : As some of the products such as tape, CD, and published media may be stipulated and regulated by laws. Some products must be requested for permission before sales and some is directly related to the copyright. This causes the Company to be relatively cautious towards the production and distribution both retail and distribution of the Company for such products, so as to avoid the illegal practice and violation of copyrights.

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 aware of 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 problem that arises from the copyright infringement. Besides, the Company has specified in the contract with authors or manuscript owners that they have confirmed that 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 affected value are not significant.

Risk of outdated 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 leaders 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 website 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 taking significant effect towards books business. 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 varying 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 cause a considerable impact.

As the Company which has the major revenue from retail business, the Company tries at best to maintain the role as respectable neutral element who sells books for every publisher which is in demand by the market, and the Company business policy is determined on the basis of good ethical standard in business practices. The Company has its duty to perform the rightness in terms of conduct. The cause of trouble or injustice occurring from the Company business conducts aiming towards any interest groups will not be tolerated. Owing to this, the Company has evidently been long supported by most suppliers in book industry, and it also makes the Company less dependent on the revenue from one particular supplier.

Risk from printing industry : As the Company has not invested in printers so there is no risk and does not adversely affect 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.

■ Good Corporate Governance

The Company stresses the importance of the good corporate governance and establishes the good governance process in a consistent manner. The Company consciously makes all people involved to be aware of equality, honesty, attainable right, employee's right, Board of Directors' right, Shareholder's right, trading partner. This conscious attempt has turned into the Company organization's cultural strength, which has long been practiced ever since the Company establishment 32 years ago. "SE-ED will operate its business in the areas that facilitates learning, particularly in fields deemed essential to national development (leading Thais towards excellence) by developing the business that is sustainable with continuous growth higher than industry average. The Company also sets a standard as a good role model by contributing to the beneficial works which are widely accepted. The staffs are happy, and the Company can enjoy satisfactory return on investment in long term." Therefore, this organization culture is the Company's strength, making the good corporate governance practice to succeed much easier, faster, and more substantial. When the Stock Exchange of Thailand suggested the 15 points of principles for good corporate governance as general guidelines to the listed companies, the Company can adjust to build relationships with Company's operation without much effect.

The Board of Directors has appointed the audit Committees who are instrumental and driving force in auditing all Company's operation and administration up to the acceptable standard and at the right direction, by revised all policy in relation to good corporate governance and ethical code book to suit the environment and being up-to-date.

The Board of Directors supports the idea of employing the good corporate governance measures to the Company by drafting the policy as a guideline of practice, in written formats. Moreover, the Board of Directors will revise the policy of good corporate governance and the policies of environmental and social issues, business ethical standard at least once a year. This includes the promotion good corporate governance towards the Directors and staffs.

The Board of Directors established the internal audit control system, internal audit, and effective risk management measures, including the consistent follow-up activity by the Board of Directors, during the meeting at least once a year.

The Board of Directors has clearly stipulated policy of employment position in other Company and number of Company that Directors, managing Directors, and Company's senior executives can be employed to allow effective serving of duty.

The Board of Directors and senior executive are aware of the importance of knowledge development and experience in performing of duty. The 77% of Directors has already attended the training course from Thailand Institute of Directors (IOD). In addition, for every change of new Directors, the Board of Directors has provided useful documents and information for new Directors, which include business information and direction.

The Board of Directors has prepared the development and succession plan of the managing Director and senior executives for the readiness in case managing Director and senior executives cannot perform the duty.

In 2006, Thailand Investors Association, Registered Companies Association, and Securities and Exchange Commission office have held, for the first time, a 2006 evaluation of Shareholders' annual meeting of all listed companies, in a campaign for all listed companies to be aware of the important of Shareholders' meeting, in which the Company has been evaluated with level of score 'good'.

Moreover, the Thailand Institute of Directors in cooperation with Securities and Exchange Commission of Thailand has made announcement with regards to the results of good corporate governance 2006 survey. The Company is graded as "very good".

From such result, it reflects the determination of Company's Board of Director, executives and all the Company's staffs who see the importance of business transparency, fairness to all parties and retraceable.

Policy Good Corporate on Governance

The Board of Directors is aware of the importance of good corporate governance to increase transparency, competitiveness and confidence to the Shareholders, the investors and the involved parties. So it has prescribed in written format the policy on good corporate governance and also revised and updated the policy on good corporate governance and business ethic handbook that are suitable for the business environments and more international, by stipulating that the revision of good corporate governance policy shall be made once a year. In 2006, the audit Committees has prescribed additional good practice guidelines to ensure the clear direction to be used by all executives and staffs .

The Board of Directors has prescribed the policy of good corporate governance as follows:

1. The Board of Directors, all management and staffs are determined to engage in practicing good corporate governance in the Company and organize management structure that offer linkage between the Board of Directors, management, Shareholders, and interest group.
2. Shareholders will be treated with fairness and have their rights in access to information and available channel of communication with the Company.
3. The Board of Directors will facilitate all minority Shareholders in permission to add number of minority Shareholders' meeting prior to the date of Shareholders' meeting, which also includes a clear guideline of practice.
4. The Board of Directors will engage in the release of business information with regards to finance and non-finance information adequately, reliably, timely, transparently, fairly to all Shareholders, investors and Company's Stakeholders.
5. The Board of Directors will establish a unit in the Company to deal with Shareholders, investors, auditing the business communication with good governance office.
6. The Board of Directors will promote the co-operation between the Company and the Stakeholders, and also determines the communication channel between them.

7. The Board of Directors may appoint other Committee(s) to consider the monitoring of task as suitable
8. The Board of Directors has the role in determining the vision, mission, financial target, risk, work plan, and also monitor and control the work in accordance with the policy and plan as effectively prescribed.
9. The Board of Directors has the role in promoting the business ethic in written form and also promote the activity that support good ethical conducts of Directors, management, and staffs
10. The Board of Directors will conduct the annual self-evaluation activity to create auditing framework of the Board of Directors.
11. The Board of Directors will organize a recruitment System for individuals who will be responsible for management position through transparent and sufficient process of selection.

The Board of Directors has revised and improved the content of good corporate governance handbook, ethical conduct guideline, and policy on environmental issues in a complete and accurate manner as suggested in the criteria in 15 points of good corporate governance, and also regulations of Securities and Exchange Commission, and have been circulated to all Directors, management, and staffs to be acknowledged by signing and to be acted upon.

The Board of Directors has requested Directors to review the works, problems, and all difficulties in the past years, by having them perform self-evaluation tasks that is to permit the evaluation of the whole group of the Board, and also permit individual evaluation, so that the result of evaluation can be used to analyze the Director performance and use all recommendation for future improvement. Moreover, the Board of Directors has promoted and supported the Directors to develop knowledge by attending the Directors training course at the Thailand Institute of Directors (IOD) or stock exchange of Thailand or other related business units to increase knowledge and to allow chances in exchange of experience with Directors from other listed companies.

The Board of Directors is aware of the important of promoting the duty and responsibility of Directors, management, and staffs to be in accordance with the principle of good corporate governance, as stipulated by the Board of Directors. Therefore, the Board of Directors has engaged in the dissemination of good corporate governance principles, business ethics, and policies on environmental and social issues through several channels - e.g. good corporate governance, public relation news, and staff meeting.

Shareholders: Rights and Equitable Treatment

The Board of Directors recognizes the important of rights and equality of all Shareholders. It seeks to determine in the policy of good corporate governance with regards to equal fundamental rights which are the right to receive the sufficient information in a timely fashion and in the format that is suitable for making decision, the rights to receive stock paper and right in stock transfer.

The Board of Directors has set a schedule for an annual Shareholders' meeting within 4 months from the end of accounting's year. And in case of necessity for special meeting which may arise from the needs to resolve the issue that may affect the interest of Shareholders with regards to laws, regulations that must be approved by Shareholders, the Board of Directors will call for extra meeting for Shareholder.

In Shareholder's meeting 2007, the Board of Directors has identified the criteria and guidelines for Shareholders to propose the additional meeting, nominate the Directors, inquire in advance. The Company has reported to the Shareholders with regards to detailed criteria and guidelines, through communication channels of SEC and investor website. The Board of Directors has set the period of inquiry request for the fourth quarter on the 31 December 2006. Nevertheless, the period of inquiry request has been extended to the 31 of January 2007, through direct communication channel with investor relation units or independent Directors or website and investor relation emails.

In Shareholders' meeting, the Board of Directors has placed priority to the Shareholder's right, by sending the meeting invitation letter with meeting details, along with the Committees' opinion to consider the noteworthiness of rationality for inquiry, the positive and negative effect in each period of meeting, authorization letter, and name of independent Director(s) that Shareholders can choose to represent them in the Shareholder's meeting. This includes the map of place for meeting for Shareholders for at least 14 days in advance before the meeting day. This has been the Company practice since 2004, and also was announced through daily newspaper for at least 3 days and 3 days before the meeting day, to allow time for alarming Shareholders of the incoming meeting. It must be noted that for the common Shareholders' meeting in 2007, the Company will openly post invitation message calling for Shareholders' meeting on the Company's website for at least 21 days in advance.

