



รายงานประจำปี
2550
2007
Annual Report



ซีเ็ด

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

ภารกิจ

ซีเ็ด จะดำเนินธุรกิจที่เอื้ออำนวยต่อการศึกษาค้นคว้าในสาขาที่จำเป็นต่อการพัฒนาประเทศ จะดำเนินธุรกิจที่จะทำให้ “คนไทยเก่งขึ้น” โดยพัฒนาขึ้นเป็นธุรกิจที่ยั่งยืน มีการเติบโตต่อเนื่องที่สูงกว่าค่าเฉลี่ยของอุตสาหกรรม เป็นบริษัทตัวอย่างที่ดี สามารถสร้างสรรค์ผลงานที่เป็นประโยชน์และเป็นที่ยอมรับในวงกว้าง พนักงานมีความสุข และสามารถให้ผลตอบแทนการลงทุนที่น่าพึงพอใจในระยะยาว

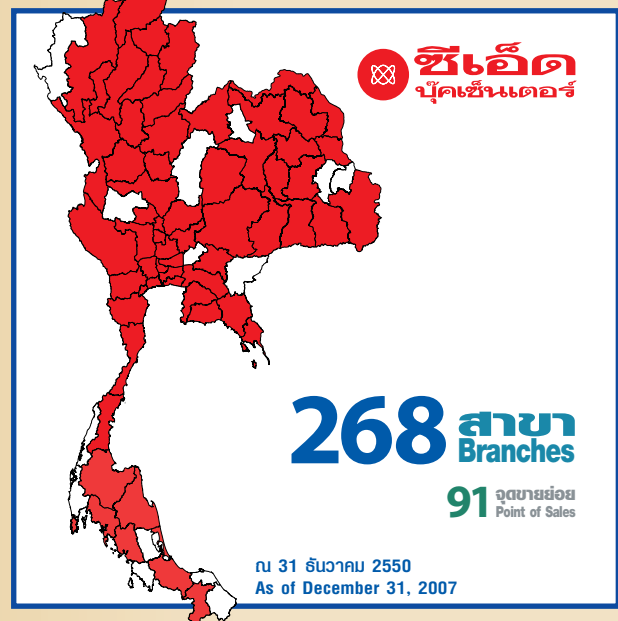
Mission

SE-ED seeks to do business in the areas that promote education for knowledge in the fields that is necessary to the development of the nation. It operates in the business that will make Thais "Smarter" by developing the sustainable business with a continuous earning growth at the above the industry average, being a role model company that can create work result deems beneficial and accepted by society at large with happy staffs, and able to deliver and maintain an attractive long-term investment returns at the satisfaction level.



คณะกรรมการบริษัท ซีเ็ดยูเคชั่น จำกัด (มหาชน) ได้รับประกาศเกียรติคุณรางวัล “คณะกรรมการดีเด่นแห่งปี” ประจำปี 2549/2550 จากสมาคมส่งเสริมสถาบันกรรมการบริษัทไทย (IOD) และสมาคมอื่นอีก 6 องค์กร

The Board of Directors of SE-EDUCATION Public Co., Ltd. was awarded the prize “Board of The Year for Distinctive Practices” award, 2006/2007 from Thai Institute of Director or IOD and other 6 organizations.



ซีเ็ด ร่วมมือกับตลาดหลักทรัพย์แห่งประเทศไทยและสมาคมส่งเสริมผู้ลงทุนไทย เปิดศูนย์กระจายสินค้าให้ผู้ลงทุน ผู้ถือหุ้น และผู้ที่สนใจ เข้าเยี่ยมชมกิจการ

SE-ED in cooperation with the Stock Exchange of Thailand and the Thai Investors Association opened the distribution center to visitors like investors, shareholders, general public.



บริจาคหนังสือตามโครงการ “หนังสือเพื่อน้อง” มากกว่า 250 โรงเรียน Books donation project “Books for the Young” to more than 250 schools.

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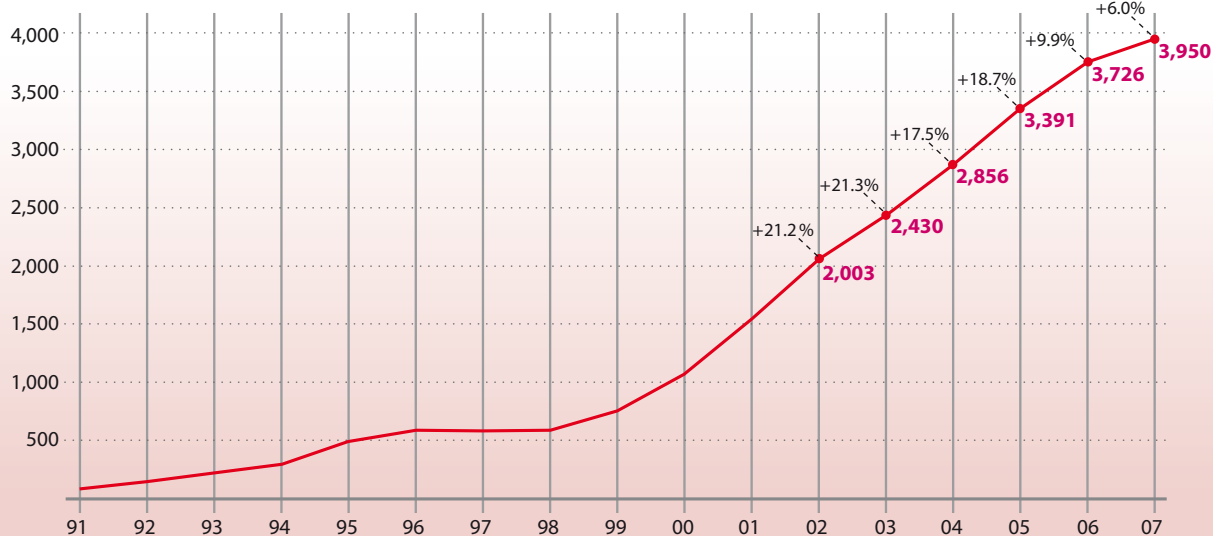


OPERATING RESULTS

SE-EDUCATION PUBLIC COMPANY LIMITED

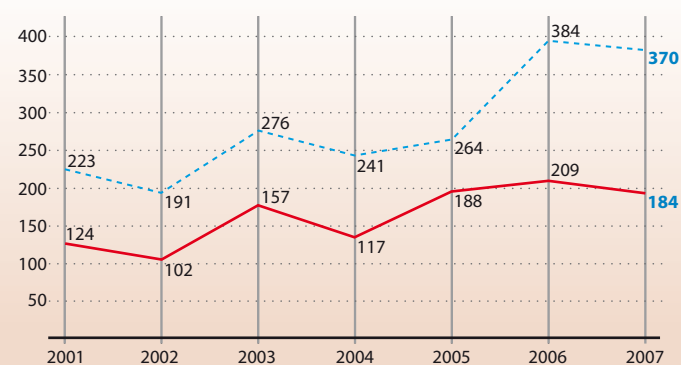
Total Revenue

MILLION BAHT



NET PROFIT AND EBITDA

MILLION BAHT



— NET PROFIT - - - EBITDA

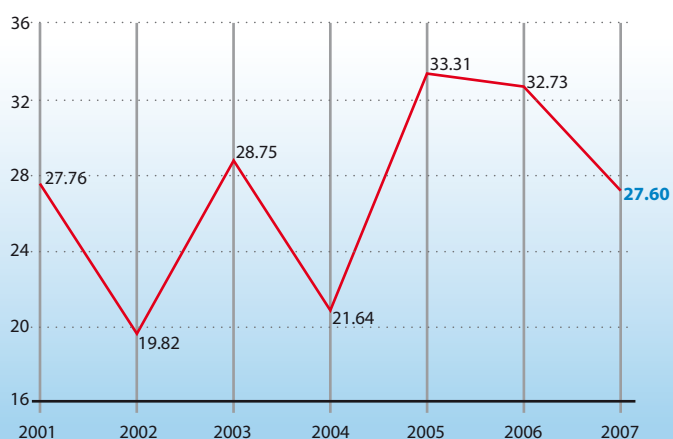
DIVIDEND PAID PER SHARE FROM OPERATING RESULT FOR THE YEAR

BAHT/SHARE



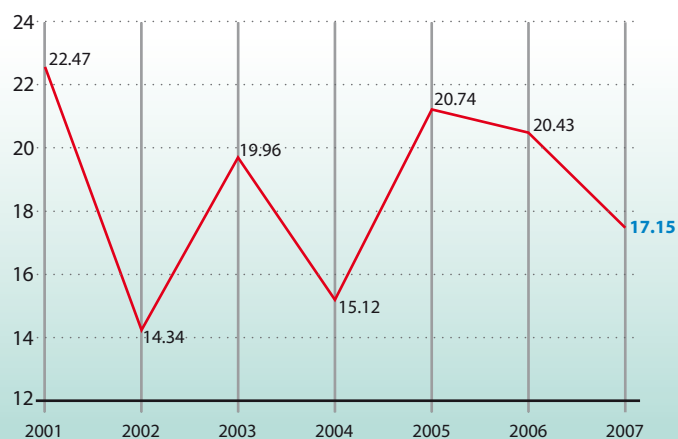
RETURN ON EQUITY (ROE)

%



RETURN ON ASSETS (ROA)

%



จุดเด่นในรอบปี HIGHLIGHTS

หน่วย : ล้านบาท

Unit : Million Baht

ผลการดำเนินงาน OPERATING RESULTS	2550 2007	2549 2006	2548 2005	2547 2004	2546 2003	2545 2002
รายได้รวม Total Revenues	3,949.59	3,725.74	3,391.13	2,856.34	2,429.96	2,003.24
กำไรสุทธิ Net Profit	183.80	209.19	187.91	116.96	156.65	102.26
กำไรสุทธิต่อรายได้รวม Net Profit Margin (%)	4.65	5.61	5.54	4.09	6.45	5.10
กำไรต่อหุ้น (บาท)* EPS (Baht)	0.57	0.67	0.63	0.41	0.73	4.85
มูลค่าหุ้นทางบัญชีต่อหุ้น (บาท)* Book Value per share (Baht)	2.00	1.95	1.91	1.69	2.22	23.10
สินทรัพย์รวม Total Assets	1,740.30	1,477.50	1,442.27	1,107.81	1,105.18	1,041.06
หนี้สินรวม Total Liabilities	1,073.19	812.49	828.97	592.73	539.13	517.45
ส่วนของผู้ถือหุ้น Shareholders Equity	667.11	665.01	613.30	515.08	566.04	523.62
ทุนที่ออกและเรียกชำระแล้ว Paid – up Capital	323.77	332.90	322.14	314.15	255.07	210.99
อัตราผลตอบแทนต่อสินทรัพย์ ROA (%)	17.15	20.43	20.74	15.12	19.96	14.34
อัตราผลตอบแทนต่อส่วนของผู้ ถือหุ้น ROE (%)	27.60	32.73	33.31	21.64	28.75	19.82
ณ วันที่ As of	28/12/2550 28/12/2007	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
ราคาล่าสุด (บาท)* Last Price (Baht)	9.50	7.20	5.90	5.40	6.00	59.0
มูลค่าหลักทรัพย์ตามราคาตลาด (บาท) Market Cap. (Bath)	3,075.77	2,387.85	1,900.60	1,696.42	1,530.43	1,244.82

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

Financial Ratios

LIQUIDITY RATIO

Ratio	2007	2006	2005
Current Ratio (Times)	1.04	1.05	1.04
Quick Ratio (Times)	0.56	0.71	0.71
Cash Flow Ratio (Times)	0.32	0.41	0.58
Accounts Receivable Turnover (Times)	7.07	6.06	6.25
Average Debt Collection Period (Days)	51	59	58
Inventory Turnover (Times)	7.92	11.03	12.29
Average Selling Period (Days)	52	39	36
Debtor Turnover (Times)	3.56	3.88	4.31
Debt Payment Period (Days)	101	93	84
Cash Cycle (Days)	2	6	10

PROFITABILITY RATIO

Ratio	2007	2006	2005
Gross Profit (%)	31.17	31.52	30.67
Operating Profit (%)	7.08	7.98	7.86
Other Profit (%)	1.30	1.21	0.77
Cash to Earnings Ratio (%)	109.32	111.38	154.94
Net Profit Margin (%)	4.65	5.61	5.54
Rate of Return to Equity (%)	27.60	32.73	33.31

EFFICIENCY RATIO

Ratio	2007	2006	2005
Return on Asset (%)	17.15	20.43	20.74
Return on Fixed Assets (%)	65.39	71.22	68.97
Asset Turnover (Times)	2.45	2.59	2.66

FINANCIAL POLICY RATIO

Ratio	2007	2006	2005
Debt to Equity Ratio (Times)	1.61	1.22	1.35
Interest Capability Ratio (Times)	1,842.50	2,091.06	3,100.98
Debt Service Coverage Ratio (Times)	1.00	1.27	2.15
Dividend Payout Ratio** (%)	98.65	93.81	99.11

Remark ** Dividend Payout Ratio for 2007 has been approved from the board of Directors and waiting for approval from shareholders in the annual general meeting on April 29,2008 and calculate from the amount of common shares counted on January 22,2008

SE-ED's Corporate Highlights

- The company's commitment formulated 33 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 magazines publisher who achieved success and being recognized nowadays in Thailand 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 stays in the early top rank emphasizing in engineering, science, management, business, juvenile-youth supplement and substantial general knowledge.
 - ❑ 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 develop 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 had been conferred from 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)"*
- In 2006 ranked at 568 in total revenue of all companies in Thailand (and profit ranked at 463), the second largest of publishing business of Thailand. Only 4 companies lead been ranked from first 1000 companies which highest revenue (Information from "Top 1000 Thai companies of 2006 which ranked the companies revenue from financial statement database of 2006 by Ministry of Commerce dissemination in December 2007 in Krung Thep Thura Kij newspaper)
- 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, 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:-
 - ❑ The company's has been ranked in the 98rd highest in the Total Return Index of 515 listed companies in the stock market from the last twelve months investment as of December, 2007. SE-ED's Total Return Index was 42.06 while total market index was 26 (The Total Return Index has been provided by the Stock Exchange of Thailand to be the investors' reference, representing monthly total return for each security over the last twelve months, and calculated from the stock value's variation, the stockholders' rights to buy stocks and stock dividends, where all granted dividends have been spent on buying additional stocks.)
 - ❑ A company with the highest Average Revenue Growth Rate among those in the publishing sector about 32.3 times within 15 years or the annually growth average at 26.1% since the first year listed in the Stock Exchange of Thailand up to the year 2006.
 - ❑ Received the **"Board of The Year for Distinctive Practices"** award, 2006/2007 from Thai Institute of Director or IOD co-operated with The Stock Exchange of Thailand, Board of Trade of Thailand, Federation of Thai Industries, The Thai Bankers' Association, Thai Listed Companies Association, and Federation of Thai Capital Market Organizations. The awards were granted to 19 companies for 2006/2007 (14 companies with distinctive practices award and 5 companies for Exemplary Practices award) from more than 400 listed companies. SE-ED was one of the two middle market capital (less than 5,000 million Baht) companies that took home the award this year. Others were large market capital companies, most of them have been in the energy and banking business sector.