For the registration for meeting, the Company will allow registration for at least 2 hours prior to the actual meeting is started and continue to do so until the meeting is over. In addition to that, the Board of Directors also facilitate the Shareholders by the Company's staffs and adequate number of computer.

Before the Shareholders' meeting begins, the Chairman will explain the method of voting and counting. The counting of vote will be illustrated and summarized the result of every step in the meeting room. In case the Shareholders cannot attend the meeting, the Company allow the Shareholder to authorize someone, independent Director(s), Managing Director, or Company's secretary represent them in the meeting. During the meeting, the Company provides adequate time and allows a fair chance for Shareholders to ask questions. The Directors who is related to that question, particularly Chairman of auditor Committee, Chairman of Committee and Managing Directors can participate with Shareholders to answer the questions, and also records the question and opinion in the minutes in a complete manner and also take note on the result of resolution(s) and vote counting, which allows Shareholders to audit. The total time of each meeting is about 2 1/2 hours.

Stakeholders' rights

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. The Company has identified the guideline of practice in written form in the good corporate governance policy which can be described as follows:

Shareholder(s) : The Company determines to operate in the business with honesty, direct, and retraceable, by adhering to the sustainable business development, with continuous average growth that is higher than industry average. It is committed to be a role model Company and can generate satisfied return on investment in long term.

- Business Partner(s) : The Company will treat all business partners with fairness and equality on the basis of mutual benefit between the two parties.
- Competitor(s) : The Company will treat all competitors under the rule of laws for proper conduct of business competition and will not attempt to damage the name and goodwill of competitors by wrongful accusation.
- Debtor(s) : The Company promises to strictly abide by the contracts or condition agreed.
- Customer(s) : The Company determines to produce products and appropriate service at the right price and also satisfied by customer.
- Staff(s) : The Company support the development of work and support happy working lifestyle.
- Society : The Company gives important to the knowledge development to the children and society by strictly abided to the Company's determination.

In addition, the Board of Directors has set up a channel of communication with Independent Directors via email id@se-ed.com to open up way for voicing concern that may call for the information audit as stated in the procedure.

Shareholders' Meeting

Within four months of the closing of its previous accounting year, the Company organizes the annual general Shareholders' meeting to facilitate the equitable right of all Shareholders. The Company sends meeting invitations containing agenda details and related appendices together with the opinions of the Board, proxy forms designed by the Ministry of Commerce, a list of all Independent Directors, and a map showing the meeting venue, containing details about the credentials that each Shareholder needs to bring, these invitations are mailed at least 14 days ahead of the meeting date. In addition, Shareholders may view information about each meeting agenda item on the Company's website ahead of the invitation mailing date.

In the past Shareholders' meeting, the Chairman explains clearly the duty of Chairman in the meeting, by describing in details of balloting (voting), counting, the use of balloting card, number of assembly, a clear, transparent, and retraceable balloting result for each agenda, During the meeting, it allowed thorough expression of views and queries before each ballot round and summarized meeting resolution(s) on each agenda item. In Shareholders' meeting, it consists of Chairman of the Board, Chairman of audit Committee, Chairman of the recruitment and remuneration Committee, and the Managing Director, all senior executives in accounting, financial, internal audit, and auditor. All mentioned persons come to meet at the same time. During the agenda for election of Board of Directors, the Chairman will select Director in person. Before the selection of Directors, Shareholders will request for candidates to express their vision to the Shareholders.

The significant agenda for Shareholders' meeting are as follows:.

- **Committee Election** : SE-ED completely provides Committee's biography as well as the meeting attendance of the Committee so that Shareholders can elect the Committee personally.
- **Auditors Appointment** : SE-ED details the name of auditors, auditor's office, remuneration, the reason for auditors selection, the past year performance quality and Company's relationship.

- **Profit Allocation :** The Company supplies details on profit allocation and reserve fund, dividend regarding Company's dividend payment policy as well as the registered book closing date in order to give right of receiving dividend.
- **The Board of Directors' remuneration :** The Company provides offered remuneration details which are based on policies and conditions of the Board of Directors' remuneration. Those aspects are considered by Committee regarding remuneration.

For the registration for meeting, the Company will allow registration for at least 2 hours prior to the actual meeting is started and continue to do so until the meeting is over. In addition to that, the Board of Directors also facilitates the Shareholders by the Company's staffs and adequate number of computer. Again, the Board of Directors will make a record of inquiry issues and opinions that is deemed important and concludes the meeting by resolution and vote. To ensure the transparency of the meeting, the Company will provide meeting report to Shareholders on the Company website within 14 days after the meeting. This includes the recording of video and audio to be viewed on the Company's website www.se-ed.com.

Leadership and Vision

The Board of Director consists of people who are knowledgeable, competent, skillful, experience in business operation, and understand very well the role and duty. This make the work more effective.

As such, the Board of Directors participates in vision, mission, strategy, target, and business plan of the Company and also monitor, follow up and assess the result of business management and operation to be in line with objective and business plan worked effectively, according to rule, laws, and regulations of each business unit under supervision and also related governmental unit, and also according to the resolution(s) from the Shareholder's meeting to maximize the economic value added to the business and also stability to the Shareholders, while at the same time take into account of all Stakeholders.

For the act of duty for Directors, the all the stated principles will be of honestly, being direct, under the rule of laws and regulations of the Company. By adhering to the principles for every business activity, all decision and transaction made will be processed with honesty at its core.

The Board of Directors shall consider prescribing and separating the duty and responsibility between the Committees and the management clearly as the details in Management Structure Heading including communicating the roles, duties and responsibilities to the Directors, Committees, 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. The auditing Committees will present to the Board of Directors regarding the Items that may have conflict of interest. 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.

In the meeting of Board of Directors, should the Directors have interest in the decision, the Chairman of the Board will request for Directors to abiding to the regulation and have Director informed to the meeting and is asked not to vote or voice opinion for the matter.

- **Supervision on the use of insider information.** The Company prescribes the management (which includes married couple and children who has not yet reached legal age) 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, within 3 days after the date of stock transfer. 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. Should there be such violation by executives or staffs, the penalty will be issued which ranged from warning, salary reduction, temporary suspended from job without pay, job termination

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.

The Board of Directors understands the business operation, the responsibility to the Stakeholders, staffs, environment and society. The Board has prepares the distribution of business ethics, policies on social and environmental issues through several communication channels such as the public relation activities and staff's meetings. It also includes the follow up on the ethical conduct of business and stipulates the penalty measures.

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: 3 persons
- Independent Directors: 7 persons

Therefore, the 7 independent Directors which are accounted for 53.85% of all Directors is more than half of the total Directors of the Board. Thus, the Stakeholders can be sure to allow these Directors to represent the Shareholders independently, resulting in check and balance of management.

The Board of the Company is responsible for performing its duties according to legality, objective and Company's regulations including Shareholders' resolution with honesty and at the same time upholding Company's benefit. The Board of the Company has exact amount of time to be in office, which is consistent with Company's regulations which stated that one-third Committees who have the longest term in position must accept the resignation in each annual common meeting.

The Board of Directors has considered prescribing 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 notable 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 management of 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, 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 the relatives 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' beneficiary.

Position Combination or Separation

The Chairman may not be positioned as the Managing Directors. Moreover, the structure of the Board of Directors of the Company consists of 7 independent Directors which are more than half of all the Board. Therefore, Stakeholders can be certain that the Directors can independently perform duty on behalf of Shareholders. This permit the check and balance of management.

The Chairman takes the lead in defining Company policy under the strategies jointly considered and established by the Board and the management and ensures that Board meetings are successfully conducted. During each meeting all Directors are urged to actively participate as well as raising essential questions. Directors also occasionally meet to advice and support the management through the president. At the same

time, the Board is to stay away from routine tasks or business activities under the responsibility of the management. Only the president or the acting president can each be authorized by the Board to do so, and to commit the Company through his or her signature. Presidential authority and power are therefore efficiently channeled through the management. Therefore, the authority of the Board and that of the management are clearly defined and segregated.

Remuneration for the Directors and the manager

The policy on remuneration for the Directors has been prescribed clearly and transparently with the remuneration at the same level as industry-wide standard, 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 and the recruitment and remuneration Committee shall be given additional remuneration according to the increased volume of work.

Remuneration for the manager shall comply with the principle and policy that the Board of Directors agreed and determined, which relates to the operation of the Company and results of the management of each person. The Committee shall consider the remuneration and present the appropriate amounts to the Board of Directors to be presented to the annual Shareholders' meeting and considered for final approval.

The recruitment and remuneration Committee will evaluate the result from performance of the Managing Directors to be used as the information in determining the remuneration of the Managing Directors, according to the defined criteria. The result of which will be presented by the recruitment and remuneration Committee to the Board of Directors for their consideration and approval.

The Company has paid total remuneration to the Directors and the manager in 2006 amounting to 26.69 million baht for cash remuneration amounting to THB 20.67 million and for non-cash remuneration to 6.02 million baht with the details in remuneration for executive.