Mr. Somboon Chinsawananon, Chairman of SE-EDUCATION received the "Board of The Year for Distinctive Practices" for 2006/2007.

- ❑ The company was rated as **"Excellent"** with over 100 scored in the 2007th valuation in the Annual General Meeting (AGM) of the shareholders by the Securities and Exchange Commission in cooperate 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 been 1 in 19 good example company of 460 listed company.
- ❑ The company was rated as **"Excellent"** for the second consecutive in year the Opportunity Day activity provided by the Stock Exchange of Thailand for Q4/2006 and Q4/2005. 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's time, compared with the other 48 and 68 listed companies in which participated
- ❑ Appraised from the Thai 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 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 cooperate 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 considered as **"Excellent"**. The meetings were organized with good corporate governance principles, transparency, and gave stockholders full opportunities to ask question.
- ❑ Appraised from the Thai Institute of Directors Association with supported 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 survey from 234 companies listed in the Stock Exchange of Thailand.
- ❑ Declared and conferred from the Office of Securities and Exchange Commission the "Disclosure Report Award 2002 and Disclosure Report Award 2003" as "a listed company that should be commended for disclosure data to investors". The SEC set up this award in order to promote good corporate governance in Thailand.
- ❑ Nowadays SE-ED share has been recognized as one of the Value Stock of 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	:	1858/87-90 Nation Tower, 19th Floor, Bang Na-Trat Road, Km. 4.5, Bang Na, Bangkok 10260 Thailand
Distribution Center	:	99 Moo 1, King Kaeo Road, Rachathewa, Bang Phli, Samut Prakan 10540 Thailand
	:	Pitaktham Warehouse 1/12, 1/17 King Kaeo Road, Rachathewa, Bang Phli, Samut Prakan 10540 Thailand
Tel.	:	66-2739-8000
Fax.	:	66-2751-5999
Homepage	:	http://www.se-ed.com
E - mail	:	Company Secretary cs@se-ed.com
	:	Independent Director id@se-ed.com
	:	Investor Relations 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 328.35 million, consisting of 328.35 million shares at THB 1 each, THB 323.77 million are already fully paid up.

Name and Location of Subsidiary Company

Name	:	SE-ED Book Center Co., Ltd.
Address	:	1858/87-90 Nation Tower, 19th Floor, Bang Na-Trat Road, Km. 4.5, Bang Na, Bangkok 10260 Thailand
Tel.	:	66-2739-8000
Fax.	:	66-2751-5999
Business	:	Business Consultancy
Registered Capital	:	THB 100,000 which consists of 10,000 shares at THB 10 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	:	77/111 Sin Sathon Tower Bldg 26 Fl. Krung Thon Buri Road, Klongtonsai, Klongsarn, Bangkok 10600 Thailand
Tel.	:	66-2862-1396-9
Fax.	:	66-2862-1395
Business	:	Magazine and Book Publishing for Engineer.
Registered Capital	:	Fully paid up for 400,000 for 4,000 shares at THB 100 per share. SE-ED holds 25% of shares.
Name	:	Plearn Patt 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
Business	:	Private school, operated by Plernpattana School, which is a school for Pre-kindergarten up to Matayom 6 th.
Registered Capital	:	Fully paid up THB 170 million for 17,000,000 shares at THB 10 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, 66-2654-5599 Fax : 66-2359-1262-3
Auditor	:	Miss. Sukanya Sutheeprasert 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 1153/44 Soi Ladprao 101 Rd. Klongiun, Bangklapi, Bangkok 10240 Thailand Tel : 66-2731-5337, 66-2731-5338 and 66-2731-5758 Fax : 66-2731-5759

Bond holder Representative : No bonds

Consultant or Manager for Management Contract : None

*The Board of Directors of SE-EDUCATION PUBLIC COMPANY LIMITED.
sincerely shows our gratitude for the Royal benevolence and deep heartfelt condolences of
Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra.*

The Board of Director of SE-EDUCATION PUBLIC COMPANY LIMITED

Message from the Board of Directors

Dear Shareholders,

In 2007, Thailand's economy has been affected by the instability of world economy that stemmed from sub-prime loan problem happened in the US, exacerbated by the year of political instability within the country and consistent high petroleum prices resulting in lower consumer's purchasing power which led to the more negative effect to the business in general and also book business, which is the Company's main business.

Although the overall environment do not seem to be really supportive, the Company still believes in the country long-term future, and also believe the potential of book business in the future to come. The Company still opened new bookstore branches in total of 52 branches last year alone, with the total stores in operation at the year's end 2007 of 268 branches. This can be considered the year of largest bookstore expansion, ever since the Company started the bookstore business in 1991. We also increased the role books distributor, and books published books which are more suited to market than ever before.

Even with the revenue growth of 6% in 2007 but with the effects of economy in general and also the effect of change in tax rate from 25% to 30%, the net profit precipitously declined by 12% which reflect the similar earning results of overall listed companies in 2007.

All along, the Board of Directors focused the attention and supported the practice of Corporate Good Governance, while promoting such practice to be used in an on going manner. In the past year, the Board of Directors has proceeded to act in several measures, such as; establishing the annual self-evaluation of the Board of Directors, assessing the performance of managing director annually, organizing the meeting between Audit Committee and independent Directors, etc. With the determination to be the role model Company since the early day of the Company establishment, the Board of Directors has been the recipient of Outstanding **"Board of The Year for Distinctive Practices award, 2006/2007"** from Thai Institute of Directors Association and other 6 related organizations, by 1 from 19 Boards of Directors who received the Outstanding and Excellent accolades. The Company itself has also been regarded as the model Company out of 19 companies which held general shareholders' meeting in 2007. With this regards, the Company was awarded with score of **"Excellent"** by the Securities Exchange Commission. Moreover, the Company has been honored as 1 of the 6 companies to be used in the Young Research Competition 2007, in which 4 out of 5 winners of the awards for this competition chose to analyze the Company's stock.

Throughout the past 33 years, the Board and the Company's employees have an unyielding commitment to conform to the principle of "enhancing Thais Competitive Edge". With imperturbable intention to be the knowledge facilitator in a firm ground for a long-term sustainable business development while nurturing and taking care of good environment, the Company will continue to follow guided principles and continue to develop limitless Thai education towards the road ahead.

Finally, I am truly honored to be part of the company's success. On behalf of Board of Directors, I would like to show my sincere gratitude towards our shareholders, business partners, suppliers, our unwavering and supportive customers, the related individuals, and last but not least, staffs in every level of the Company. I believe that the determination of the management and employees with strong adherence to core of Corporate Good Governance will be beneficial to the development of country's human resources to progress perpetually in uplifting the overall human quality.



Mr. Somboon Chinsawananon

Chairman of the Board

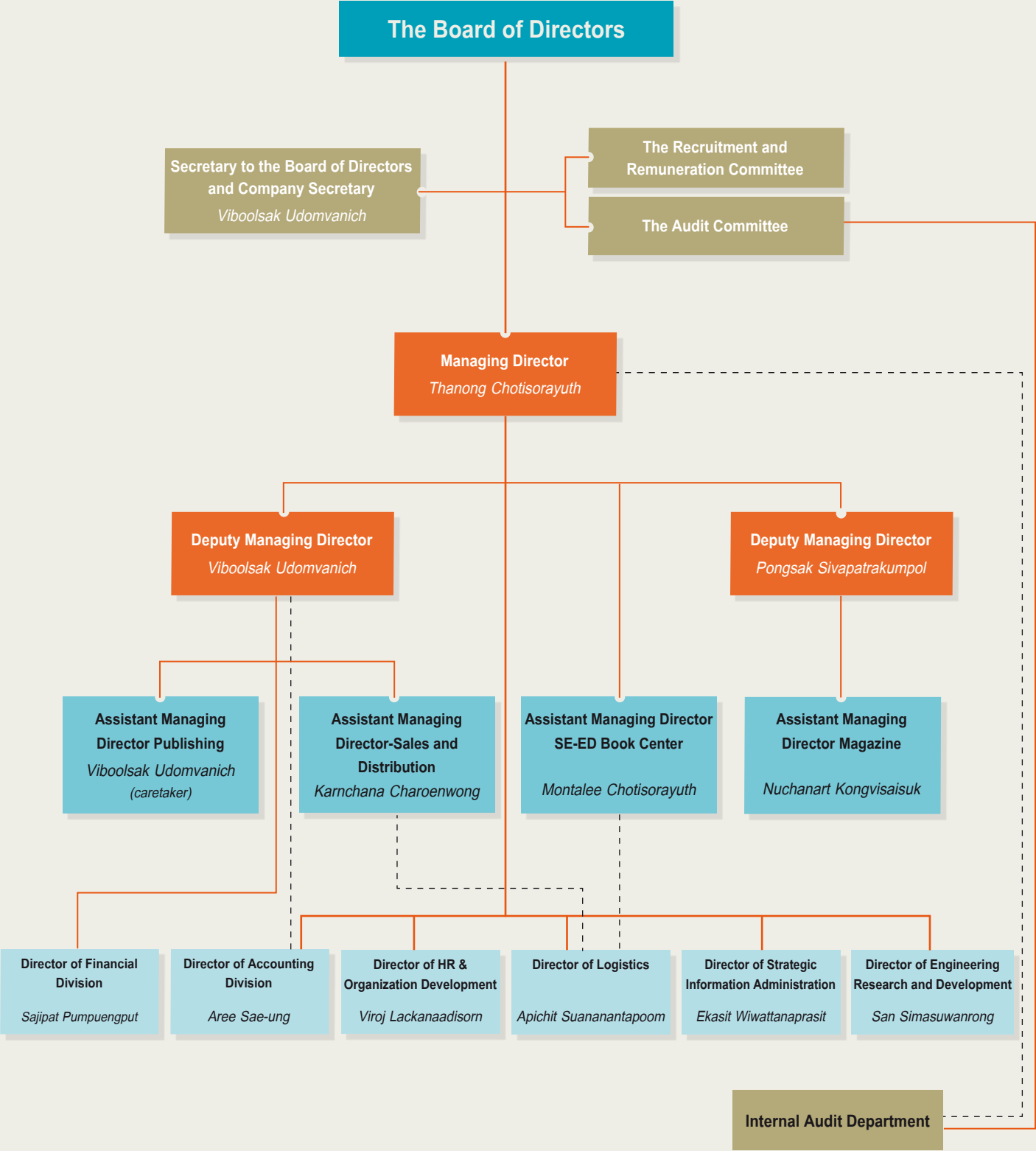


Mr. Thanong Chotisrayuth
Managing Director



SE-EDUCATION PUBLIC COMPANY LIMITED

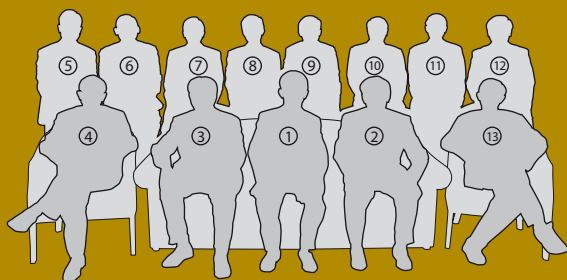
Organization Chart





BOARD OF DIRECTORS

SE-EDUCATION PUBLIC COMPANY LIMITED



- | | |
|-------------------------------|--------------------------------|
| 1. Mr.Somboon Chinsawananon | 8. Mr.Sumeth Damrongchaitham |
| 2. Mr.Saroch Lamlerprasertkul | 9. Mr.Vorasit Pokachaiyapat |
| 3. Mr.Thanong Chotisorayuth | 10. Mr.Phairat Sittakul |
| 4. Mr.Wattana Chiengkul | 11. Mr.Pongsak Sivapatrakumpol |
| 5. Mr.Kachen Benjakul | 12. Mr.Yongsak Eakprachyasakul |
| 6. Mr.Viboolsak Udomvanich | 13. Asst. Prof.Yuen Poovarawan |
| 7. Mr.Pravit Tantiwasinchai | |

BOARD OF DIRECTORS

1. Mr.Somboon Chinsawananon

Chairman of the Board and Independent Director

Highest Qualification

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

IOD Certificate

- None

Number of shares

- 155,842 shares

Relation among family within the executives

- None

Working Background

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

4. Mr.Wattana Chiengkul

Independent Director

Highest Qualification

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

IOD Certificate

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

Number of shares

- 5,216,992 shares

Relation among family within the executives

- None

Working Background

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

7. Mr.Pravit Tantiwasinchai

Audit Committee and Independent Director

Highest Qualification

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

IOD Certificate

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

Number of shares

- None

2. Mr.Saroeh 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 Public Co.,Ltd.
- 2000-present Managing Director, CAS Management Co.,Ltd.
- 1994-present Managing Director, ACT Management Co.,Ltd.

5. 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

- 354,000 Share

Relation among family within the executives

- None

Working Background

- 2005-present Independent Director, SE-EDUCATION Public Co.,Ltd.
- 2006-present Executive Director, Plearn Patt Co.,Ltd.
- 2001-2004 Senior Equity Analyst, Government Pension Fund (GPF)
- 2000-2000 Analyst, Government Pension Fund (GPF)

Relation among family within the executives

- None

Working Background

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

3. Mr.Thanong Chotisorayuth

Director, Managing Director and Authorized Director

Highest Qualification

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

IOD Certificate

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

Number of shares

- 14,849,742 shares (Including the Spouse's shares)

Relation among family within the executives

- Mrs.Montalee Chotisorayuth's Husband

Working Background

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

6. Mr.Viboolsak Udomvanich

Director, Deputy Managing Director and authorized director and Company Secretary

Highest Qualification

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

IOD Certificate

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

Number of shares

- 3,700,285 shares

Relation among family within the executives

- None

Working Background

- Present Company Secretary
- 1987-present Director and Deputy Managing Director, SE-EDUCATION Public Co.,Ltd.
- 2003-present Executive Director, Plearn Patt Co.,Ltd.
- 1985-present Deputy Managing Director-Production, SE-EDUCATION Public Co.,Ltd.

8. Mr.Sumeth Damrongchaitham

Director

Highest Qualification

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

IOD Certificate

- Director Accreditation Program (DAP), Thai Institute of Directors
- Role of the Compensation Committee (RCC), Thai Institute of Directors

Number of shares

- None (Directors represent main shareholders)

Relation among family within the executives

- None

Working Background

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

9. Mr.Vorasit Pokachaiyapat

Independent Director

Highest Qualification

- M.S. (Computer and Database Management), Bantley Collage, Massachusetts, U.S.A.
- BBA, Carnegie-Mellon University, Pennsylvania, U.S.A.

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 Public Co.,Ltd.
- 1998-2005 Director, SE-EDUCATION Public Co.,Ltd.
- 1991-present Managing Director, Finansa Public Co.,Ltd.
- 1990-1991 Assistant Manager Director, Chase Manhattan Bank Thailand

10. Mr.Phairat Sittakul

Audit Committee and Independent Director

Highest Qualification

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

IOD Certificate

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

Number of shares

- 6,405,166 shares

Relation among family within the executives

- None

Working Background

- 2005-present Audit Committee and Independent Director, SE-EDUCATION Public Co., Ltd.
- 1974-2005 Director, SE-EDUCATION Public Co.,Ltd.
- 2002-present Level 11 Engineer, EGAT
- 1999-2002 Maintenance Services Bureau-Manager, EGAT
- 1997-1999 Engineering-Maintenance Services Bureau-Manager, EGAT

11. 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

Number of shares

- 10,850,842 shares

Relation among family within the executives

- None

Working Background

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

12. Mr.Yongsak Eakprachyasakul

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 (Directors represent main shareholders)

Relation among family within the executives

- None

Working Background

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

13. 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

- 13,174,940 shares

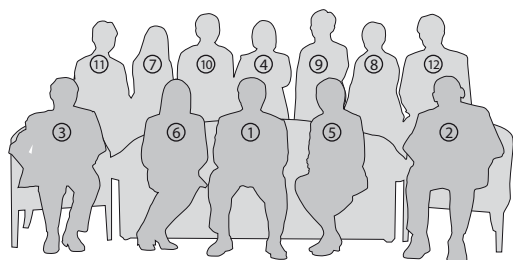
Relation among family within the executives

- None

Working Background

- 1990-present Director, SE-EDUCATION Public Co.,Ltd.
- 2003-present Consultant, Office of University Computer Services, Kasetsart University
- 2002-present Vice-President for Information Technology, Kasetsart University
- 1991-2000 Director, Office of University Computer Services, Kasetsart University

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

Number of shares

- 14,849,742 Shares (Including the Spouse's shares)

Working Background

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

2. Mr.Viboolsak Udomvanich

Director, Deputy Managing Director and Authorized Director and Company Secretary

Highest Qualification

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

IOD Certificate

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

Number of shares

- 3,700,285 Shares

Working Background

- Present Company Secretary
- 1987-present Director and Deputy Managing Director, SE-EDUCATION Public Co.,Ltd.
- 2003-present Executive Director, Pleam Patt Co.,Ltd.
- 1985-1987 Director and Deputy Managing Director-Production, SE-EDUCATION 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

Number of shares

- 10,850,842 Shares

Working Background

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

4. Mrs.Montalee Chotisorayuth

Assistant Managing Director and Director of SE-ED Book Center

Highest Qualification

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

Number of shares

- Consolidating the Shares with Spouse

Working Background

- 1996- present Assistant Managing Director of SE-ED Book Center, SE-EDUCATION Public Co.,Ltd.
- 1993-1998 Executive Editor-Education book, SE-EDUCATION Public Co.,Ltd.

5. Mrs.Karnchana Charoenwong

Assistant Managing Director-Sales and Distribution

Highest Qualification

- B.S. (Accounting), Kasetsart University

Number of shares

- 193,600 Shares

Working Background

- 1998-present Assistant Managing Director- Sales and Distribution, SE-EDUCATION Public Co.,Ltd.
- 1993-1995 Assistant Managing Director and Accounting SE-EDUCATION Public Co.,Ltd.
- 1983-1993 Financing Manager, SE-EDUCATION Co.,Ltd.

6. Mrs.Nuchanart Kongvisaisuk

Assistant Managing Director-Magazines

Highest Qualification

- BBA, (Marketing) Ramkhamhaeng University

Number of shares

- 1,533,800 Shares

Working Background

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

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

Number of shares

- None

Working Background

- 2004-present Director of Accounting Division, SE-EDUCATION Public Co.,Ltd.
- 2001-2003 Accounting Manager, SE-EDUCATION Public Co.,Ltd.
- 2000-2001 Internal Audit Manager, SE-EDUCATION Public Co.,Ltd.
- 1994-2000 In-charge AMC Co.,Ltd.

8. Ms.Sajipat Pumpuengput

Director of Financial Division

Highest Qualification

- BBA (Management) Sukhothai Tammatirart University

Number of shares

- 143,840 Share

Working Background

- 2004-present Director of Financial Division, SE-EDUCATION Public Co.,Ltd.
- 1991-2003 Financial Manager, SE-EDUCATION Public Co.,Ltd.

9. Mr.San Simasuwanrong

Director of Engineering Research and Development

Highest Qualification

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

Number of shares

- 334,400 Share

Working Background

- 2003-present Director of Engineering Research and Development, SE-EDUCATION Public Co.,Ltd.
- 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

Number of shares

- 50,900 Shares

Working Background

- 2003-present Director of HR & Organization Development, SE-EDUCATION Public Co.,Ltd.
- 2000-2003 Consultant 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

Number of shares

- 29,120 Shares

Working Background

- 2004-present Director of Logistics SE-EDUCATION Public Co.,Ltd.
- 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 motor (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

Number of shares

- None

Working Background

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



2007 Operation Report and Future Projects

- **Publishing Business Situation in 2007**

- **Industry Overview and Competition**

- **Business Direction**

- **The Significant Operation in 2007**

- **Future Projects**

- **The Company Activities in
Corporate Social Responsibility (CSR)**

■ Publishing Business Situation in 2007

The overall economic outlook in 2007 was still in the state of slow growth due to Simultaneous multi-faceted factors which resulted in a negative effect towards confidence of consumer and investors, whether it was the fluctuation of petroleum prices, increased inflation, as well as instability in the deep which has since been violently worsen. The single most important factor is the political instability.

The above factors affected the slow down in country's demand. People reduced their purchase, coupled with the psychological stress that started to loom in and instability of country's direction. This has caused people buy less. Buying sentiment has been lessened. Less people shopped in the department stores. All these ramifications have been severely affected the retail business in department stores, shown through the economic slump in retail industry happened in 2007, which later became worsen towards the year's end. This is considered one of the hardest years for retail business entrepreneurs.

The book business in 2007 still continued to grow in a consistent fashion, 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 2007 were expected to be 31.4 titles per day, compared to 30.8 titles per day in 2006, due to more awareness of publishers in selection of books to meet the market demand, resulting in the better sales for the book business in a longer term.

The Publishers and Booksellers Association of Thailand expected growth of books business to be 6-7% in 2007 which has the similar growth figure of that of 2006, with the market size of THB 16,000-16,900 million in 2006, and it is expected that Thais will spend THB 286 per person per year buying books, which by this figure, it was statistically considered relatively small. It also reflected that overall potential of books market still has a huge room to grow as compared to other developed countries.

With more new bookstores and the fact that pre-existing bookstores continued to improve the quality of service, this results in more convenient to buy books. It causes enlargement of market base which is good to the overall books business.

■ Industry Overview and Competition

The publishing industry grew at ever larger rate which expected to be around 6-7 percent in 2007 and 2008, and it is believed that the market is quite small and will have much room to grow. 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 type of competition will stimulate the publishing 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 in some areas strictly depend 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 network of SE-ED Book Center, which is the important distribution channel and is the largest book chain network in the country, because the stores are spread into many major communities all over the country and the Company is always be the first receive offers to select new location for new branches. These effects support the wholesale growth opportunity and cause the lower cost of bookstores business in return. Moreover, it allows more possibility of success for publishing books.
 2. The company also has its own media and public relations, which were the company own magazines, 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.

As book business has limitation in terms of completeness of database which makes the market share estimation in each segment contains some errors.

For retail bookstore business, the Company believes the network of SE-ED Book Center will enjoy the lead in terms of having the largest market share around 30-40 percent of Thai books market in the country.

For the business of distributing book to booksellers, the Company becomes the largest distribution in the market, but the proportion is still not high enough, due to the fact that market share in book business is less concentrated. The market share should fall somewhere around 10-12 percent for distribution system of books to retail business in Thailand.

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. It is expected that the market share should be around 3-6 percent of the whole publishing business in the country.

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 : SE-ED seeks to do business in the areas that promote education for knowledge in the fields that is necessary to the development of the nation. It operates in the business that will make *Thais “Smarter”* by developing the sustainable business with a continuous earning growth at the above the industry average, being a role model company that can create work result deems beneficial and accepted by society at large with happy staffs, and able to deliver and maintain an attractive long-term investment returns at the satisfaction level.

Marketing Strategy : To achieve the stated vision and mission, the Company stresses the readiness in several areas to develop and serve with quality which responds to the needs of target customers by focusing on the expansion of SE-ED Book Center for the larger service coverage and add more attractive products to the stores. The Company will concentrate on following executing the marketing strategies below:

1. The Company determines to ensure growth and business strength by stressing the important of market expansion to pave way for market potential which covers wider areas of sizable communities. SE-ED Book Center and network formats will be implemented and expanded, selecting the high potential areas for long-term growth, rather than solely taken into account of the initial profitability outcome as a main source of consideration, to promote and ease customer access to the stores more conveniently and equally. It also proceeds to strategically and thoroughly responds to the customers’ needs wherever they are, to maintain the Company as the leadership in the business, and to support the growth of book business as a whole into the future while creates favorable brand perception and acceptance, with the emphasis on the idea of *“Think of buying books, think of SE-ED Book Center”*.
2. The Company emphasizes on sourcing products and service in convenient terms, meaning fast, punctual in every service channel. To do this, the Company focuses on creating impressive experience, under the idea of *“Think of reading a book, you will get to read it by at least tomorrow”*, using technology in combination with modern management to link production, warehousing, order picking, and delivery together allowing more efficiency logistic management at best. This reduces the need to acquire more space to support large volume of books in the market, making possible for an increase in service capability and wider coverage of store throughout the country that serve and respond more quickly to the customers’ need and create customers’ satisfaction, so as to make the Company more competitive.
3. The Company seeks to find and develop attractive and interesting products and create marketing mix in the stores in a consistent manner to allow more attractive store outlook and more frequent customer visits to the stores, while able to acquire products that customers look for within a short period of time, creating differentiation as compared to the other stores. This results in much better profitability at each branch.

4. The Company understands the important of excellent service and the promotion of Company's image, by concentrating on staffs and team consistent development, and also create professional work attitude to the staffs to really take care of each customer in more detail aspects, leading to a better customer's satisfaction.
5. The Company uses the integrated marketing communication model, develops suitable tools and channels to promote product, and reinvents itself with several models towards relentless promotion activities. That is to say the Company is stressing the important of marketing activity as a value creation for business. With this, the Company also directs all of its efforts to the target customers, and in addition, directly respond to the customers' need, which allows success for most of the newly-launch products; such as promotion of products and services through advertisement and public relation via storefront LCD display system which will be installed in the branches all over the country, to stimulate more books buying sentiment.
6. The Company promotes partnerships and business alliances building efforts, in working closely with them, and abides to the signed contract under the business etiquette framework of reference. The Company seeks to work on basis of the mutual business success, for Company is opened to the exchange of views in doing business to seek way in resolving conflicts and difficulties that might occurs. For the better cooperation, the information learned can be used to improve the product development and management process to meet the unwavering standard and this should benefit all parties involved.
7. The Company builds and uses the marketing database more earnestly, through the database collection system by recording all historical data about the customers' need. By providing products and services to customers in needs, the Company ensures that success in creating a good impression for customers. It also brings the information to analyze and expect to improve service in the future.

Pricing Policy : Pricing policy is set to meet the purchasing power of each target group, appropriately reflecting the production costs, while maintaining the reasonable profit in long run. However, this will not be applied to magazines sales, which depend on advertising income as the main revenue earning.

Distribution Channels : The Company distributes books and magazines through networks of SE-ED Book Center, 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 through the network of SE-ED Book Center 278 branches with 268 branches are still in operation including 8 branches for network bookstores (as of December 31, 2007) 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 1,600 different stores. The Company is responsible for distributing all books and magazines that is solely distributed by the Company to all the bookshops in Bangkok using its own transportation. For distribution to provinces, the Company uses private transportation Company as 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 2007

In 2007 the company still expanded in the direction that lead to longer-term growth, as the Company believes that there are room to grow for books and education business, by emphasizing on the continuity of increasing the number of bookstores branches for *SE-ED Book Center*, and, in addition, stressed even more emphasis on the role of being books distributors and book publishers to align with the growth of books business in larger picture. 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 which deem to soar in the future, so as to increasing efficiency and reducing product damage.

In 2007, the main activities excluding normal operation were as follow:

1. New branches opening and renovation of existing branches as follow:
 - New 52 branch were opened. As in December 31, 2007 there were in the total of 268 stores, and 91 points of sales currently in operation.
 - 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. Launched new quarterly-released magazine, named “Industrial Sourcing” which introduced industrial products information in the field that is crucial to the industry, with clear indication of subject category to effectively facilitate the purchase of industrial products. The magazine was launched in April, 2007.
3. Installed Close-Circuited Television (CCTV) for SE-ED Book Center Bookstores and network stores which has gradually been installed since the fourth quarter of 2006 till almost all the them were installed in 2007, resulting in the significant reduction of book loss.
4. Improved computer system for bookstores branches expansion and supporting Navision software and all communication systems, supported e-commerce, including installed back up system and other reliable protection system.
5. Organized “Thailand Electronic & Industrial Technology 2007” Exhibition from 12th to 15th of July 2007, at the Queen Sirikit Convention Center. This is the event that the largest exhibition in Thailand, show-casing all kinds of electronic products. In this past year, the several new product categories, such as security protection and GPS lines, as well as automotive audio sets, has been exhibited in this event. The Company also organized Thailand USACi Competition 2007 which is the event that is the gathering place of those automotive audiophile who like to compete in being the best in the best automotive audio components.
6. 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 2002 for youths during

their dosed 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.