Board of Directors' Meeting

The Board of Directors has set in advance and held special meeting as necessary, by clear advance meeting date and has set regular follow-up on operation period. The Board of Directors and the Managing Directors jointly considered the meeting calendar, by considering important case. The each Director is permitted to present the issues in the meeting as needed. The secretary will prepare invitation letter along with meeting schedule and details prior to the actual meeting at least 7 days to allow time for the Board of Directors to study the information prior to the meeting.

In each meeting, the Chairman of the Board of Directors has allocated adequate time and record the written minutes of the meetings that were filed and certified by the Board of Directors for the Board of Directors and involved parties to audit.

In 2006, the Board of Directors held a total of 5 meetings, the audit Committee held a total of 5 meetings and the remuneration sub-Committees held a total of 1 meeting.

Name of Director	Board of directors' Meeting		Audit Committees' Meeting		The Remuneration Subcommittees' Meeting	
	Attendance (Times)	Total Meeting (Times)	Attendance (Times)	Total Meeting (Times)	Attendance (Times)	Total Meeting (Times)
1. Mr. Somboon Chinsawananon	4	5	–	–	1	1
2. Mr. Saroch Lamlerprasertkul	5	5	5	5	–	–
3. Mr. Pravit Tantiwasinchai	5	5	5	5	–	–
4. Mr. Phairat Sittakul	5	5	5	5	–	–
5. Mr. Wattana Chiengkul	4	5	–	–	–	–
6. Mr. Vorasit Pokachaiyapat	4	5	–	–	1	1
7. Mr. Kachen Benjakul	5	5	–	–	–	–
8. Asst. Prof. Yuen Poovarawan	4	5	–	–	–	–
9. Mr. Sumeth Damrongchaitham	5	5	–	–	1	1
10. Mr. Yongsak Ekprachyasakul	3	5	–	–	–	–
11. Mr. Thanong Chotisorayuth	5	5	–	–	–	–
12. Mr. Viboolsak Udomvanich	5	5	–	–	–	–
13. Mr. Pongsak Sivapatrakumpol	4	5	–	–	–	–

Committees

The Board of Directors has appointed a Committee and Committees to help supervise the business of the Company as follows:

1. The Audit Committee
2. The Recruitment and Remuneration Committee

By each Committee, it consists of non-management Directors and independent Directors more than half of the members that enable them to work independently. The Committees for each working case will have a list of name together with their scope of duty as shown in the subheading of management structure.

Controlling System and Internal Audit

1. Control and internal audit system, the Company sees the importance of internal control at the management and the operation level, so it has clearly prescribed duties and powers on the operation of the operators and the management, specifically in writing. There is a control on the use of the assets of the Company to the highest benefit, and there is the separation of duty between the operators, the controllers and evaluation, for suitable check and balance among each other. Moreover, there is internal control on the financial system and the Company has prepared the financial report system for submission to the responsible management line of duty.

The Company has an internal audit unit responsible to reassure that the main practices and essential financial activities of the Company are in line with the guideline and are operated with effectiveness. It includes audit on legal compliance and compliance control as well as the independent internal

audit unit who is capable of performing the check and balance with complete freedom. Therefore, the Board of Directors has designated that the internal audit unit to report the results of the audit directly to the audit Committee, and is also evaluated by the audit Committee.

2. Risk Management, the risks are regularly evaluated against business risk on the internal and external factors. The working Committees consist of management and high level executives in the line of work associated with each risk involved. The supervisor in each work unit related directly to the this aspect and internal control unit will work towards analyzing the cause of risk factors and determine relevant measures to manage the risk, and also keep track on the operation of risk management plan and report the result back to audit Committees to present the finding to the Board of Directors.

The Board of Directors put forth the important of internal control system and risk management to build confident and trust that the risk is at the acceptable level and allocation and usage of resource can be correctly utilized and maximized, resulting better reliable financial information.

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 as practice regularly and with careful discretion together with the best projections in the preparations, including disclosure of the important data adequately in the added notice section supplementing the financial statements.

The Board has provided and maintained all necessary requirement of the internal audit with effectiveness, so as to ascertain with rationality that the accounting records are correct, complete and sufficient to maintain the assets and to learn of any weakness so that any significant irregularity can be prevented.

The Board of Directors of SE-EDUCATION Public Co., Ltd has appointed the audit Committees 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 regarding this issue. Comments concerning this matter appear in the report of the audit Committee, already shown in the annual report.

The Board of Directors considers overall internal control of SE-EDUCATION Public Co., Ltd. to be satisfactory, and is trustworthy for the reliability of the financial statement of SE-EDUCATION Public Co., Ltd. as at 31 December 2006

Relations with Investors

The Board of Directors is aware that data concerning the Company's finance and non-finance aspects have affected the investor's decision-making process and vested interests. It, therefore, ensured that the management has implemented matters concerning disclosure of data were complete, accurate, reliable, consistent, and timely, to which the management has always given priority to and upheld all along.

The Board of Directors has set up a business unit for investor relation to support the direct communication with investors, institution, Shareholders, analysts, and related governmental sector. The investors can directly contact for more information at 02-739-8000, Press 8, or email us at: ir@se-ed.com and also click on website www.se-ed.com/ir.

In 2006, the Company has presented the result of business operation both in Company's monetary information and also non-monetary information for analysts, investors, through email and telephone that includes a consistently active participation with the Stock Exchange of Thailand.

Monitoring the Use of Inside Information

The Company has a policy and measures to ensure management does not use inside information to their own advantage, or to trade securities according to article 59, Stock Exchange Act B.A. 2535, particularly in the month prior to the public circulation of the Company's financial statements. If any executive or employee breaks this rule, they may be penalized by a warning, salary decrease, work stoppage without salary, or dismissal.

Personnel

Total number of employees on December 31, 2006 was 1,823 (770 from the Company's head office at Nation Tower Building, 1,053 from the Company's network of bookshops nationwide). Total employee remuneration (salary, bonus and provident fund) totals THB 325.80 million. (For 2005, the total number of employees was 1,762 with expenses totaling THB 292.76 million.)

Personnel Development Policy The Company has a policy to enhance the potential and efficiency of its staff on a regular basis with a view to better preparing them of global change in both competitiveness and new technology. In-house training courses are designed and catered for different ranks, professional standards, goals and objectives of each business unit. The Company also provides opportunities for external training either locally or abroad.

Internal Control

The Board of Directors and management has continued to stress the important of internal control, by emphasizing on the internal control system, appropriate for business operation to maximize management and also asset monitoring, reduction in errors, the Company damage prevention, financial management, risk management, operation supervision, which reasonably ensure that the Company can operate as expected and maximized the added value in long run. The Board of Directors has made certain that all operations are within the rules and regulations stipulated by the laws to prevent any possible damage to the Company.

In the meeting of Board of Directors 5/2006 on November 7, 2006 there have 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 brief the opinion about internal control sufficiency into 5 parts as follow:

Part 1 Corporate and Its Environment The Company determines business goals which are accurate, clear, possible and measurable, by dividing the plan into short term plan of 1-year and long term 3-year plans. Moreover, the Company's structure supports the goals. There are regulations and penalties to prohibit executives and employees from possible conflict of interest. The Company, however, is in the stage of establishing policies and regulations about financial, purchasing and administrative transactions. All policies are based on fair business with partners for long-term benefit.

Part 2 Risk Management The Company always considers both internal and external business risks. The working group consisting of the assistant managing Directors and managers analyze risk factors, as well as the control and follow-up action for risk administrative plans.

Part 3 Controlling Executive Performance The administrative responsibilities include authorization, accounting and information booking and asset keeping. To authorize any transaction, 2 Directors have to co-sign documents.

Transaction authorization between the Company and major Shareholders, Director, executives, and related persons are regarded for these advantages, as with any external transactions with others.

Part 4 Information and Communications System The Company provides enough significant information for Directors' decisions. However, the Company is sometimes able to submit a financial statement with the meeting letter 7 days before the meeting, but it can be proposed just a day before, or at the meeting room.

Accounting documents are filed systematically in accordance with the accounting system for the purposes of business policy.

Part 5 Pursuit System The Company uses a follow up system comparing each quarter's goal, which is examined by the internal audit, by reporting the performance directly to the Audit Committee. When significant errors are encountered, the internal audit must immediately inform the Committee concerned, as well as the updated error correction report.

Moreover, the audit Committee has found that there were not any significant weaks, from effectiveness assessment, in the accounting control system.

■ Report on Internal Control System in Accounting

No. GL056/2007

February 23, 2007

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

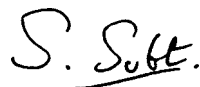
Subject: Report on the internal control system in accounting

I was assigned to audit the balance sheet of SE-EDUCATION Public Company Limited as at December 31, 2006, in accordance with generally accepted auditing standards, to express our opinion whether the financial statements and operations are correct based on our auditing principle and criteria. The audit includes studying and assessing the capability of the internal control system for accounting as seemed necessary in order to determine concisely and appropriately the scope of auditing task.

We would like to inform you that we did not audit every item, but audited by examining selected items to test for authenticity. With the exception 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 significant weak-point in this internal control system for accounting that would affect the balance sheet.

We would like to extend our thanks to executives and all the staffs of SE-EDUCATION Plc. for their cooperation and good supports to our tasks.