7. The Company 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 neighboring country in all levels.

Oxford University Press is the oldest publishers of more than 500 years old but also is the oldest university press in the world with sales revenue more than all America universities press combined. OUP has been highly regarded as the largest university press of English Language Teaching.

Apart from being books distributor, the Company and Oxford University Press has a great project that calls for deeper collaboration, such as providing translation books for English language skill development, providing workshops and seminars about teaching media and English language techniques for teachers and educational institution, organizing teacher training so that children all across the country can be developed.

8. The testing of SE-ED Channel system format. This is a system that allows an unlimited control of both visual and audio contents from the headquarters and distributes the contents to all branches around the country through the Company's long-distance communicative network. Such system has already been installed and ready to be fully deployed in the middle 2008. It will help in promoting the products and services that each branch has to all the customers visiting the stores, including the training and variety of communication between branch and the headquarters.
9. Organizing the event called "Company Visit". In 2007, the Company organized the event called "Company Visit" triple, where each time the investors and shareholders, as well as other general audiences in large number have shown great interest. The Company allows opportunity for investors, shareholders and other general audiences to meet with the Company's senior management. This project is one of the important projects that seek to provide everyone information needed for ones to learned more about registered company. It also permit a chance for everyone interested in the Company to meet face to face with the management, and this information will be one of the criteria in investment decision.
10. Developed and improved the reservation system that can be reserved from the branch and also through the Company's website "www.se-ed.com" which make acquiring and purchasing books become more convenient and speedy, while providing enough information for faster decision to be made. In 2007, the Company has made possible the reservation at the bookstore branch to ensure the customer satisfaction. This project not only helps promote the sales which come from an increase reservation, but also allow staffs at the storefront to respond the customer's need.

■ Future Projects

The Company's policy is to make knowledge easily available to Thais in general and conveniently accessible through different learning channels. Mean while, it also seeks to improve the management effectively that allows it compete, leading to the better return for shareholders in long term.

Therefore, not only the revision of operation system, information system, communication system between branches, distribution center 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 valuable projects for future.

- **Continuation of SE-ED Book Center branch expansion :** To meet the target customers' demand in various communities that make it possible for customers to buy books more conveniently, SE-ED Book Center expect to increase 55 more bookstores in 2008 to 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.
- **Re-new the stores, re-decoration, add products diversity, and continuous improvement for better service :** To re-new the existing SE-ED Book Center and network that allow more variety of product, 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, redecoration of storefront 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.
- **Increase capability for products distribution center :** The Company plan to develop books distribution center to allow country-wide delivery to the targeted destination in the least time possible and also have enough capacity to warehouse more books to quicken the service process. With this plan, the Company will expand the area of book distribution center from 10,000 sq.m. to 13,000 sq.m. within the third quarter of 2008, to increase service capability, while also revise the related working systems that permit faster service and efficiency, as well as significantly increasing the customer satisfaction.
- **English Outside Reading Project :** To increase better English reading skill for Thai students, the Company jointly works with many world's publishing in producing English outside reading which has the content and presenting a much readable at faster pace, motivating the readers to be more of a self-motivated reader.
- **SE-ED Learning Center Project :** The Company is in the process of create the Company's first learning center, called SE-ED Learning Center, or in short "SLC", on the space of 600 sq.m., located at the Cham-Chu-Ri Square, which is wholly owned by the asset office of Chulalongkorn University. It is expected to open after the middle of 2008 onward. This Learning Center will be a place for children and adults to educate themselves through learning activity, training, knowledge and cooperation building for children and specific professions and general public.

- **Marketing Communication system development called SE-ED Channel :** The Company plan to develop marketing communication system at the SE-ED Book Center branches and network to promote activities and interesting products sold in the stores to the customers through visual and audio medium using LCD screen installed at each of the store branch. The contents are developed and controlled directly from the headquarters. The training and communication between staffs at the headquarters and staffs at the stores will help boost the knowledge and capacity of each individual employee to have enough working skills. The LCD monitor screens are expected to gradually install in the middle of 2008 onward.
- **Development of purchasing through EDI system :** The Company plan to develop products purchasing through electronic medium using EDI (Electronic Data Interchange) to connect suppliers and bookstores in order to increase the efficiency in terms of operation and reduction of unnecessary procedures and respond to the need of business partners at the satisfying level. The Company will be the core coordinator between publishers, distributors, and bookstores. This effort will certainly increase efficiency of book purchasing for Thailand book industry in general.

■ 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 in 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 **S**cience, **E**ngineering and **E**ducation. 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 33 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.

In 2007, 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 of 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:

- **Outside Reading Project :** Presently, Thailand Education still cannot develop English language reading skill for children in terms of communication. The Company has a policy of participating in developing the English language learning system by signing contract for distributorship of Oxford University Press – the largest English publishing for Academic books – effective January 1, 2007 onward. The Company also has a project to publish English-localized outside reading books which is expected to launch in the beginning of April, 2008. This also extends to the training of English teacher in a country-wide effort, to help improve the teaching methodology more effectively.
- **Youth Camp Project (SE-ED Kiddy Camp) :** The Company takes on the youth camp called “SE-ED Kiddy Camp” in the five consecutive 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 2007, the company held 7 camps for the total of 513 people.
- **Youth Learning Center Project (SE-ED Learning Center) :** The project is designed with the aim of making Thai children smarter and excelled in the fields that are important to the country’s development, through learning process associated with brain development potential – or in other words, “Brain Based Learning”. It inspires learners to learn more by using free time during the holiday weekend – or a day trip course, such curriculums as Young engineer course, Thinking development course, Math eureka course, etc. This also includes SE-ED English camp for those who learn English through multiple intelligent methods. The Company plan to open the learning center called “SE-ED Learning Center” at the Cham-Chu-ri Square in the middle of 2008 to increase the role of knowledge provider for children, engineer, and general audience.
- **Academic training Project :** The Company organizes training courses in engineering, computer for the general audiences. In 2007, the company trained the total of 36 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 :** A book donation project which donated the carefully selected books to the school libraries in different areas around the country which lack the learning resources. In 2007, the company has donated books to the school around the country of up to 250 schools, valued 17 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 inadequate 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 Udhomseel school, the library of Ban Takiantia school, the library of Ban Pongdangnamcha Samakkee 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 years.
- **Book business information dissemination project :** As the largest’s book distributor and retailer in the country, the Company is equipped with sizable information that reflect the outlook of book industry within the country to a certain extent. By organizing “Annual information announcement conference” since 2004, the Company believes that by doing so will help develop book business in a big and positive way. It also publishes information used during the conference, as well as lectures and information taken from occasional seminar events in the website started in 1995.

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 organizing staffs participation in blood donation.

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

- **Stop the Global Warming Project :** The Company is campaigning on the reduction of plastic bags usage which is a non-biodegradable substance, while promoting the cloth bags instead. Customer is encouraged to used cloth bag when buying books from SE-ED Book Center. In addition, the Company plan to use plastic bag which has the natural content that can be biodegradable instead of plastic bag used today to contain materials and several things to be used in the Company. One way of doing is to select material which is more nature-friendly. The project started in 2007.
- **Energy Conservation for Bookstore Branch :** The Company initiated the use of energy conservation appliances installed inside SE-ED Book Center stores to reduce the energy used in the country. The project started in 2006.

- **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 conservation. 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 and being valuable to the social and country development. To do this, the Company emphasized on staffs who work with joy, creating good work environment, taking care of staffs with fairness, being fair and appropriate in terms of compensation and welfare.

- **SE-ED e-Learning project :** The Company has initiate the development of training curriculum through e-Learning system, in order to develop service, knowledge, and understanding of all the products in the stores. The contents of e-Learning are prepared from the headquarters and redistribute to the network stores simultaneously all over the country. The staffs at the storefront will get a chance to view the contents through computer system placed at the stores. The contents can be reviewed repeatedly. Moreover, the staffs will receive news, information, regulations and information about Corporate Good Governance from the Board of Directors as many as what the staff at headquarters can view.
- **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 such as “Plab - Dham - Suk - Jui” activity.
- **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.

Healthy working and safety : The Company recognize the important of work safety, healthy lifestyles and good environment to support the workplace of staffs, customers.

- **Emergency division in case of fire and critical circumstance :** The Company headquarters is situated in the top level of the office building, and distribution center is a rental area. The Company jointly work with building owner and renter of the distribution center in creating a fire drill and training plan to rehearse the possible action that should be taken when, in case, fire occurs. The Company staffs will learn how to use extinguishers in different types and at the same time have the chance to test the existing tools for readiness. Trained staffs will have adequate knowledge and experience to deal with the unexpected events using action plan.

Company Background and Management Structure

- **Company Background**

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

- **Shareholder Information and Management Structure**

- **Recruitment and Remuneration Committee Report**

- **Audit Committee’s Report**

- **Risk Factors**

- **Good Corporate Governance**

- **Report on Internal Control System in Accounting**

- **Report of the Board of Directors Responsibilities for Financial Statement**

- **Remuneration of auditor**

■ 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 1998, 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 10540 for larger area, enough to support the company's long term growth.

Nature of Business

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

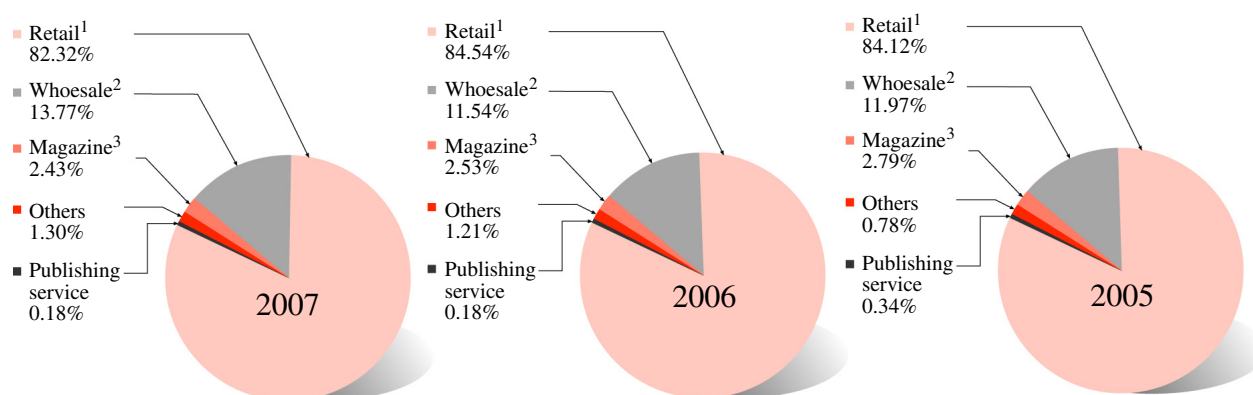
1. Bookstores Business : SE-ED has operated *SE-ED Book Center* and network stores which consists of *Book Variety*, and many university book centers in Bangkok and provinces as well as the network and sales area in various forms (representing 82% of 2007 revenue).

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

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 value added.

Total revenue from sales categorized sales channels



- 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 sales channels; such as educational institutions and library etc.
 - ¹ and ² – total sales of Company own publications in 2007, 2006 and 2005 represents 6.62%, 7.81% and 8.03% of sales revenue respectively.
 - ³ Magazines – total revenue from, advertising publishing and revenue from "Thailand Electronics & Industrial Technology Exhibition" and "SE-ED Kiddy Camp".

Major Products and Service

Products and services of SE-ED as follows:

- 1. Books** Currently, SE-ED is the largest books publisher in Thailand, published books for nationwide bookstores. The company pioneered in publishing knowledge books in several subject areas; such as administration/management, self-development, psychology, engineering in various fields, psychology, youth development books, language and dictionary, parenting, food and health, maps, non-book products (e.g. CD) which help to promote the development of potential in variety of aspects.
- 2. Magazines** At the year's end 2007, the company has published 10 magazines of science and technology namely,
 - **Semiconductor Electronics** : A monthly magazine emphasizing on electronics, launched in 1974, and later changed the name to "Semiconductor Electronics **Plus**", since January, 2008, while maintaining similar types of content to the previous issues.
 - **UpDATE** : A monthly magazine catering to those readers who want to keep abreast of latest developments in the world of science and technology, published since 1978.
 - **MICROCOMPUTER** : A monthly magazine devoting entirely to the knowledge about Computer and information technology for Corporate. In circulation 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.

- **Industrial Technology Review** : Monthly magazine provided reading material on major developments in industry technology and management for plant engineers and general readers, launched in mid-1994.
- **Mechanical Technology** : Monthly magazine related to mechanical engineers concerning operating techniques, and machine problem-solving guidance for engineers and general readers – first published in the middle of 2001.
- **The Absolute Sound & Stage** : Monthly magazine about video and audio for home, car, studio and stage, launched since the end of May 2002.
- **Extreme Technology** : Monthly magazine about new technology and hi-tech products with comparative review of performance as a source of buyer's 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), distributed free of charge mainly through SE-ED Book Center Bookstore branches.
- **Industrial Sourcing** : This is magazine that released every four months, presenting industrial products information. It clearly categorizes the subject area for purchasing decision and reference, launched since April 2007.
- **MICROCOMPUTER USER** : This is a monthly magazine focusing on the issues about Microcomputer for general users, launched since the end of 1993. However, the Company decided to terminate the publication since January of 2007 to reallocate to other responsibility which is deemed to have more business opportunity.

The Company's revenue from magazine comes from the sales of magazines, advertisement and special edition, as well as revenue from organizing several activities.

- 3. Distribution** The Company has distributed both books published by SE-ED and other publishers including the companies whose publishing is in line that of the Company's direction. Books were distributed to at least 800 owners of bookstores who have an approximate total of 1,600 stores, with the size of larger and smaller. The Company also sells directly to the educational institutions and distributes books to SE-ED Book Centers and network stores which consists of Book Variety, and some universities book centers, owned by SE-ED.

Presently, the Company is the largest book distributor to the chain bookstores. Books which were self-published by the Company is currently totaled at 1,500 titles, while also help distributing 8,900 titles from other several publishers and organizations.

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 network stores which consists of the "Book Variety" stores and "University bookstores" all located both in Bangkok and other provinces, including managing space in the selling areas in different models.

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 super centers (such as Tesco Lotus, Big C, and Carrefour, etc.), leading shopping malls (such as Siam Paragon, Central, The Mall, Robinson, Future Park Rangsit, Future Park Bangkoe, provincial leading shopping centers, etc.) and education institutes (such as Ramkhamhaeng University, National Institute of Development Administration, Dhurakij Bundit University, Siam University, Khon Kaen University etc.) in different models both in Bangkok and other provinces.

Moreover, 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.

By the end of 2007, SE-ED has already opened 278 branches of SBC. From this mentioned figure, there are 268 branches in operation, with 117 branches in Bangkok and nearby provinces, and 151 branches in other provinces. With 260 of bookstores operated by the Company, another 4 branches are designated as SE-ED Book Center Network Bookstores (SE-ED Book Center fully supports the shops, as a book distributor supplying the books) and 4 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 responsible for managing the books and magazines sales space in Super centers, and other shopping centers in different formats totaling of more than 91 sales and service points.

Today, SE-ED Book Center are the chain bookstores with the highest sales in Thailand.

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

Descriptions	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Branches increase in the year	2	1	1	4	2	2	10	13	12	19	28	27	22	31	26	26	52
Branches opened	2	3	4	8	10	12	22	35	47	66	94	121	143	174	200	226	278
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	268
Kiosk in operation	1	1	2	2	2	2	5	8	11	18	29	37	39	41	44	40	40
Petty sales in operation	-	-	-	-	-	-	-	-	-	-	2	62	75	115	166	128	51
Total operation selling point	3	4	6	10	12	14	27	43	58	83	124	219	253	325	400	384	359

- 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.
- At year's end 2007 there are 268 existing branches in operation. There are 117 branches in Bangkok and its vicinity and 151 branches in other provinces. This figure has included the small scale of 24 branches.
 - At year's end 2007 there are 243 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 1 branches in other brand name.
 - At year's end 2007, there are 4 SE-ED Book Center network (SE-ED is responsible for all book supplied to the network stores) and there are 4 SE-ED network (SE-ED allows the stores to choose either the name of “SE-ED Book Center” or “SE-ED network”), and there are 40 kiosks and 51 points of sales presently operated.

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.
- Produced the Book Variety Program, the television that help promote the book reading, broadcasted on TTV1 Nation Channel every Saturday from 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 800 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 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. The total value the company expenses for books purchasing from 10 main suppliers was total at 25.30% 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 press, 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. 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 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 1.79% of the cost of products sold in 2007 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

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 PLEARN PATT 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 PLEARN PATT Co., Ltd. is the name of the school called “*PLEARNPATTANA SCHOOL*”, located at Bhuddhamonthon 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, which to create quality children for Thai country.

As of December 31, 2007, the major Shareholders were :

Major Shareholders	Share Capital Paid-up	Percentage of share holding Amount Paid-up share (%)
1. SE-EDUCATION Public Company Limited	8,300,000	48.82
2. Mr. Rit Theerakomen	2,000,000	11.76
3. RAK LUKE FAMILY GROUP Co., Ltd	700,000	4.12
4. Mrs. Thida Phitaksinsuk	400,000	2.35
5. Ms. Krongtong Bunprakong	400,000	2.35

Inter-company transaction

Related party transaction between the Company and probable conflicted persons appeared in the notes to financial statements no. 5 : Inter-Company transactions.

Need and reasonable of related party transactions Transactions between the Company, associated companies and related parties shall be approved by the Audit Committee, 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

Major Shareholder

Major Shareholders List of the first 10 major Shareholders according to article 258, Stock and Stock Exchange Act B.A. 2535, as of November 28, 2007. (latest share register closed date)

No.	Shareholders	Number of Shares	Percentage of Paid-up Capital
1	GMM Grammy Public Company Limited	42,422,200	13.10
2	HSBC (SINGAPORE) NOMINEES PTE LTD.	40,500,000	12.51
3	Mr. Rit Threerakomen	23,008,782	7.11
4	Mr. Thanong Chotisorayuth	14,849,742	4.59
5	Thai NVDR Company Limited*	13,310,350	4.11
6	Asst. Prof. Yuen Poovarawan	13,174,940	4.07
7	RAFFLES NOMINEES PTE LTD.	11,000,000	3.40
8	Mr. Pongsak Sivapatrakumpol	10,850,842	3.35
9	Bangkok Assurance Company Limited	10,290,000	3.18
10	Mr. Phairat Sittakul	6,405,166	1.98
Total		185,812,022	57.40

Remark - The issued and paid-up capital, as of November 28, 2007, is equal to 323,765,330 Baht

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

* Thai NVDR Company Limited is a subsidiary which is wholly owned by the stock Exchange of Thailand (SET) where by NVDR is a automatically considered as listed securities in the SET. The objective of NVDR is to stimulate the investment, in which foreign investors can invest in company common stock and the NVDR's shareholders will receive the dividend the same as shareholders of a listed company, but without the right to vote in the general shareholders' meeting.

Thai NDVR Ltd. has the shares as follows:

No.	Shareholders	Number of Shares	Percentage of Paid-up Capital
1	GOLDMAN SACHS INTERNATIONAL	6,510,500	49
2	MORGAN STANLEY & CO. INTERNATIONAL PLC.	4,500,000	34
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD.	700,000	5
4	MR.KUCKENBECKER, FRED JAMES	482,000	4
5	KIM ENG SECURITIES PTE. LTD.	263,000	2
6	NOMURA SINGAPORE LIMITED-CUSTOMER SEGREGATED ACCOUNT	132,900	1
7	HSBC PRIVATE BANK (SUISSE) SA	120,000	1
8	PHILLIP SECURITIES PTE LTD.	91,000	1
9	MINORITY SHAREHOLDER	510,950	3
Total		13,310,350	100

Remark The source data from <http://www.set.or.th/set.nvdr/nvdrholder.do>

As of the share register book closed date, There were 2,059 Thai national Shareholders total 262,790,660 shares (81.17%) which consists of 26 juristic persons and 2,033 persons, the foreigners Shareholder amounted of 22 persons total 60,974,670 shares (18.83%) which consists of 11 juristic persons and 11 general persons.

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

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

Management Structure

The Company's Directors struture consists of 3 Boards. Including 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, 2007 the Board consisted of the following 13 members:

Name	Position
1. Mr. Somboon Chinsawananon	Chairman/Independent Director
2. Mr. Saroch Lamlerprasertkul	Chairman of Audit Committee/Independent Director
3. Mr. Pravrit 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 ⁽¹⁾
8. Asst. Prof. Yuen Poovorawan	Director
9. Mr. Sumeth Damrongchaitham	Director
10. Mr. Yongsak Ekprachyasakul	Director
11. Mr. Thanong Chotisorayuth	Director/Managing Director/Authorized director to sign for and bind the company
12. Mr. Viboolsak Udomvanich	Director/Deputy Managing Director/Authorized director to sign for and bind the company/Company's Secretary
13. Mr. Pongsak Sivapatrakumpol	Director/Deputy Managing Director/Authorized director to sign for and bind the company

Remark : ⁽¹⁾The Board of Director has assigned Mr. Kachen Benjakul, independent director to be the secretive director of Plearnpatt Co., Ltd. without fired remuneration for management or consultant position in order to acknowledge the operation activities and report back to the board with liberal view.

The shares held by the Board of Directors are stipulated under the Securities and Exchange Act B.E. 2535, section 258 and shareholders who are under such law in 2007 and 2006 are shown as follow:

Name-Last name	Number of shares			Remarks
	December 31, 2007	December 31, 2006	Number of shares: Increase (Decrease) during the year	
1. Mr. Somboon Chinsawananon	155,842	150,000	5,842	
2. Mr. Saroch Lamlertprasertkul	None	None	–	
3. Mr. Pravitt Tantiwasinchai	None	None	–	
4. Mr. Phairat Sittakul	6,405,166	5,181,660	1,223,506	
5. Mr. Wattana Chiengkul	5,216,992	5,186,600	30,392	
6. Mr. Vorasit Pokachaiyapat	None	None	–	
7. Mr. Kachen Benjakul	354,000	50,000	304,000	
8. Asst. Prof. Yuen Poovorawan	13,174,940	13,174,940	–	
9. Mr. Sumeth Damrongchaitham	None	None	–	
10. Mr. Yongsak Ekprachyasakul	None	None	–	
11. Mr. Thanong Chotisorayuth	14,849,742**	12,629,070**	2,220,672	**including the Spouse's shares
12. Mr. Viboolsak Udomvanich	3,700,285	5,063,510	(1,363,225)	
13. Mr. Pongsak Sivapatrakumpol	10,850,842	9,807,330	1,043,512	

The Directors who are authorized to sign on behalf of the Company comprise of Managing Director, and Deputy Managing Director, with signatures of at least two-thirds of authorized Directors and stamp of Company's seal of approval.

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 shareholder.
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 corporate good governance, as the result, 10 out of 13 Directors completed the Director Accreditation Program (DAP), Director Certification Program (DCP) and the seminar course named Role of the Compensation Committee (RCC) which was organized by Thai Institute of Directors.

Company secretary/Secretary to the Boards of Directors : The Board of Directors has appointed Mr. Viboolsak Udomvanich, a Director, to be the Company's secretary who has proper qualification and experience to take responsibility in monitoring the Company to comply to the rules and the Company's regulations, and also in line with principles of corporate good governance to allow effective management.

Scope of duty for Company's secretary

1. To give initial recommendations to the Directors concerning the issues of legality, regulations, and a number of Company information, and follow through to ensure that all regulations are properly adhere to, including the report concerning changes which is deemed significant.
2. To Organize shareholders' meeting and the Board of Directors' meeting in accordance with the law and Company's rule.
3. To record and report the issues in the shareholders' and the Board of Directors' meeting, and also keep track of activities that has been decided in the shareholders' and the Board of Directors's meeting.
4. To ensure the openness of information which is in accordance with the Stock Exchange of Thailand, Securities and Exchange Commission, and other supervisory authority.
5. To communicate with the shareholders, investor, supervisory authority, which also includes the dissemination of information the those interested public, and some interest groups.

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 audit Committee, the internal audit division, and the auditor.

As of December 31, 2007 the Audit Committee consisted of the following 3 members and 1 member of Secretary of the Audit Committee which consists of 3 independent Directors, where 2 of the Directors possess the direct knowledge and understanding or experience in accounting or finance, as the names are shown below:

Name	Position	
1. Mr. Saroch Lamlerprasertkul	Chairman of Audit Committee	Independent Director and has accounting experience
2. Mr. Pravit Tantiwasinchai	Audit Committee	Independent Director and has accounting experience
3. Mr. Phairat Sittakul	Audit Committee	Independent Director

Mr. Wachiratham Siriarchawattana, the manager of internal audit division, is the secretary of the Audit Committee

Scope of Duties of the Audit Committee

1. To review of the quarter 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 submit for appointment of auditors, and evaluate the auditors' works.
7. To provide consultation and recommendation in overall Company risk management.
8. To propose proper practice of corporate good governance.
9. Review the principle of corporate good governance for the Company, by comparing to the convention standard and offer recommendation to the Directors
10. Perform other duty as delegated by the Directors

The Audit Committee held regular meeting once every quarter with the outside accounting audit, and also the accounting department, and also report directly to the Board of Directors. Moreover, the Audit

Committee can hold joint meeting with accounting department without the present of managing director at the meetings, but, however, under the acknowledgement of them.

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 director, and also to follow up on succession plan to select individuals suitable for higher executives position and reports directly to the Board of Directors for approval, or to advise to the shareholders, in some cases. Moreover, the Committees also review the annual remuneration for the committee, subcommittee and management team to be commensurate with the responsibility and comparable to the outside labor market of the same industry, including the remuneration at the appropriate level with respect to the business growth, rate of increase in profit margin, as well as task and responsibility of committee, sub-committee, and the Company executives, so as to submit the proposal at the shareholder's meeting. As of December 31, 2007 the Recruitment and Remuneration Committee comprises of three respectable individuals, 2 from independent Directors and 1 from Director:

Name	Position	
1. Mr. Somboon Chinsawananon	Chairman of The Recruitment and Remuneration Committee	a board member who is not a management director and is an Independent Director
2. Mr. Vorasit Pokachaiyapat	Director	a board member who is not a management director and is an Independent Director
3. Mr. Sumeth Damrongchaitham	Director	a board member who is not a management director

Scope of Duties of the Recruitment and Remuneration Committee

1. Short-listing and selecting the candidates to be appointed in the position of director, managing director. 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 Directors 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 and employees.
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 and employees.
7. To perform the scope of duties as assigned by the Board of Directors.

As such, the method of candidate selection has been stipulated. Nevertheless, criteria to determine the method of recruiting director have been identified as follows:

1. The Recruitment and Remuneration Committee determine the quality of 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, identified the method of nomination from the minority shareholders for the qualification and quality of candidates that must be met, as can be summarized below:

1. An individual who nominate the qualified person to be Directors must be a shareholder of the Company, which may be a single or consolidation of multiple shareholder(s) who own(s) number of share according what has been specified by Recruitment and Remuneration Committee - that is to have the proportion of minimum share with no less than 5 percent of paid-up stocks in a continuous fashion at the minimum of 1 year and must hold shares at the date of nomination at the meeting or nominate the name of Directors together with certified document that show the ownership of share from the security company, other documents from Stock Exchange of Thailand or other document which show the ownership of share, and the consent document shown the name of nominated individual to be submitted to secretary of 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 2007, the Recruitment and Remuneration Committee has held 2 meeting and has reported to the Board of Directors.

In addition, the Company foresees the significant of good corporate good governance. The Recruitment and Remuneration Committee has considered the remuneration for 1 out of 3 committee member who has already attended the training course named "Role of the Compensation Committee (RCC)", organized by Thai Institute of Directors.

Company's Executives as of December 31, 2007 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)

Name	Position
1. Mr. Thanong Chotisorayuth	Director/Managing Director/Authorized director to sign for and bind the company
2. Mr. Viboolsak Udomvanich	Director/Deputy Managing Director/Authorized director to sign for and bind the company/Company's Secretary
3. Mr. Pongsak Sivapatrakumpol	Director/Deputy Managing Director/Authorized director to sign for and bind the company
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 Simasuwanrong	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

Report on changes of shares of Company's Executives in 2007, date on December 31, 2007

Name-Last name	Number of shares			Remarks
	December 31, 2007	December 31, 2006	Number of shares: Increase (Decrease) during the year	
1. Mr. Thanong Chotisorayuth	14,849,742**	12,629,070**	2,220,672	Spouse of Mrs. Montalee Chotisorayuth
2. Mr. Viboolsak Udomvanich	3,700,285	5,063,510	(1,363,225)	
3. Mr. Pongsak Sivapatrakumpol	10,850,842	9,807,330	1,043,512	
4. Mrs. Montalee Chotisorayuth	–	–	–	**Consolidating the shares with spouse
5. Mrs. Karnchana Charoenwong	193,600	270,280	(76,680)	
6. Mrs. Nuchanart Kongvisaisuk	1,533,800	None	1,533,800	
7. Ms. Sajipat Pumpuengput	143,840	None	143,840	
8. Ms. Aree Sae-ung	None	None	–	

Scope of Duty for 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 shares.