Best regards,



(Miss Sukanya Sutheprasert)

Certified Public Accountant (Thailand)

■ Report of the Board of Directors Responsibilities for Financial Statements

The Board of Directors 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 assessment. Important information is adequately disclosed in the notes to financial statements.

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

To accomplish this task, the Board of Directors 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 Directors 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, 2006



Mr. Somboon Chinsawananon
Chairman of the Board



Mr. Thanong Chotisrayuth
Managing Director

■ Remuneration of auditor

Auditing Fee

The Company and its associated Company has paid auditing fee for the period of fiscal year 2006 to the SAM NAK-NGAN A.M.C. Co., Ltd. in the amount of THB 640,000. The Auditor doesn't have any relation with the Company other than auditing service only.

Other service fee

The Company and its associated Company don't pay any other service fee to the SAM NAK-NGAN A.M.C. Co., Ltd. for the fiscal year 2006.

Interpretation & Analysis of Financial Status and Results of Operations and Financial Report

- **Interpretation & Analysis of Financial
Status and Results of Operations**
- **AUDITOR'S REPORT**
- **Notes to Financial Statements**

■ Interpretation & Analysis of Financial Status and Results of Operations

Profitability and Operating Efficiency

Year	2006	2005	2004
Total Income (THB million)	3,725.75	3,391.13	2,856.34
Growth from the last year (%)	+9.87	+18.72	+17.55

During past 3 years, the Company has continuously grown its revenue. The major satisfactory growing rose from the expansion of distribution channels through SE-ED Book Centers and Book Variety which are the name of the Company's bookstore.

In 2006, the Company newly opened more 26 branches of bookstore. As of December 31, 2006, the total branches became to 226 in various styles. From this amount, there were 216 branches still be in operation, plus 170 points of sales. SE-ED still took more important role in distribution to support its branches growing, including increasingly published best-sellers.

Such growth confirmed the increased public awareness of information and of the need to keep abreast of economic and technological developments.

Operating Results For the year 2007 as of December 31, 2007 , the financial information can be summarized as follows:

The net profit : The company net profit for year 2007 rose to THB 209.19 million, an increase of 11.32% while the net profit for Q4 of 2007 rose to THB 67.43 million, an increase by 14.82% from the Q3 of 2007 and increased by 2.57% from the same period of last year, resulting from the release of Harry Porter 6 at the end of the year.

Total revenue of the year 2006 : The total revenue rose by was THB 3,725.75 million, or up 9.87% from the same period last year. The sales revenue was THB 3,680.70 million, or up 9.38%. The main driver for such growth was still the increased revenue of SE-ED Book Center and Book Variety, which grew 10.42%, which was attributed to the opening of new branches and point of sales and was also from the same stores sales growth with the branches renovated. Moreover, the sales of books for other bookstores and educational institutes grew by 5.89%.

The profit after tax from operation : As of December 31, 2006, the profit from operation was THB 205.49 million, representing 5.52% of total revenue (For 2005 the company's profit from operation was THB 184.52 million). The profit increase to THB 20.97 million, or up 11.36% from the same period last year due to the gross profit increased by THB 127.83 million or up 12.38% from the increasing of sales revenue which grew 9.38% from the same period last year, more than the growth of operation sales and administrative expenses which grew to THB 97.07 million or 12.24% increasing.

The non-operation revenue and expense after tax as of December 31, 2006 was THB 3.70 million. The main revenue and expense was:

- Dividend and interest income from securities available for sales by the amount of THB 13.17 million.
- Directors' remuneration expense after tax in the amount of THB (3.39) million which was attributed to pension payments for directors of 2005.
- Sharing the loss from associated companies in amount of THB (5.32) million

Financial status analysis for year 2006 compare to 2005

Total Asset As of December 31, 2006 the company had a total asset of THB 1,477.50 million, increase of THB 81.53 million from the end of last year. Causes of changing of total assets:

- Cash and cash-equivalent items of THB 290.69 million which has increased by THB 20.91 million, as in the Q4 of 2006, there was more cash from the increasing of sales deposit in the financial institutions, which would be cashed in from the suppliers as the payment deadlines are due.
- Short-term investment-net for THB 194.79 million increased THB 12.07 million due to the redemption of government bond (age over than 3 months) increased of THB 15 million and decreased of THB 2.93 million, from reduced stock price in the market.
- Account and Note receivable of THB 89.20 million which has increased by THB 5.26 million, as there was account receivable from several groups of financial institution in the end of year 2006.
- Inventories-net for THB 231.01 million increased THB 4.98 million from the increasing production of English Language teaching CD and DVD, dictionaries and maps in the fourth quarter.
- Other current assets increased THB 3.53 million. Most of them were in the accounting classification of advanced rental payment of one bookstore and warehouse.
- Investment in subsidiary and associated companies increased by 38.68 million for Plearnpatt Co., Ltd.

Total liabilities As of December 31, 2006 the company had a total liability of THB 812.49 million, an increase of THB 29.82 million. Increase in liabilities resulted from:

- Account payable and note payable THB 649.80 million, was increased THB 1.23 million. Most of them were wholesales creditors.
- Accrued expense was THB 72.02 million, an increase of THB 28.92 million due to the changing of bonus payment policy to separate payment into two lots at the end of December this year and the end of March next year, instead of one lot payment normally paid at the end of December.

Shareholders' equity As of December 31, 2006 amount THB 665.01 million, an increased of THB 51.71 million, representing 8.43% due to:

- Paid-up capital increased by THB 10.76 million from the conversion of warrant to common share.
 - the exercised of SE-ED shareholders' stock amount THB 2.62 million and
 - the exercised of ESOP with the value of THB 8.14 million
- Premium share capital increased by THB 1.64 million, from exercising of SE-ED same shareholders' stock.
- Net profit from operation result year of 2006 is valued 209.19 million.

Cash flow and sufficiency of capital structure.

(Unit : THB millions)

For the Year ended on December 31,

Descriptions	2006	2005	2004
Cash received (used in) operating activities	327.01	409.67	144.88
Cash received (used in) investment activities	(124.70)	(146.82)	(29.37)
Cash received (used in) finance activities	(181.39)	(89.60)	(119.06)
Net cash received (used)	20.91	126.95	(3.55)

Cash flow receive from operation activities, in 2006 was THB 327.01 millions as listed below :

- Cash flow from operation was THB 372.23 millions:
 - The net profit of the year 2006 was THB 209.19 millions.
 - Non-monetary expenses was THB 163.99 millions (Depreciation and Leasehold written-off was THB 90.19 millions, loss from lost goods THB 49.38 millions, and loss from investment of associated company THB 5.32 millions.)
- Excess cash from accrued expense was THB 29.46 million which majority of them was accrued bonus payment.
- Cash flow increased due to the increasing of accrued tax payment was THB 5.95 million.
- Cash flow decreased was amounted to THB 63.19 million due to the increasing of inventories.
- Cash flow decreased from account and note payable increasing was THB 8.48 millions.

Cash flow used from investment activities for 2006 in the amount of THB (124.70) millions :

- Investment of Plearnpatt Co., Ltd. was THB 45 millions
- Purchase of assets was THB 74.70 millions.
- Investment of government bond (age over 3 months) is amounted to THB 35 million.
- Cash received from Plearnpatt Co., Ltd. loan clearing was THB 9 million.

Cash flow used from financing activities, in 2006 as THB (181.39) million :

- Cash used from bank overdrafts was THB 10.02 million
- Cash used in dividend payment was THB 183.77 million
- Cash received from the warrant exercises for nine-month of 2006 was THB 12.40 million.

AUDITOR'S REPORT

To the Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED

I have audited the balance sheets of SE-EDUCATION PUBLIC COMPANY LIMITED as of December 31, 2006 and 2005, the related statements of income, changes in shareholders' equity and cash flow for the year then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness in the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of an associated company as mentioned in the notes to the financial statements no.8.3, which were used for recording investment by the equity method, have been reviewed by another auditor. I have received the report of that auditor. My report presented regarding the amounts of transactions of the said associated company, which included in these financial statements, is based on the report of the auditor of associated company. As of December 31, 2006 and 2005, the investment in the said associated company amounted to Baht 69.33 million and Baht 33.14 million or equivalent to 4.69% and 2.37% of the total assets in the balance sheets respectively, and the participating loss in the associated company included in the income statement for the years then ended amounted to Baht 8.81 million and Baht 1.70 million or equivalent to 4.21% and 0.90% of the net profits respectively.

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 and the report of another auditor as stated in the first paragraph provide a reasonable basis for my opinion.

Based on my audit and the other auditor's report, in my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of SE-EDUCATION PUBLIC COMPANY LIMITED as of December 31, 2006 and 2005, the results of its operations, and cash flow for the years then ended, in conformity with generally accepted accounting principles.

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



(Miss Sukanya Sutheeprasert)

Certified Public Accountant (Thailand) No. 5063

Bangkok,

February 23, 2007

SE-EDUCATION PUBLIC COMPANY LIMITED**BALANCE SHEETS****As of December 31, 2006 and 2005**

(Unit : Baht)

	2006	2005
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalent items	290,689,217.41	269,775,620.75
Short-term investment-net (net from allowance for diminution of value in year 2006 and 2005 in amount of Baht (5,571) thousand and Baht (5,757) thousand respectively) (Note 5)	194,793,102.79	182,718,703.86
Trade accounts and notes receivable-net (Note 6)	89,195,274.27	83,939,509.94
Loan due from an associated company (Note 4)	-	9,000,000.00
Inventories-net (Note 7)	231,005,077.40	226,026,870.27
Copyright and Translation advance	17,734,720.17	16,736,620.26
Other current assets	22,461,109.33	18,930,035.86
TOTAL CURRENT ASSETS	845,878,501.37	807,127,360.94
NON-CURRENT ASSETS		
Investments in subsidiary and associated companies (Note 8)	89,330,755.22	50,650,667.54
Property, plant and equipment-net (Note 9)	264,066,451.12	255,282,034.74
Leasehold on buildings-net (Note 10)	154,294,160.54	166,861,601.31
Assets pending for sales-net (Note 11)	19,200,000.00	21,000,000.00
Land not used for operation-net (Note 12)	33,784,131.58	32,367,498.94
Guarantee for rental and deposit	49,665,582.72	47,143,501.55
Other non-current assets	21,277,290.81	15,533,507.16
TOTAL NON-CURRENT ASSETS	631,618,371.99	588,838,811.24
TOTAL ASSETS	1,477,496,873.36	1,395,966,172.18

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

SE-EDUCATION PUBLIC COMPANY LIMITED**BALANCE SHEETS****As of December 31, 2006 and 2005**

(Unit : Baht)

	2006	2005
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Bank overdrafts	2,013,109.27	12,031,531.38
Trade accounts and notes payable	649,799,499.39	648,570,955.69
Accrued expenses	72,021,831.24	43,106,780.01
Accrued corporate income tax	46,088,159.76	40,137,019.48
Other current liabilities	37,012,935.99	33,783,716.73
TOTAL CURRENT LIABILITIES	806,935,535.65	777,630,003.29
NON-CURRENT LIABILITIES		
Other-non current liabilities	5,550,838.20	5,035,838.20
TOTAL NON-CURRENT LIABILITIES	5,550,838.20	5,035,838.20
TOTAL LIABILITIES	812,486,373.85	782,665,841.49

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

SE-EDUCATION PUBLIC COMPANY LIMITED**BALANCE SHEETS****As of December 31, 2006 and 2005**

(Unit : Baht)

	2006	2005
SHAREHOLDERS' EQUITY		
Share capital (Note 13)		
Authorized 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		
332,894,970 ordinary shares @ Baht 1.00 each	332,894,970.00	–
322,135,910 ordinary shares @ Baht 1.00 each	–	322,135,910.00
Premiums on share capital	149,420,557.75	147,776,311.25
Capital surplus from assets revaluation (Note 9)	31,047,357.62	17,344,226.09
Unrealized loss – securities available for sale	(5,571,050.24)	(5,756,671.03)
Retained earnings		
Appropriated		
Legal reserve (Note 14)	35,626,916.56	35,626,916.56
Treasury stock reserve (Note 15)	122,641,095.00	122,641,095.00
Unappropriated	121,591,747.82	96,173,637.82
Less Treasury stock 19,783,600 shares @ Baht 6.20 each (Note 15)	(122,641,095.00)	(122,641,095.00)
TOTAL SHAREHOLDERS' EQUITY	665,010,499.51	613,300,330.69
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,477,496,873.36	1,395,966,172.18

SE-EDUCATION PUBLIC COMPANY LIMITED**INCOME STATEMENTS****For the Years ended on December 31, 2006 and 2005**

(Unit : Baht)

	2006	2005
REVENUES FROM OPERATION		
Sales	3,680,703,524.70	3,365,001,439.53
Other income	45,041,857.65	24,615,294.59
Participating gain in the associated companies	–	1,513,434.33
TOTAL REVENUES	3,725,745,382.35	3,391,130,168.45
EXPENSES FROM OPERATION		
Cost of sales	2,520,717,612.27	2,332,844,882.37
Selling and administrative expenses	901,600,262.40	790,283,851.17
Directors' remuneration (Note 16)	4,522,000.00	3,593,677.42
Participating loss in the associated companies	5,319,912.32	–
TOTAL EXPENSES	3,432,159,786.99	3,126,722,410.96
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX	293,585,595.36	264,407,757.49
INTEREST EXPENSES	(196,742.16)	(156,776.18)
CORPORATE INCOME TAX (Note 17)	(84,197,551.85)	(76,337,032.94)
NET PROFIT	209,191,301.35	187,913,948.37
BASIC EARNINGS PER SHARE (Note 18)	0.67	0.63
DILUTED EARNINGS PER SHARE (Note 18)	0.65	0.59

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

SE-EDUCATION PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years ended on December 31, 2006 and 2005

(Unit : Bath)

	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, 2005	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
Depreciation—Capital surplus from assets revaluation	—	—	(2,139,735.63)	—	—	—	—	(2,139,735.63)
Unrealized loss—securities available for sale	—	—	—	(198,530.04)	—	—	—	(198,530.04)
Unrealized transaction in the income statements	314,152,170.00	144,388,836.25	17,344,226.09	(5,756,671.03)	154,726,911.62	10,523,781.09	(122,641,095.00)	512,738,159.02
Shares purchase by exercising warrants of shareholders, directors and employees (Note 13)	7,983,740.00	3,387,475.00	—	—	—	—	—	11,371,215.00
Appropriation for legal reserve in the period (Note 14)	—	—	—	—	3,541,099.94	(3,541,099.94)	—	—
Dividend payment (Note 14)	—	—	—	—	—	(98,722,991.70)	—	(98,722,991.70)
Net profit for the year	—	—	—	—	—	187,913,948.37	—	187,913,948.37
Balance as of December 31, 2005	322,135,910.00	147,776,311.25	17,344,226.09	(5,756,671.03)	158,268,011.56	96,173,637.82	(122,641,095.00)	613,300,330.69
Increased capital surplus from assets revaluation in the period (Note 9)	—	—	13,941,648.00	—	—	—	—	13,941,648.00
Depreciation—capital surplus from assets revaluation	—	—	(238,516.47)	—	—	—	—	(238,516.47)
Unrealized gain—securities available for sale	—	—	—	185,620.79	—	—	—	185,620.79
Unrealized transaction in the income statements	322,135,910.00	147,776,311.25	31,047,357.62	(5,571,050.24)	158,268,011.56	96,173,637.82	(122,641,095.00)	627,189,083.01
Shares purchase by exercising warrants of shareholders, directors and employees (Note 13)	10,759,060.00	1,644,246.50	—	—	—	—	—	12,403,306.50
Dividend payment (Note 14)	—	—	—	—	—	(183,773,191.35)	—	(183,773,191.35)
Net profit for the year	—	—	—	—	—	209,191,301.35	—	209,191,301.35
Balance as of December 31, 2006	332,894,970.00	149,420,557.75	31,047,357.62	(5,571,050.24)	158,268,011.56	121,591,747.82	(122,641,095.00)	665,010,499.51

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

SE-EDUCATION PUBLIC COMPANY LIMITED**STATEMENTS OF CASH FLOW****For the Years ended on December 31, 2006 and 2005**

(Unit : Baht)

	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit	209,191,301.35	187,913,948.37
Adjustment to net profit for cash receipts (payments) from operation		
Realized (gain) loss on disposal of securities available for sale	3,111,221.86	(978,314.31)
Doubtful debts and bad debt	1,435,883.44	403,066.56
Loss from estimation of returned goods (reversal)	2,080,669.95	(113,277.96)
Loss from lost goods	49,377,678.30	32,662,042.59
Loss from dilapidated and slow moving goods	536,616.88	9,967,118.27
Loss from destruction goods	392,110.96	–
Goods donation	4,428,979.28	–
Loss from goods destroyed	3,472,799.33	–
Depreciation – assets for operation	77,559,164.46	76,106,617.29
Depreciation – assets not used for operation	65,998.32	65,817.99
Leasehold written-off	12,567,440.77	12,237,274.74
Reversal of loss from revaluation of asset not used for operation	(1,482,630.96)	–
Adjustment for clearing of trade accounts receivable	(288,779.99)	621,263.98
Adjustment for clearing of trade accounts payable	–	8,557,192.81
Participating (gain) loss from investment in associated companies	5,319,912.32	(1,513,434.33)
(Gain) loss from advance copyright written-off	602,500.03	–
Asset donation	7,199.67	520,910.95
Loss from amortized assets	2,056,340.00	506,035.16
Gain on disposal of assets	–	(514,015.68)
Loss from assets revaluation	1,800,000.00	–
Profit from operating before change in operating assets and liabilities	372,234,405.97	326,442,246.43
(Increase)Decrease in trade accounts and notes receivable	(8,483,537.73)	(1,109,628.35)
(Increase)Decrease in inventories	(63,186,391.88)	(115,622,981.51)
(Increase)Decrease in copyright and translation advance	(1,600,599.94)	(5,123,667.24)
(Increase)Decrease in other current assets	(3,531,073.47)	(3,127,470.04)
(Increase)Decrease in guarantee for rental and deposit	(2,522,081.17)	20,985,779.19
(Increase)Decrease in other non-current assets	(5,743,783.65)	(42,703,563.83)
Increase(Decrease) in trade accounts and notes payable	1,228,543.70	207,271,629.50
Increase(Decrease) in accrued expenses	28,915,051.23	4,842,401.90
Increase(Decrease) in accrued corporate income tax	5,951,140.28	17,510,536.08
Increase(Decrease) in other current liabilities	3,229,219.26	(2,066,267.21)
Increase(Decrease) in other non-current liabilities	515,000.00	2,367,221.74
Net cash received (used in) from operating activities	327,005,892.60	409,666,236.66