Nomination of the Board of Directors and Executives

The nominations and appointment 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.

Recruitment of Directors: Method of recruiting individual to be nominated as Director is as follow:

1. The recruitment and remuneration committee specified the qualification of Directors to be recruited as a replacement so as to have the elements and qualifications that is in line with the law or relevant regulations, and determined the method of nomination of a qualified nominee, including the method of nomination of individual who has qualification in advance from minority shareholders.
2. The Recruitment and Remuneration Committee sum up the result of recruitment and propose the name of suitable candidate to be the Company's Directors together with rationale and present to the Board of Directors.
3. The Board of Directors considered the selection of suitable candidate from the list of candidates proposed by the Recruitment and Remuneration Committee so that the list will be presented at the shareholders' meeting for final approval.

Election of Directors in annual general assembly

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 2 out of 3 Directors, who have been appointed and approved at the meeting of Board of Directors, together with the stamp of the Company's seal of approval, are thus resulted in a legal binding for the Company. The Board of Directors can identify the name of Director who will have the signing authority together with stamp of Company's seal of approval for any Company's legal binding documents.

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, 2007 the Company has 2 Directors who represent main Shareholders, 2 Directors are representatives from GMM Grammy Public Company Limited.

Remuneration for Executives

(A) Compensation for the Company's directors The resolution from shareholders' general meeting number 1/2007, dated April 25, 2007, has approved the compensation for directors as follows:

The salary compensation consists of

- Chairman of the Board 15,000 baht per month.
- Independent director and director 10,000 baht per month

Meetings allowance only for those directors who attend the meeting, for the Board of Directors or Sub-committee of the Board of Directors meeting, the Board of Directors may decide not to receive the allowance in a particular meeting, which depends upon the judgment and collective decision of the directors.

- Allowance for Chairman of the Board for each director 20,000 Baht per meeting
- Allowance for the Board of Directors for each director 10,000 Baht per meeting
- Allowance for Sub-committee to the Board of Directors
 - Chairperson of each Sub-committee 10,000 Baht per meeting
 - Each Sub-committee member 7,000 Baht per meeting

For gratuity of retirement allowance for year 2006: The resolution from shareholder's general meeting number 1/2007 dated April 25, 2007, approved the gratuity of retirement allowance for year 2006 for the budget of no more than 2,640,00 baht.

Remuneration for board of directors consists of 13 persons as of year 2007 are as following:

(Unit : Baht)

List of directors	Cash Remuneration				Non-Cash Remuneration	Total
	Earnet money of position	Meeting Attendance fees	Emoluments	Other Remuneration		
1. Mr. Somboon Chinsawananon	110,000	250,000	180,000	–	–	540,000
2. Mr. Saroch Lamlertprasertkul	100,000	240,000	120,000	–	–	460,000
3. Mr. Pravit Tantiwasinchai	78,000	220,000	120,000	–	–	418,000
4. Mr. Phairat Sittakul	68,000	220,000	120,000	–	–	408,000
5. Mr. Wattana Chiengkul	50,000	190,000	120,000	–	–	360,000
6. Mr. Vorasit Pokachaiyapat	47,000	190,000	120,000	–	–	357,000
7. Mr. Kachen Benjakul	50,000	190,000	120,000	–	–	360,000
8. Asst. Prof. Yuen Poovorawan	50,000	190,000	120,000	–	–	360,000
9. Mr. Sumeth Damrongchaitham	47,000	190,000	120,000	–	–	357,000
10. Mr. Yongsak Ekprachyasakul	50,000	190,000	120,000	–	–	360,000
11. Mr. Thanong Chotisrayuth	50,000	190,000	120,000	–	–	360,000
12. Mr. Viboolsak Udomvanich	50,000	190,000	120,000	–	–	360,000
13. Mr. Pongsak Sivapatrakumpol	50,000	190,000	120,000	–	–	360,000
Total	800,000	2,640,000	1,620,000	–	–	5,060,000

Comparison chart for the Directors' compensation year 2007, 2006, and 2005

(Unit : Baht)

Compensation	2007		2006		2005	
	Number	Amount	Number	Amount	Numbers	Amount
Meeting Attendance fees	13	2,640,000	13	2,200,000	13	1,810,000
Director's compensation	13	2,420,000	13	2,384,000	13	1,793,670
Total		5,060,000		4,584,000		3,603,670
Compensation per director per year		389,230		352,615		277,436
Average Compensation within the industry per person per year⁽¹⁾		N/A		455,545⁽²⁾		714,722

(1) Information about Compensation for directors and executives, average compensation of directors within the same industry are from the survey conducted by Stock Exchange of Thailand

(2) In 2006, Stock Exchange of Thailand has re-categorized the industry group, causing the Company to be categorized as media and publishing from the previous 'publishing' category. This results in the changes of number of company within the same group.

(b) Executives' compensation

The Recruitment and Remuneration Committee will be a group to assess the performance of managing director to be used in considering the determination of compensation for managing director according to the said criteria. For the result of managing director's assessment, the Recruitment and Remuneration committee will be submitted to the Board of Directors to acknowledge and approve.

For the Compensation of high executives, the Recruitment and Remuneration Committee will determine the criteria and structure of executives compensation, which will consider them according to the principle and policy specified by the Board of Directors and also in accordance with the Company performance as well as the performance of each director. The managing director will be the person to consider the appropriateness in identifying the compensation of each individual staff and also the annual pay-rise of salary for high executives, and report all the reasonable compensation increase to the Board of Directors for later acknowledgment.

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 the director of financial division and the director of accounting division.

Items	Cash Remuneration		Non-Cash Remuneration	
	Amount (Unit)	Total (Baht)	Amount (Unit)	Total (Baht)
Salaries	6	14,272,706	–	–
Bonus	6	4,745,563	–	–
Other Remuneration:				
– Contributions for the Provident Fund	6	710,076	–	–
– Vehicle Expense	6	720,000	–	–
– The difference between stock market price and exercised price (ESOP) 2007	–	–	6	27,301,730
Total		20,448,345		27,301,730

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 which the equity method. 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 16.

■ Recruitment and Remuneration Committee Report

The board of directors of **SE-EDUCATION Public Company Limited**, has appointed recruitment and remuneration committee members which consists of 3 individual, where Mr. Somboon Chinsawananon, an independent board member, perform the duty as the recruitment and remuneration committee chairperson, Mr. Vorasit Pokachaiyapat, as an independent board member, and Mr. Sumeth Damrongchaitham, as non-senior management board member. In 2007, the recruitment and remuneration committee members held 2 meetings.

The recruitment and remuneration members has within its authority and capacity limits, duty, and responsibility, as delegated by the board of directors which constitutes the task of method determination, recruitment of directors, managing director, and also arrange a succession plan, as well as decision on remuneration policy for management and staffs.

For the recruitment of director and management, the recruitment and remuneration committee has proceeded to search and recruit suitable candidate in accordance with the criteria set by the committee and does not violate the regulations stipulated by supervisory authority. In 2007, the recruitment and remuneration committee has considered. Moreover, the committee also provides chances for small shareholders to submit names of suitable person in advance through the company contact channel, allowing the committee to consider more broadly.

In considerations of remuneration for committee, the management, and staffs whose details have been clearly declared in the annual report in the section recruitment and remuneration. The committee has sought to commensurate the remuneration with the responsibility, environment, economic circumstance, as well as benchmarking with other businesses in similar industry.



Mr. Somboon Chisawananon

Chairman of recruitment and remuneration committee

March 9, 2008

■ 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. Pravitt 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.

Audit Committee has performed the duty independently, within certain authority and capacity limit through the cooperation with independent committee, management, accounting audit, accounting department, and internal audit department. The Audit committee understands the significance of internal audit, risk management, proper business supervision to ensure sufficient internal control, adequate and acceptable level of risk management, proper supervision, as well as proper and trustworthy financial report.

In 2007, the Audit committee held 5 meetings. Moreover, Audit committee also held 2 internal meetings among committee members, independent member, and higher management in the areas of accounting, finance, internal audit, where management directors were not present, but were well-informed and fully acknowledged the issues discussed in the meeting. The issues of discussion are as follows:

1. Review of quarterly financial statement and annual financial report for year 2007 : The Audit committee has reviewed financial statement on a quarterly basis and annual financial report for the year 2007 of the company prior to submitting the document to ensure the financial report is conducted in accordance with generally accepted accounting standard. This only includes a proper, adequate, timely release of financial information, through cooperative meeting among accounting audit, management, accounting department, and internal audit department to consider financial report on quarterly basis and annual financial report to enquire complete, correct, and proper openness, as well as the adjustment of item that might affect the financial report in an important way.

2. 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 stipulated by concerned 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.

3. 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 2007 and acknowledged the report of the risk management practices, periodically.

4. 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.

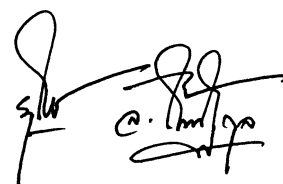
5. Supervision of internal audit : The Committee has reviewed the operation, audit plan for year 2007, as well as the adequate manpower for the task at hand. The Committee acknowledged and recommended guideline to solve the weak spot in internal control system to allow better and more effective internal audit. The Committee also jointly reviewed the plan for annual audit year 2008 which determined the risk that may occur and could directly 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.

6. Review of financial accounting policy : The Audit committee has undertaken the review of financial and accounting review jointly with independent committee, management, accounting and financial department, internal audit department to review accounting policy and practices, estimation, and determination of business key index to allow a measurable operating outcomes in a clearer manner.

7. 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.

The Audit committee agreed that the preparation and exposure of company's financial information are correct, complete and reliable. The Company has also performed in accordance with regulations stipulated by authority. Moreover, the Company internal audit system has no items that may be affected significantly and all mentioned matters have already been reported to the Company's board.

The Audit Committee has considered the selection and proposed accounting audit to the board of directors to gain the approval at the Company's shareholders meeting to appoint AMC Ltd. as accounting audit for the Company for year 2008.



Mr. Saroch Lamlertprasertkul

Chairman of the Audit Committee

March 17, 2008

■ Risk Factors

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

The risk from inoperable products distribution center : Most products sold in SE-ED Book Center branches and book distributed for other publishers 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 distribution center failed to operate properly, 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 from product loss : As the Company that operates in retail bookstore business of over 250 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 sees the importance of establishing proper product loss and prevention effort. The Closed-Circuit Tele-Visions (CCTVs) have been installed since the end of fourth quarter in 2006, and also established a department named Loss Prevention Department (LPD) to address the issues of measures to deal with book loss specifically. This results in the significant reduction of product loss in 2007.

The risk from computer system and information technology errors or mal-functions : The Company installed varieties of computer system 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 mal-functions at the branch distribution center 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 schedules and practice of preventive measures.

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 82% of total income in 2007.

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 foreign currency exchange : As the Company has signed the agreement to be the sole distributor for all Oxford University Press (OUP) ELT (English language Teaching) books in Thailand and also hold the right to sell in the territory of Cambodia, Laos, Myanmar, and Indonesia in the effort to push forward the English language education in Thailand as well as the neighboring countries, resulting in problem of currency fluctuation caused by the purchase of books in foreign currency. Thus, to minimize the risk the acceptable and optimal level, the Company employs the financial instrumental policy towards this risk by using the forward buying currency with a bank to prevent unpredictable currency risk when payment of debt owed to foreign publisher is due, whereby the forward period is set at no more than 6 months.

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 and the last date to exercise the right will be on January 2008.

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. Including the improvement of several welfares such as annual checkup life insurance, health insurance, accident insurance and increasing the insurance coverage concerning to be enough for better stability and security of the employees and their families. Furthermore, the Company determines to develop human resources and teamwork at the unrelentless pace and offers opportunity for staffs who wants to grew with the Company.

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 outdate products and superseded by other media : At present the computer technology has been developed rapidly so the sales duration of computer books which the Company is one of the 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 being a publisher, a distributor, and a retailer, 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 adhere to the ethical standard of business 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 33 years ago. *"SE-ED seeks to do business in the areas that promote education for knowledge in the fields that is necessary to the development of the nation. It operates in the business that will make **Thais "Smarter"** by developing the sustainable business with a continuous earning growth at the above the industry average, being a role model company that can create work result deems beneficial and accepted by society at large with happy staffs, and able to deliver and maintain an attractive long-term investment returns at the satisfaction level."* 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 abreast of the times. This also includes the duty of reviewing the policy on Corporate Good Governance and regularly report to the Board of Directors with regards to the action taken to meet the stated policy as mentioned in Corporate Good Governance policy.

The Board of Directors has clearly stipulated policy concerning the employment position in other Company and number of Company that Directors, managing director, and Company's senior executives can be employed to allow effective serving of duty. As of December 31, 2007, none of the Board of Directors member is positioned in more than 5 publicly listed companies.

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.

As the Company stress the importance of continuous development of Corporate Good Governance, the Company that seeks to operate business in a transparent fashion has been reflected as follows:

- The company received the "Board of The Year for Distinctive Practices" award, 2006/2007 from Thai Institute of Director or IOD working in conjunction with The Stock Exchange of Thailand,

Board of Trade of Thailand, Federation of Thai Industries, The Thai Bankers' Association, Thai Listed Companies Association, and Federation of Thai Capital Market Organizations. In 2006/2007, the awards were granted to 19 companies (14 companies with distinctive practices award and 5 companies for Exemplary Practices award) from more than 400 listed companies. SE-ED was one of the two middle-market capital Market Cap companies (less than 5,000 million Baht) who are the recipients of the award this year. Others were large market capital companies, most of them are in the industry category of energy and banking business sector.

- The Company has been evaluated by Securities Exchange Commission working in conjunction with Thai Listed Companies Association and Thai Investors Association with respect to way in which a listed company organizes shareholder's meeting or the Annual General Meeting (AGM) for year 2007 which is rated as "Excellent", by scoring over 100 points and being 1 out of 19 listed companies to have received an accolade as a "role model" company from all the 460 evaluated companies.