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

SE-EDUCATION PUBLIC COMPANY LIMITED**STATEMENTS OF CASH FLOW****For the Years ended on December 31, 2006 and 2005**

(Unit : Baht)

	2006	2005
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of securities available for sale	(35,000,000.00)	(20,000,000.00)
Cash receipt from disposal of securities available for sales	20,000,000.00	–
(Increase) Decrease in loan due from an associated company	9,000,000.00	9,000,000.00
Additional investment in associated company	(45,000,000.00)	(15,000,000.00)
Dividend receipt from investment in associated company	1,000,000.00	700,000.00
Purchase of assets	(74,703,988.98)	(92,157,013.60)
Cash receipt from disposal of assets	–	514,018.68
Purchase of leasehold	–	(11,873,528.97)
Net cash received from (used in) investing activities	(124,703,988.98)	(146,816,523.89)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase(Decrease) in bank overdrafts	(10,018,422.11)	(48,547,876.84)
Cash receipt from additional warrants exercised to purchase shares	12,403,306.50	11,371,215.00
Dividend payment	(183,773,191.35)	(98,722,991.70)
Net cash received from (used in) financing activities	(181,388,306.96)	(135,899,653.54)
Cash and cash equivalent items increase(decrease) – net	20,913,596.66	126,950,059.23
Cash and cash equivalent items at the beginning of the period	269,775,620.75	142,825,561.52
Cash and cash equivalent items at the end of the period	290,689,217.41	269,775,620.75
Supplementary disclosures to the cash flow statements		
1. Cash paid during the period:		
Interest paid	196,742.16	156,776.18
Corporate income tax	78,246,061.75	58,826,496.86
2. Items do not affect cash flow		
2.1 For the years ended on December 31, 2006 and 2005 , the Company adjusted unrealizable gain(loss) on revaluation of securities available for sale with the shareholders' equity amounting to Baht 0.19 million and Baht (0.20) million respectively.		
2.2 For the year ended on December 31, 2005, the Company transferred the guarantee for leasehold on building amounting to Baht 30.22 million to leasehold on building since the leasehold right have been transferred during the first quarter of 2005.		
3. Cash and cash equivalent items consist of;		
Cash	17,109,879.78	14,934,637.33
Cash at bank (not exceeding 3–months)	97,579,337.63	140,840,983.42
Government bond (maturity period not exceeding 3 months)	176,000,000.00	114,000,000.00
	290,689,217.41	269,775,620.75

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

SE-EDUCATION PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

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 0107536000285. 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 services magazines published by SE–ED.
 4. Publishing engagement and sell electronic parts and equipments.
- Employee information

	For the Year ended on December 31,	
	2006	2005
Average number of employees (person)	2,033	1,970
Employee expenses (Million Baht)	325.80	292.76

2. Basis of financial statement preparation

- 2.1 The financial statements were prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543 which include the accounting standards determined by the Federation of Accounting Professions, set up in accordance with the Accounting Professions Act. B.E.2547, and have been announced to be effective, and in accordance with the regulation 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 its statutory financial statements in the Thai version in conformity with generally accepted accounting principles in Thailand. The accounting principles used may be different from generally accepted accounting principles in other countries. For the convenience of the readers, the financial statements in English version have been prepared by translating from the statutory financial statements in Thai version in order to meet the requirement of domestic reporting.
- 2.5 The financial statements for the year ended on December 31, 2005 have been reclassified to facilitate the comparison with the financial statements for the year ended on December 31, 2006 for Bank overdrafts to Cash and cash equivalents at Baht 46.30 million.
- 2.6 According to the announcement of the Federation of Accounting Professions NO.26/2006 dated October 11, 2006 on the practice according to the accounting procedures relating to the Accounting Standard No.44 on the consolidated financial statements and accounting procedures for the investment in subsidiary which have changed the accounting policy on investment in subsidiary from equity method to cost method in the presentation of the company only financial statements for the financial year 2006 onward or starting from January 1, 2007 onward in which companies have to chose to practise according to the said announcement by the year 2007 onward.

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 and government bond with maturity not exceeding three-month period with no guarantee obligation.
- 3.3 The short term investments are investments in personal funds, mutual funds and opened-ended mutual funds units, which 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 income statement 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 has the policy to set up the allowance for returned goods at the percentage rate of the average returned goods for the year of the upcountry sales.
- 3.6 Inventories
- Paper-raw materials are valued at cost under simple average 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 simple average method or net realizable value, whichever is lower.
 - Finished goods purchased for sale are valued at cost price under simple average method or net realizable value, whichever is lower.
 - Returned periodicals are not valued.
 - Allowance for diminution in value of inventories is based on obsolete, out of date, dilapidated goods.
 - Allowance for lost inventories; the Company holds the policy of allowance for lost inventories in year 2006 and 2005 at the rate of 1.20 percent and 1.11 percent of sales at respective branch respectively, which the Company revises such allowance after the inventory taking at 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. Any increase of newly appraised building, the depreciation is calculated for that increased part on a straight-line method over the estimated useful life of 10 years and any decrease of new appraised value from cost is regarded as loss from decrease in assets appraisal in the income statement.
- 3.7.2 Decoration, office equipment, air-conditioners 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 are as follow:

• Building	20 years
• Furniture and office equipment	5 years
• Air-conditioners	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 statement of income.

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 shares and the weighted average number of diluted ordinary share equivalents that needed to cover the warrants converted to ordinary 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 balances and inter-transactions between the Company and related entities are as follows:

4.1 Inter-asset and liabilities

(Unit : Thousand Baht)

	As of December 31,		
	Type of relation	2006	2005
Loan due from associated company			
Plearnpatt Co., Ltd.	Associated company		
Beginning balance		9,000	–
Increased in the period		–	9,000
Received in the period		(9,000)	–
Ending balance		–	9,000
Accrued interest receivable			
Plearnpatt Co.,Ltd.	Associated company	–	174
Trade accounts payable			
M AND E Co., Ltd.	Associated company	1,780	2,088
Bliss Publishing Co., Ltd.	Company related with shareholder	2,537	1,708

As of December 31, 2005, the whole amount of loan due from an associated company that operate in the business of private educational institution was in the form of promissory note with a maturity period of 1 year. The interest rate is the rate of credit interest of a commercial bank at MLR+1. The objective of the loan is for the associated company to use for construction and working capital for the school.

4.2 Inter-revenues and expenses

(Unit : Thousand Baht)

	Type of relation	For the year ended on December 31		Policy of Inter-price setting
		2006	2005	
Interest receivable values				
Plearnpatt Co., Ltd.	Associated company	107	505	MLR+1%
Purchase goods values				
M AND E Co.,Ltd.	Associated company	1,678	2,903	Market price
GMM Grammy Public Co., Ltd.	Shareholders	231	8	Market price
Bliss Publishing Co., Ltd.	Company related with shareholder	12,655	6,381	Market price

5. Short – term investment–net

Consisted of: –

(Unit : Baht)

	As of December 31,	
	2006	2005
Securities available for sales: –		
– Investment in personal funds	116,284,222.79	117,957,803.86
– Investment in mutual fund	43,508,880.00	44,760,900.00
– Government bond (exceeding 3–month maturity period)	35,000,000.00	20,000,000.00
Total	194,793,102.79	182,718,703.86

6. Trade accounts and notes receivable–net

Consisted of: –

(Unit : Baht)

	As of December 31,	
	2006	2005
Trade accounts receivable		
Within credit term	25,344,626.17	42,391,364.09
Over credit term less than 6 months	49,683,833.68	39,751,685.68
Over credit term more than 6 months to 12 months	12,794,827.32	3,913,220.88
Over credit term more than 12 months	24,550,306.73	21,723,659.00
Total	112,373,593.90	107,779,929.65
Notes receivable	7,832,594.45	3,653,940.98
Less Allowance for doubtful debts	(25,441,146.48)	(24,005,263.04)
Allowance for returned goods	(5,569,767.60)	(3,489,097.65)
Net	89,195,274.27	83,939,509.94

As of December 31, 2006 and 2005, for the trade accounts receivable that were over credit term for more than 12 months, the majority of them already have allowance set up since the year 1998 and the Company has already filed lawsuits against them and until of February 5, 2007, the Central Bankruptcy Court ordered for the Company to receive a repayment of Baht 32.93 million (including interest from overdue repayment) from the asset pool of this debtor. At present, the Company has not received any first payment from the pool of assets, thus there still no need to reverse the already made allowance for doubtful debt.

7. Inventories–net

Consisted of: –

(Unit : Baht)

	As of December 31,	
	2006	2005
Paper and package	17,911,451.35	12,220,922.45
Work–in–process	9,805,055.64	9,691,570.12
Finished goods	278,724,492.44	271,630,424.93
Total	306,440,999.43	293,542,917.50
Less Allowance for lost goods	(27,488,352.94)	(20,105,095.02)
Allowance for dilapidated and slow moving goods	(47,947,569.09)	(47,410,952.21)
Net	231,005,077.40	226,026,870.27

8. Investments in subsidiary and associated companies

Consisted of: –

(Unit : Baht)

As of December 31, 2006

	Nature of business	Paid–up share capital	Percentage of share holdings	Cost	Investments		Dividend
					Cost Method	Equity Method	
Subsidiary company SE–ED Book Center Co., Ltd.	Business consulting firm	100,000.00	99.93%	99,930.00	99,930.00	–	–
Associated companies M AND E Co., Ltd.	Printing office company, produces technical magazines and engineering manuals	400,000.00	25.00%	100,000.00	–	19,898,733.71	1,000,000.00
Plearnpatt Co., Ltd.	Institute of private education–Plearn–pattana School	169,350,000.00	48.82%	83,000,000.00	–	69,332,091.51	–
				83,199,930.00	99,930.00	89,230,852.22	1,000,000.00

(Unit : Baht)

As of December 31, 2005

	Nature of business	Paid-up share capital	Percentage of share holdings	Cost	Investments		Dividend
					Cost Method	Equity Method	
Subsidiary company SE-ED Book Center Co., Ltd.	Business consulting firm	100,000.00	99.93%	99,930.00	99,930.00	-	-
Associated companies M AND E Co., Ltd.	Printing office company, produces technical magazines and engineering manuals	400,000.00	25.00%	100,000.00	-	17,410,634.35	700,000.00
Plearnpatt Co., Ltd.	Institute of private education-Plearnpattana School	124,350,000.00	26.00%	38,000,000.00	-	33,140,103.19	-
				38,199,930.00	99,930.00	50,550,737.54	700,000.00

- 8.1 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.
- 8.2 For the year ended on December 31, 2006, 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, 2005 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, 2006 amounted to Baht 3.49 million was equivalent to 1.67% of net profit and as of December 31, 2006 and 2005, investment in the said associated company amounted to Baht 19.90 million and Baht 17.41 million was equivalent 1.35% and 1.25% of total assets respectively.
- 8.3 The financial statements for the years ended on December 31, 2006 and 2005 of Plearnpatt Co., Ltd. which is an associated company, were used to account for investment by equity method and these financial statements have been reviewed by another auditor. As of December 31, 2006 and 2005 the investment in associated company amounted to Baht 69.33 million and Baht 33.14 million equivalent to 4.69% and 2.37% of total assets in the balance sheet respectively, and participating loss from operation in that associated company as presented in the statement of income for the years ended on the same date for the amount of Baht 8.81 million and Baht 1.70 million equivalent to 4.21% and 0.90% of net profit respectively.
- 8.4 For the first quarter in 2006, the Company additionally invested in the increased shares capital of Plearnpatt Co., Ltd., which is an associated company, at Baht 33 million thus increased its shareholding ratio from formerly 26.00% to 45.12% of the authorized share capital and for the second quarter in 2006, invested in the increased shares capital at Baht 12 million thus increased its shareholding ratio from formerly 45.12% to 48.82% of the authorized share capital.

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, 2005	4,714,125.00	2,353,700.00	214,078,607.26	329,273,497.45	27,564,163.51	6,292,107.21	584,276,200.43
Purchase	–	–	8,052,299.79	37,063,835.07	32,218.50	29,555,635.62	74,703,988.98
Transfer in/transfer out	–	–	18,649,289.94	15,992,266.64	–	(34,641,556.58)	–
Sale	–	–	(2,564,028.71)	(2,472,594.25)	–	–	(5,036,622.96)
As of December 31, 2006	4,714,125.00	2,353,700.00	238,216,168.28	379,857,004.91	27,596,382.01	1,206,186.25	653,943,566.45
Accumulated depreciation							
As of December 31, 2005	–	(2,353,699.00)	(135,827,689.89)	(187,982,954.52)	(20,174,048.28)	–	(346,338,391.69)
Depreciation for year	–	–	(29,773,844.78)	(44,541,636.62)	(3,243,683.06)	–	(77,559,164.46)
Sale/transfer out	–	–	1,043,142.55	1,929,940.74	–	–	2,973,083.29
As of December 31, 2006	–	(2,353,699.00)	(164,558,392.12)	(230,594,650.40)	(23,417,731.34)	–	(420,924,472.86)
Capital surplus from assets revaluation							
As of December 31, 2005	17,344,225.00	7,392,092.32	–	–	–	–	24,736,317.32
Increase in capital surplus from asset revaluation	4,041,322.00	9,900,326.00	–	–	–	–	13,941,648.00
As of December 31, 2006	21,385,547.00	17,292,418.32	–	–	–	–	38,677,965.32
Accumulated depreciation–capital surplus							
As of December 31, 2005	–	(7,392,091.32)	–	–	–	–	(7,392,091.32)
Depreciation for the year	–	(238,516.47)	–	–	–	–	(238,516.47)
As of December 31, 2006	–	(7,630,607.79)	–	–	–	–	(7,630,607.79)
Net Book Value							
As of December 31, 2005	22,058,350.00	2.00	78,250,917.37	141,290,542.93	7,390,115.23	6,292,107.21	255,282,034.74
As of December 31, 2006	26,099,672.00	9,661,811.53	73,657,776.16	149,262,354.51	4,178,650.67	1,206,186.25	264,066,451.12
Depreciation in the income statement for the years							
ended on December 31, 2005							76,106,617.29
ended on December 31, 2006							77,559,164.46

As of December 31, 2005, the Company amortized the decoration cost of renovated branches at the net book value of Baht 0.51 million (cost value of Baht 35.74 million).

As of December 31, 2006 and 2005, the Company has fixed asset which were fully depreciated at the cost value of Baht 232.00 million and Baht 147.98 million respectively, which some of these asset were still in used.

On November 14, 2002, the Company assigned an independent professional appraiser to appraise land and building values which had book values of Baht 4.71 million and Baht 0.25 million respectively, and the appraised values were arrived at Baht 22.06 million and 7.64 million respectively, The Company accounted this capital surplus from land and building price appraisal in the shareholders' equity caption in amount of Baht 17.35 million and Baht 7.39 million respectively and this capital surplus was amortized fully for depreciation in year 2005.

On October 2, 2006, the Company assigned an independent professional appraiser to appraise land and building values. Their values are as follows:

	Book value	Appraised value (Market price method)	Appraise of value higher (lower) than book value
Land	22,058,350.00	26,099,672.00	4,041,322.00
Building	2.00	9,900,328.00	9,900,326.00
Total	22,058,352.00	36,000,000.00	13,941,648.00

The Company accounted capital surplus from land and building price appraisal in the shareholders' equity caption in the balance sheet in amount of Baht 13.94 million.

10. Leasehold on buildings–net

The whole amount of the leasehold on buildings was for areas in leading shopping centers in order to open 13 branches of SE–ED Book Center. Most of these leaseholds were for the period of approximately 15–30 years. For the years ended on December 31, 2006 and 2005, these leasehold rights were amortized to expenses by the amount of Baht 12.57 million and Baht 12.24 million respectively.

11. Assets pending for sales – net

Consisted of: –

(Unit : Baht)

	As of December 31,	
	2006	2005
Cost	38,912,859.15	38,912,859.15
<u>Less</u> Allowance for impairment of assets	(19,712,859.15)	(17,912,859.15)
Net	19,200,000.00	21,000,000.00

On November 14, 2002, the Company assigned an independent professional appraiser to appraise land and building pending for sales of which book value and newly appraised value were Baht 38.91 million and Baht 21.00 million respectively.

On October 2, 2006, the Company assigned an independent professional appraiser to appraise building pending for sales of which book value and newly appraised value were Baht 21.00 million and Baht 19.20 million respectively. The Company recognized loss from impairment of land for amount of Baht 1.80 million in the income statement.

12. Land not used for operation–net

Consisted of:–

(Unit : Baht)

	Land not used for operation	Land improvement not used for operation	Total
Cost:			
As of December 31, 2005	49,495,608.93	658,413.00	50,154,021.93
As of December 31, 2006	49,495,608.93	658,413.00	50,154,021.93
Accumulated depreciation:			
As of December 31, 2005	–	(290,914.06)	(290,914.06)
Depreciation for the year	–	(65,998.32)	(65,998.32)
As of December 31, 2006	–	(356,912.38)	(356,912.38)
Allowance for impairment			
As of December 31, 2005	(17,495,608.93)	–	(17,495,608.93)
Increase in assets appraised price during the period	1,482,630.96	–	1,482,630.96
As of December 31, 2006	(16,012,977.97)	–	(16,012,977.97)
Net Book Value:			
As of December 31, 2005	32,000,000.00	367,498.94	32,367,498.94
As of December 31, 2006	33,482,630.96	301,500.62	32,784,131.58
Depreciation in the income statement for the year ended on			
December 31, 2005			65,990.17
December 31, 2006			65,817.99

On November 14, 2002, the Company assigned an independent professional appraiser to appraise prices of land not used for operation of which book value and newly appraised value were Baht 49.50 million and Baht 32.00 million respectively.