Moreover, the Institute of Directors working in conjunction with Stock Exchange of Thailand announced the 2006 survey result regarding the Corporate Good Governance, which the Company is rated as "Very Good". In 2006, Thai Investors Association, Thai Listed Companies Association, Securities Exchange Commission has carried out a project to assess the quality of annual share's holder meeting of listed companies in 2006 for the first time, as a reminder for listed companies to the importance of the organizing of shareholder's meeting, which the Company has received the score rating of "Good" as a whole.

From such result, it reflects the determination of Company's Board of Directors, 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. In 2007, the Audit Committee has reviewed the principle of Corporate Good Governance that has been revised in the 5th Edition since 2001, by revising 3 main points below:

1. Clearly extend the scope of authority for Company's secretary.
2. Revise the advance releasing date of information prior to shareholders' meeting from a minimum of 21 days to a minimum of 30 days.
3. Clearly specify the policy of employment position in other listed companies to no more than of 5 companies to comply with recommendation from the Stock Exchange of Thailand.

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.

For the principle of good practices, and business ethic for Corporate Good Governance, please search and view the information from our investor website on www.se-ed.com/ir

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, executives, 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, executives, and staffs to be in accordance with the principle of Corporate Good Governance, as stipulated by the Board of Directors. Thus, the Board of Directors has undertaken a communication of Corporate Good Governance policy and business ethic, and policies on environmental and social issues to the management and staffs through communication channel in a consistent fashion.

- Handbook “Policy for Corporate Good Governance”
- Annual staff conference
- Annual planning conference
- Company intranet system and investor relation website
- Company’s email.
- Company’s public relation board

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 agenda, nominate the Directors, inquire in advance. The Company has reported to the Shareholders with regards to detailed criteria and guidelines, through communication channels of SET 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. However, there is no single shareholder who proposed additional meeting agenda, nomination of candidate for managing director position. For advance inquiry, there are 3 individuals who sent in the advance questions which the managing director has answered and information are fully exposed during the shareholders’ meeting.

In the shareholder’s meeting of 2008, the Board of Directors has appointed the Company’s secretary to inform the shareholders through Stock Exchange of Thailand and Company’s investor relations website that the shareholders can request for addition meeting agenda, nomination of candidate for the post of managing director, as well as the advance inquiry. The Board of Directors has specified the date of request from November 1, 2007 to January 31, 2008, which can be requested directly to Company’s secretary, investor relation division, or through website. However, there was no shareholder who requested for additional meeting agenda, nomination of candidate for the managerial position. For the advance inquiry, the Company has allowed the acceptance of inquiry till the day of shareholder’s meeting.

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) together with advise in authorization paper that allow shareholder choices to choose someone 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 announced through daily newspaper for a minimum of 3 consecutive day, and 3 days before the meeting day, to allow time for alarming Shareholders of the incoming meeting. It must be noted that for the general Shareholders' meeting in 2007, the Company will openly post invitation message calling for Shareholders' meeting on the Company's website for at least 30 days in advance, and annual report for 2006 be fully released on the website 27 days prior to the actual meeting.

For those shareholders who were not convenient to attend the meeting by themselves, the Company allowed the shareholders to authorize an independent Director for at least 1 individual or authorize the managing director or the Company's secretary to attend the meeting and vote in representation. In the general shareholders' meeting 2007, there are shareholders who request for representative authorization as:

- 12 shareholders authorized Mr. Somboon Chinsawananon, the chairman of the Board of Directors and also an independent
- 2 shareholders authorized Mr. Saroj Lamlerprasertkul, the Chairman of audit and an independent Director
- 2 shareholders authorized Mr. Kachen Benjakul, independent Director
- 42 shareholders authorized Mr. Viboolsak Udomvanich, director and the Company's secretary

For the registration for meeting, the Company will allow registration for at least 2 hours prior to the beginning of actual meeting and continue to do so until the meeting is over - a regular practice since 2005. In addition to that, the Board of Directors will also seek to serve the shareholders with the staffs and adequate number of computer. In the general shareholders' meeting 2007, the Company, for the first time, started using barcode system for registration purposes to facilitate the shareholders, as well as an arrangement to print voting card in each meeting agenda for every shareholder.

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 services at the right price and are also satisfied by customers.
Staff(s)	The Company will support the work development and promote staff happiness.
Society	The Company will stress the important of knowledge development to the children and society by strictly abided by the Company's aspiration.

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 ways for voicing concern that may call for the information audit as stated in the procedure. In 2007, there was no person with interest reporting information through the communication channel with independent directors. However, the Company will publicize to all interested public to be aware of the communication channel with independent directors

Shareholders' Meeting

The Company put certain amount of effort in revising the process of general shareholders' meeting to the level of continuous appropriateness, particularly after 2005 onward. The Company holds the principle of equal opportunity that all the shareholders should receive and exercise the right in a fair manner. This includes the right to share the opinion or suggestion that is useful for the Company.

The Company specified the period of general shareholders' meeting to be once a year, within 4 months after the Company accounting year is ended and arrange the meeting in such as ways that promote the shareholders' equal right, by sending invitation letter containing meeting details and agendas, supplementary document containing regulation and agenda with the Board of Directors's view point, the details of the each item and point to be considered in its necessity, the positive and negative effects in each agenda in the previous meeting, annual report, authorization letter, and list of independent directors to allow shareholders choices to choose in granting the authorization for representation in the meeting, which also includes the rule of conduct for the meeting, map shown the meeting place, to be delivered to the shareholders within 14

day prior to the meeting. The invitation letter also states the required document to be present at the meeting to ensure the right to join the meeting.

In registration to the meeting, the Company allows shareholders to register 2 hours in advance and continue until the meeting is over - a regular practice since 2005 onward.

Moreover, the Board of Directors provided the facility for shareholders with staffs and adequate number of computer system, and recorded of all significant inquiry points and views in the meeting report with completeness and end the session by resolution and vote counting. To allow proper monitoring, the Company posted the report of meeting on the Company website no later 14 days after the meeting date, and also allowed the recorded visual and sound clips to be published on the Company website www.se-ed.com.

Prior to the meeting, the Company played the video clip that introduced the Company and its history, as well as brief summary of past year result of business's operation to inform the shareholders in succinct fashion. When the meeting begins, the Chairman of the Board of Directors is the head of the meeting. The Chairman began by announcing the details of voting method, voting count, the use of voting card, meeting member. The Company also gives clear, transparent, and auditable results of each agenda. Moreover, the Chairman in the meeting also allows the session of inquiry or view and suggestion from shareholders at the suitable level. In the shareholders' meeting, the managing director and senior executives in accounting department, internal audit and accounting auditor all participate in the meeting.

The significant agenda for Shareholders' meeting are as follows:

- **The appointment of the Board of Directors :** The Company allow opportunity for shareholders to select the Directors of the Board of each individual, by providing details of history, and inform shareholders about the vision of each directors before voting begin. In case of former directors being the candidate, the details of the board meeting participation will also be fully provided.
- **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.

In the voting, the shareholders can use voting card to vote which consists of barcode to count vote more rapidly and efficiently. The Company will collect the voting card only for the case there is shareholder who vote against or abstain from voting, but for the Board of Directors' election, to be in line with the best practice of shareholders' meeting, the Company collected the voting cards from the each of the participated shareholders and voting of Directors will be voting for each Director. Moreover, the Company has requested a law consultant to join the vote counting procedure and confirmed the result with accuracy, transparency, and in accordance with the Company's regulation. For the result of voting in each agenda, the Company immediately announced the result of vote in each agenda of each shareholder's resolution whether the voter agree or disagree.

After the meeting, the Board of Directors will allow chance for shareholders, analyst, general investor to answer to the inquiry, by having the Chairman, Sub-committee chairman, managing director, senior executives in accounting and finance to jointly answer. However, in replying to the inquiry, the Board of Directors will adhere to the equal opportunity to the Company's information.

Leadership and Vision

The Board of Directors 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.

Moreover, the Board of Directors arrange a communication of strategy, objective, and operation result of the Company for managing director/senior executives, staffs to acknowledge and understand in a corporate-wide fashion, through several mediums such as the Company's email, announcement boards, staffs conference, where the Company organizes regular annual staffs conference. The managing director of the Company later briefed the business environment and overall views of operation performance in the past year, as well as making announcement for the direction and objectives of operation for the following year. Moreover, the Company also organized the senior executives meeting together with staff supervisors to create a joint year-plan, in order to setting a direction and guidelines. Doing so allowed the plan to conform to the highest corporate direction and objective, which, in turn, led to all business operations of the Company effectively head towards a common goal.

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.

Directors development: The Company understands the importance of Directors development. The Board of Directors has specified in the principle of Corporate Good Governance that the Company will promote and facilitate a continuity of training of Directors from supervisory unit, where the Board of Directors appointed the Company's secretary to be the coordinator with the Directors in keeping them informed about the training courses and seminars.

Orientation of new director to the board: the Board of Directors appointed the Company's secretary to brief all related information to the new directors through the director's handbook which has been prepared and submitted to directors each year to be used as a complete and up-to-date reference and also arranged a visitation of the Company's business operation, facilitating a better understanding of the Company's business.

Inside the Director's handbook, a comprehensive briefing of all contents relating to the Company and data deemed important to the Directors are all included, for instance: History of the Company, Organization structure, Company's businesses, Company's regulation, the Board meeting, principle of Corporate Governance, ethics for directors, executives, and staffs, related item, the release of stockholding, related rules, etc.

Self evaluation of Directors : The Board of Directors arranged an annual self-evaluation session to permit the Directors to reconsider the past works, problems, and difficulties that each faced during the past year to understand the need to improve or correct to increase the work performance by evaluation the result of work in aggregate view, by using evaluation guidelines recommended by the Stock Exchange of Thailand, but re-adjusted the format slightly to best suit the Company's business environment and use the evaluation result - in chart format - to review and revise, so as to increase work efficiency.

In addition, the Board of Directors requires all managing director to evaluate themselves to compare with the result of operation, whereby the Board of Directors evaluate in the evaluation form which the Board of Directors has revised to suit the Company business. The Board of Directors has assigned the duty to the Chairman of the Board to announce the result of evaluation to the managing director of the company and the Board of Directors.

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 monitoring of policy and measure in written format with respect to the Corporate Good Governance and handbook for the Board of Directors which has already been discussed in the Board meeting. The top management of the Company have also been informed about the announcement of Securities Exchange Commission which stated that the management (including the spouse and legitimate child who has not become sui juris - or, in other words, not yet 20 years of age) must report the change of stock ownership to the Securities Exchange Commission as stipulated in the law called Securities Exchange Act B.E. 2535 in the section 59 within 3 days after the change of ownership of Securities taken place, and also report to the Company's secretary for acknowledgement so as to later inform to the related individuals. Moreover, the management in the meeting is also informed about the penalty imposed upon those who violate the laws.

The Company has the policy that set the guideline for the practice of Corporate Good Governance, ethical practices of the Board of Directors, including the regulation that prohibit the staff from take Company's document or information for personal use, or bring outside the Company, without asking for permission. This also includes exposure of financial document or other related documents for outsider, and also prohibits the trading activity within 1 month prior to public release of financial information. If done so, the act can be considered "misconduct" to the Company's rule of conducts. Should the management or staffs violate such rule of conducts, the penalty can be ranged from warning, fine, work suspension, work without pay, job termination.

In 2007, director and high executives have reported the change of securities ownership to the securities exchange commission, according the section 59 each time trading occurred and subsequently reported to Company's secretary.

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 executives 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 for 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 Company has made this a policy that the Chairman of the Board of Directors shall not be the same individual who positions as the managing director, to ensure the check and balance and, so, made reviewing of work more transparent.

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. In each meeting, all Directors are urged to actively participate, as well as raising essential questions. Directors also occasionally meet to advice and support the business management with the managing director. At the same time, the Board is to stay away from routine day-to-day operations or business activities responsible by management, where the managing director is the head of the management team. The Board of Directors has authorized the managing director or the authorized person to sign in binding document as has been directly authorized. Managing director then effectively authorizes and empowers the high executives the tasks which are clearly marked in term of line of duty and responsibility. Therefore, the authority and role of the Board and that of the management are clearly defined and separated.

Remuneration for the Directors and the managerial executives

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 already approved such matter, and the Directors who have been appointed as audit Committees and the Recruitment and Remuneration Committee will receive additional remuneration according to the increased volume of work.

The Remuneration of managing director : The Recruitment and Remuneration Committee will evaluate the performance of each managing director so as to consider the remuneration of managing director according to specified criteria. Once the evaluation of managing director are finalized, the Recruitment and Remuneration Committee will submit the Board of Directors for consideration and approval.

The Remuneration of high managerial executives : The Recruitment and Remuneration Committee will determine the criteria and structure of compensation for high managerial executives according to principle and policy approved by the Board of Directors which in compliance with the Company's performance and the result of each high managerial executive. The managing director will consider the suitability of each compensation for a particular individual, and made salary adjustment for high managerial executives in an annual basis, while also reported the suitable compensation to the Recruitment and Remuneration Committee, and once again reported to the Board of Directors.

The Company has paid total remuneration to the Directors and the manager in 2007 totaling 52.81 million baht which is 25.51 million baht for cash remuneration and THB 27.30 million for non-cash compensation, as illustrated in details at the regarding "The remuneration for high managerial executives".

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 2007, the Board of Directors held a total of 5 meetings, where 1 meeting is the special meeting, the Audit Committee held a total of 5 meetings and the Remuneration Sub-Committees held a total of 2 meeting, the general shareholders' meeting held 1 meeting. The detail of the Board of Directors meeting in 2007 is as follows:

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

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 December 31, 2007.

Relations with Investors

The Board of Directors is aware that data concerning the Company's finance and non-finance aspects all play certain role in the investor's decision-making process and vested interests. It, therefore, ensured that the management who has implemented matters concerning disclosure of data were complete, accurate, reliable, consistent, timely, and equality 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 tel. 02-739-8000 ext. 8, or fax 02-739-8699, or email us at: ir@se-ed.com and also click on website www.se-ed.com/ir.

In 2007, the Company presented the result of business operation both in Company's monetary information and also non-monetary information for analysts and investors through email and telephone that includes a consistent active participation with the Stock Exchange of Thailand, which can be summed up below:

- Guide investor from Thai value investors (Thai Vi) club to meet with management team and visit the Company 1 time
- Guide investor from Stock Exchange of Thailand to meet the management team and visit the Company 1 time
- Guide project participants of Young Researcher Competition 2007 from the Stock Exchange of Thailand to meet management team nad visit the Company 1 time
- Institute investors meet the management 10 time
- Question and Answer through telephone conversation 42 time
- Email inquiry get replied 24 time
- Travel to meet with shareholders and investors/The listed company meet the investors 1 time
- News 4 pieces

Furthermore, the department of investor relation has set time duration of non-disclosure practices of information relating to the earning result to shareholders, investor, and analyst 7 days prior to the date that the Company submit the report of the earning result to the SET.