On October 3, 2006, the Company assigned an independent professional appraiser to appraise prices of land not used for operation of which book value and newly appraised value were Baht 49.50 million and Baht 33.48 million respectively. The Company adjusted the decrease from land price appraisal to provide for loss from impairment of asset in the income statement for amount of Baht 1.48 million.

13. Share capital

In accordance with the resolution of the annual general shareholders' meeting No. 1/2001 held on April 30, 2001, it was resolved to issued warrants as follows: –

- 13.1 Warrants to purchase ordinary shares for the existing shareholders at the ratio of 1 warrant to 1 ordinary share. The right to exercise warrants for existing shareholders is at the price of Baht 1.65 per unit with the maturity period of 5 years commencing from the date of warrant issuance. The warrants' right can be exercise every 3 month and the last date to exercise the right is December 15, 2006.

13.2 Warrants to purchase ordinary shares for the directors, employees and sub-agents at the price of Baht 1.00 per unit. It divided into 5 versions. The period of exercising each version of right is 1 year apart. The warrants' right can be exercised every 3 month and the last date to exercise the right is January 14, 2008. The right of each version can be exercised to purchase ordinary shares in the proportion of 10%, 10%, 10%, 30% and 40% of the entire number of rights received respectively.

For the year ended on December 31, 2006, directors and employees had exercised their rights to purchase ordinary shares in number of 8,229,450 units and existing shareholders had exercised their rights to purchase ordinary shares in number of 2,529,610 units. Thus the Company had increased the issued and paid-up share capital and the premiums on share capital by the total of Baht 10.76 million and Baht 1.64 million respectively. The Company registered the change in paid-up share capital on December 27, 2006. The remaining balance of exercisable warrants but not yet exercises are 296,880 units for existing shareholders (these warrants forfeited their exercisable rights on December 15, 2006) and 111,580 units for directors and employees. The remaining warrant not yet exercisable for the directors and employees as in the said terms is 14,825,130 units.

14. Dividend payment and legal reserve

Consist of:

(Unit : Baht)

	Year 2006 operating result						
	Resolutions of the Company's Board meeting	Meeting date	Dividends payment date	Dividends Per share (Baht)	Dividend Paid Totaling (Million Baht)	Legal reserve	
						% of Net profit	Amount (Million Baht)
Quarter 1	2/2006	10/05/2006	09/06/2006	0.10	31.13	–	–
Quarter 2	3/2006	11/08/2006	11/09/2006	0.10	31.16	–	–
Quarter 3	4/2006	10/11/2006	08/12/2006	0.10	31.19	–	–
Total				0.30	93.48		–

	Year 2005 operating result						
	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)
Quarter 1	2/2005	12/05/2005	10/06/2005	0.10	30.02	5%	1.71
Quarter 2	4/2005	11/08/2005	09/09/2005	0.10	30.14	–	–
Quarter 3	5/2005	14/11/2005	09/12/2005	0.10	30.16	–	–
Quarter 4	1/2006	26/04/2006	23/05/2006	0.29	90.29	–	–
Total				0.59	180.61		1.71

	Year 2004 operating result						
	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)
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
Quarter 4	1/2005	27/04/2005	25/05/2005	0.028	8.40	5%	1.83
Total				0.288	83.07		5.84

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 treasury 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 treasury shares was determined to be proceeded from March 11, 2004 to September 11, 2004. From April 2, 2004 to September 8, 2004 the total treasury shares bought back under the said project amounting to 19.78 million shares with the total value of Baht 122.64 million. The Company set a policy to sale buy back treasury shares to less than 3 years after the six-month of buy back period.

According to the Federation of Accounting Professions' 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 treasury 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 treasury 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, 2006, the Company had buy back treasury shares of 19.78 million shares equal to 5.94 % 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, 2006 and 2005, 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

For the three-month periods ended on December 31,

	Net profit		Weighted average number of ordinary shares		Earnings per share	
	2006 Baht	2005 Baht	2006 Shares	2005 Shares	2006 Baht	2005 Baht
Basic earnings per share						
Net profit	67,432,277.99	65,741,030.13	311,903,990	302,115,254	0.22	0.22
E Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised						
15,233,590 units (Year 2005 : 25,992,650 units)	–	–	13,178,989	20,886,252	–	–
Diluted earnings per share						
Net profit of ordinary shareholders assuming the conversion into ordinary shares	67,432,277.99	65,741,030.13	325,082,979	323,001,506	0.21	0.20

For the years ended on December 31,

	Net profit		Weighted average number of ordinary shares		Earnings per share	
	2006 Baht	2005 Baht	2006 Shares	2005 Shares	2006 Baht	2005 Baht
Basic earnings per share						
Net profit	209,191,301.35	187,913,948.37	310,715,708	300,105,205	0.67	0.63
Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised						
15,233,590 units (Year 2005 : 25,992,650 units)	–	–	13,166,379	20,539,342	–	–
Diluted earnings per share						
Net profit of ordinary shareholders assuming the conversion into ordinary shares	209,191,301.35	187,913,948.37	323,882,087	320,644,547	0.65	0.59

For the years ended on December 31, 2006 and 2005, the diluted earnings per share was calculated by including the number of the ordinary shares that the Company may have to issue even when the determined condition or event has not occurred yet, 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 periods ended on December 31, 2006 and 2005

The income statements for the three-month periods ended on December 31, 2006 and 2005, were reviewed in accordance with the auditing standard issued by the Federation of Accounting Professions as follows:

		Unaudited	
		Limited Review Only	
		(Unit : Thousand Baht)	
		For the three-month period ended on December 31,	
		2006	2005
REVENUES FROM OPERATION			
Sales		910,321	919,019
Other income		13,057	6,521
Total Revenues		923,378	925,540
EXPENSES FROM OPERATION			
Cost of sales		596,920	622,518
Selling and administrative expenses		235,167	211,508
Participating loss in associated company		1,992	366
Directors' remuneration	(Note 16)	683	164
Total Expenses		834,762	834,556
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX		88,616	90,984
INTEREST EXPENSES		(18)	(8)
CORPORATE INCOME TAX	(Note 17)	(21,166)	(25,235)
NET PROFIT		67,432	65,741
BASIC EARNINGS PER SHARE (BAHT)	(Note 18)	0.22	0.22
DILUTED EARNINGS PER SHARE (BAHT)	(Note 18)	0.21	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 appointed as the fund manager.

22. Subsequent events

As of January 15, 2007, directors and employees had exercised their rights to purchase ordinary shares in number of 9,639,920 units resulted in the issued and paid-up share capital of the Company increased by Baht 9.64 million. The Company registered the change in paid-up share capital on January 26, 2007.

23. 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, when 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.

23.1 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.

23.2 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.

23.3 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.

24. Obligations and contingent liabilities

24.1 As of December 31, 2006 and 2005, the Company also holds obligations and contingent liabilities as follows :–

(Unit : Thousand Baht)

	As of December 31,					
	2006			2005		
	Total facility	Facility utilized	Available facility	Total facility	Facility utilized	Available facility
Letters of guarantee	46,000	5,588	40,412	41,000	3,517	37,483
Letters of credit	4,000	–	4,000	4,000	–	4,000
Overdrafts	30,000	–	30,000	30,000	–	30,000

As of December 31, 2006, a part of letter of guarantee for the amount of Baht 2.29 million, which fixed deposit accounts has been pledged as collaterals.

24.2 The Company has entered into agreements of building lease and agreements of service with outside company and 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 totaling 216 branches. The leased period ranged from 1 to 10 years. The total rental fee and public utility service fee that the Company has to pay are approximately Baht 290.54 million per year.

The Company has entered into two lease agreements for leasing a warehouse (Kingkaew Road) with the lease period of 3 years commencing from January 1, 2006 to June 14, 2009 with the contractual value of Baht 46.37 million.

25. Approval of financial statements

These financial statements been approved by the Company's board of directors on February 23, 2007.

กิจกรรม Activities



การประชุมประจำปีผู้จัดการสาขา
ซีเอ็ดบุ๊คเซ็นเตอร์
SE-ED Book Center Managers
Annual Conference



ร่วมงานประกาศผล
การกำกับดูแลกิจการที่ดี
Participating in the discussion
Good Governance Award presentation



ซีเอ็ดพบนักลงทุน
Opportunity Day
SE-ED & Investors on
Opportunity Day



กิจกรรมพัฒนาบุคลากร
Human resources development activities



การประชุมวางแผนงานประจำปี
Annual planning workshop



รายการโทรทัศน์ Book Variety
SE-ED's "Book Variety" TV program



TTV 1
เสาร์ 9.00-9.30 น.

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เรามุ่งมั่นที่จะทำให้คนไทยเก่งขึ้น

Our Determination is to make Thais Smarter



บริษัท ซีเอ็ดยูเคชั่น จำกัด (มหาชน)

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