Monitoring the Use of Inside Information

The monitoring of policy and measure in written format with respect to the Corporate Good Governance and handbook for the Board of Directors which has already been discussed in the Board meeting. The top management of the Company have also been informed about the announcement of Securities Exchange Commission which stated that the management (including the spouse and legitimate child who has not become sui juris - or, in other words, not yet 20 years of age) must report the change of stock ownership to the Securities Exchange Commission as stipulated in the law called "Securities Exchange Act B.E. 2535" in the section 59 within 3 days after the change of ownership of Securities taken place, and also report to the Company's secretary for acknowledgement so as to later inform to the related individuals. Moreover, the management in the meeting is also informed about the penalty imposed upon those who violate the laws.

The Company has the policy that set the guideline for the practice of Corporate Good Governance, ethical practices of the Board of Directors, including the regulation that prohibit the staff from take Company's document or information for personal use, or bring outside the Company, without asking for permission. This also includes exposure of financial document or other related documents for outsider, and also prohibits the trading activity within 1 month prior to public release of financial information. If done so, the act can be considered "misconduct" to the Company's rule of conducts. Should the management or staffs violate such rule of conducts, the penalty can be ranged from warning, fine, work suspension, work without pay, job termination.

In 2007, director and high executives have reported the change of securities ownership to the securities exchange commission, according the section 59 each time trading occurred and subsequently reported to Company's secretary.

Personnel

Total number of employees on December 31, 2007 was 2,058 (816 from the Company's head office at Nation Tower Building, 1,242 from the Company's network of bookshops nationwide). Total employee remuneration (salary, bonus and provident fund) totals THB 370.95 million. (For 2006, the total number of employees was 1,823 with compensation and provident fund expenses totaling THB 325.80 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 Audit committee 5/2007 on November 8, 2007 their 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 related to the line of duty, heads of management in each division and department concerned. 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. GL095/2008

February 22, 2008

To The Board of Directors

SE-EDUCATION Public Co., Ltd.

1858/87-90 Moo 10 Nation Tower Building 19th Floor

Bangna-Trad Rd., Bangna, Bangkok 10260

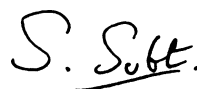
Subject: Report on the internal control system in accounting

I was assigned to audit the balance sheet of SE-EDUCATION Public Company Limited as at December 31, 2007, 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 Sutheeprasert)

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.

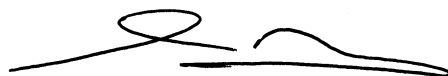
The Board of Directors has provided and maintained an efficient internal control system to ensure that accounting records are accurate, complete and adequate to protect its assets and disclose weaknesses in order of prevent fraud or materially irregular operation.

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, 2007



Mr. Somboon Chinsawananon
Chairman of the Board



Mr. Thanong Chotisorayuth
Managing Director

■ Remuneration of auditor

Auditing Fee

The Company and its associated Company has paid auditing fee for the period of fiscal year 2007 to the SAM NAK-NGAN A.M.C. Co., Ltd. in the amount of THB 655,000. 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 2007.

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	2007	2006	2005
Total Income (THB million)	3,949.59	3,725.74	3,391.13
Growth from the last year (%)	+6.01	+9.87	+18.72

During past 3 years, the Company's revenue continued to grow its revenue. The major satisfied growth came from the expansion using distribution channels of SE-ED Book Centers - the Company-owned bookstores, as well as through the network stores (Book Variety, University Bookstores, and points of sales).

In 2007, the Company opened 52 more branches of bookstore. As of December 31, 2007, the total branches from this amount, there were 268 branches which are still in operation, plus 91 points of sales. SE-ED still took more important role in distribution to support its branches expansion, including the increasing of publishing of best-sellers title.

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

Total revenue of the year 2007 rose by was THB 3,949.59 million, an increase of THB 223.84 million, or up 6.01%. The sales revenue was THB 3,898.25 million, an increase of THB 217.55 million, or up 5.91% while in 2007 there was the slow down economy effect caused by the increasing of petroleum price and unstable politics. This led to the drop of purchasing power and willing to consume of customers which turned to cause the same store sales of SE-ED Book Centers chain and network to be slightly decreased and tended to decrease more in the fourth quarter conforming to the overall retail business. However, as there were so many new branches of up to 52 branches of SE-ED Book Center opened in 2007 the maximum statistics of new branches opening per year especially in the fourth quarter which opened up to 20 branches including the great amount of sales of Harry Potter Book in December drove the sales value of SE-ED Book Center to be 3.22% higher than last year.

Otherwise the company sales from wholesales business unit was 26.44% higher than last year as the company has been distributor of ELT books of Oxford University Press for first year and has been trusted continuously to be distributors for other popular books publishers.

The net profit including the non-operation item as of December 31, 2007 was THB 183.80 million, representing 4.65% of total revenue and THB 0.57 EPS. (For 2006 the company's net profit including the non-operation item net profit was THB 209.19 million, representing 5.61% of total revenue and THB 0.67 EPS) The profit increased of THB 25.35 million or growth 12.14%. Causes of changing of total assets:

- The company gross margin increased THB 54.98 million from last year with ratio of 31.17% of sales revenue which less than last year ratio of 31.52%. The main driver was the portion of selling low margin goods was increased especially the increasing of magazine and newspaper sales.

- The selling and administrative expense increased THB 80.75 million from last year with ratio of 25.20% of sales which was more than last year ratio at 24.50%. The main driver was the slightly decrease of same store sales while the expenditure were increased for bookstore branches. Otherwise the opening of new branches of up to 20 branches in Q4 which was the slowing down economics period caused to sales volume could not catching up with the increasing of expenses, then the selling and administrative expenses to sales revenue ratio was increased. Otherwise the company has also reserved more for slow moving goods which were the cumulative of the out of dated books, slow moving books and other books that could not be distributed from the law arguments.
- The participated loss in the associated firm decreased of THB 3.05 million less than the previous year of THB 2.27 million due to the continuously better profit performing of Plearn Pattana School staffs of Plearn Patt Company.
- The corporate income tax was THB 91.84 million, or an increase of THB 7.64 million from the previous year. The increase rate of corporate income tax from 25% to 30%, when calculated the corporate income tax with the rate of income tax in the previous year, the corporate income tax will be decreased by THB 15.01 million. Should the elimination of the effect that comes from the change of tax rate be applied to the financial report, the Company will profit will be lowered by 4.96%.

The Board of Directors considered and approved the dividend payment for 2007 operating performance at the rate of of THB 0.56 per share, total to THB 181,323,419.30 million. However, the Company has already paid some interim dividend of first three quarter at THB 0.30 per share, total to THB 97,103,925.50 million, additional dividend of this period will be THB 0.26 per share, to the amount of 323,921,130 shares which were the latest registered shares on January 22, 2008 that lead to overall payment of THB 84,219,493.80 million by setting date of payment to be May 28, 2008 and closing date of the Company's share register to May 15, 2008 at 12:00 a.m.

Financial status analysis for year 2007 compare to 2006

Total Asset As of December 31, 2007 the company had a total asset of THB 1,740.30 million, increase of THB 262.80 million from the end of last year. Causes of changing of total assets:

- Cash and cash equivalent items for THB 298.78 million increased of THB 8.09 million
- Short-term investment-net for THB 208.16 million increased THB 13.36 million due to the redemption of government bond (age over than 3 months)
- Inventories-net for THB 446.50 million increased THB 215.50 million due to the company has just been the distributor of English learning text books (ELT) of Oxford University Press in Thailand this year, so it is necessary to stock more books enough to distribute to bookstores suitable amount and as this was the first year of being distributor along with the fact that most of these books were composite books for learning and teaching in schools, soothe providing of adequate books for the opening academic school term was necessary in order not to lose the sales opportunity.
- Prepaid expense increased of THB 10.22 million. Most of them was prepaid expense rents for new bookstores branches and warehouse.
- Property, plant and equipment-net asset increased THB 24.57 million due to opening of new branches which was the maximum statistics of new branches opening per year in 2007.

Total liabilities As of December 31, 2007 the company had a total liability of THB 1,073.19 million, an increase of THB 260.70 million. Increase in liabilities resulted from account payable and note payable THB 858.78 million as of 2007 increased THB 208.98 million from outstanding debt of consignment creditors and wholesales creditors.

Shareholders' equity As of December 31, 2007 amount THB 667.11 million, an increased of THB 2.10 million represent 0.32% due to

- Capital decreased due to the writing off the company's repurchased shares which were not sold out as informed earlier of THB 19.78 million.
- Paid-up share capital increased THB 10.65 million from the exercised of warrant to common share of ESOP.
- Retained earnings due to the dividend payment as THB 194.18 million.
- Net profit from operation result year of 2007 amount 183.80 million.

Cash flow and sufficiency of capital structure

(Unit : million Baht)

Descriptions	Jan - Dec		Received (used)	
	2007	2006	Amount	(%)
Cash received (used in) operating activities	301.55	327.01	(25.46)	(7.79)
Cash received (used in) investment activities	(107.92)	(124.70)	16.78	(13.46)
Cash received (used in) finance activities	(185.54)	(181.39)	(4.15)	2.29
Net cash received (used)	8.09	20.92	(12.83)	(61.31)

Cash Flow Received from operation activities in 2007 was THB 301.55 millions as listed below :

1. Cash flow from operation in the amount of THB 324.87 millions:
 - The net profit of the year 2007 in the amount of THB 183.80 millions.
 - Non-monetary expenses in the amount of THB 141.07 millions (Depreciation and Leasehold written-off in the amount of THB 93.67 millions, loss from lost goods as THB 28.92 millions, Loss from dilapidated and slow moving goods as THB 11.29 millions and Loss from goods donation as THB 4.75 millions.)
2. Cash flow decreased from trade accounts increasing as THB 10.30 millions.
3. Cash flow increased from trade account and note payable increasing as THB 212.23 millions.
4. Cash flow decreased amount THB 264.03 million due to the increasing of inventories of foreign books. Which the company has just been the distributor of English learning text books (ELT) in Thailand this year as the first year.
5. Cash flow increased from accrued expense THB 23.08 million. Most of them were accrued expense for new branches rental and service charges which depended on the increasing of new branches.

6. Cash flow increased due to the increasing of other current liabilities THB 23.56 million as some of them were the increasing of selling gift coupon using to buy goods in SE-ED Book Center stores.

Cash Flow Used from Investment Activities for 2007 in the amount of THB (107.92) millions :
Purchase of assets as THB 106.67 millions.

Cash Flow Used from Financial Activities in 2007 as THB (185.54) million as listed below:

- Cash used from bank overdrafts was THB 2.01 million.
- Cash used in dividend payment was THB 194.18 million.
- Cash received from the warrant exercises was THB 10.65 million

AUDITOR'S REPORT

To the Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED,

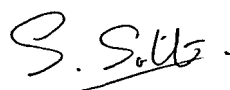
I have audited the accompanying balance sheets as of December 31, 2007 and 2006 in which the equity method is applied to investment, the related statements of income, changes in shareholders' equity and cash flows, in which the equity method is applied to investment, for the year ended on the same dates, of SE-EDUCATION PUBLIC COMPANY LIMITED. I have also audited the accompanying balance sheets as of December 31, 2007 and 2006, in which the cost method is applied to investment, the separate statements of income, changes in shareholders' equity and cash flows, in which the cost method is applied to investment, of SE-EDUCATION PUBLIC COMPANY LIMITED for the year ended on the same dates. These financial statements are the responsibility of the Company's management as to their correctness and completeness in the presentation. My responsibility is to report on these financial statements based on my audit. I have not audited the financial statements of two associated companies as mentioned in the notes to the financial statements No. 9, from which investments were recorded under the equity method. As of December 31, 2007 and 2006, the investment in the said associated companies based on equity method were at Baht 85.18 million and Baht 89.23 million respectively, equivalent to 4.89% and 6.04% of the total assets in the balance sheet, which presented the investment by equity method respectively and the participating loss in the associated companies were shown included in the income statements, which presented the investment by equity method for the year ended on December 31, 2007 and 2006, at Baht 3.05 million and Baht 5.32 million respectively, equivalent to 1.66% and 2.54% of the net profit, which presented the investment by equity method respectively. The financial statements of the said associated companies have been audited by another auditors. I have received the reports of those auditors. My report in part related to the amounts of transactions of the said associated companies, which were included in these financial statements in which the equity method is applied to investment, is based on the report of the said auditors.

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 present the material information which contradicted to the facts. 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 auditors as stated in the first paragraph provide a reasonable basis for my opinion.

Based on my audit and the other auditors' report, in my opinion, the financial statements in which the equity method is applied to investment and separate financial statements in which the cost method is applied to investment referred to above present fairly, in all material respects, the financial positions as of December 31, 2007 and 2006, the results of its operations, and cash flow for the years then ended of SE-EDUCATION PUBLIC COMPANY LIMITED, in conformity with generally accepted accounting principles.

Without qualifying the report, I would like to draw your attention to the notes to the financial statements No. 4 relating to change in accounting policy for recording investments in associated companies as shown in the separate financial statements, changing from the equity method to the cost method commenced from January 1, 2007 onward. For the said change in accounting policy, I have audited the adjustments applied for the preparation of the separate financial statements for the year ended December 31, 2006, in which the cost method is applied to investment and in my opinion, the said adjustments are appropriate and they were reasonably applied to the separate financial statements, in which the cost method is applied to investment.

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



(Miss Sukanya Sutheeprasert)

Certified Public Accountant (Thailand) Registration No. 5063

Bangkok,

February 22, 2008

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2007 and 2006

(Unit : Baht)

	Financial statements in which equity method is applied to investment		Separate financial statements in which cost method is applied to investment	
	2007	2006	2007	2006
ASSETS				(Restated)
CURRENT ASSETS				
Cash and cash equivalent items	298,783,666.54	290,689,217.41	298,783,666.54	290,689,217.41
Short-term investment-net (net from allowance for diminution of value in year 2007 and 2006 in amount of Baht (2,757) thousand and Baht (5,571) thousand respectively) (Note 6)	208,155,683.56	194,793,102.79	208,155,683.56	194,793,102.79
Trade accounts and notes receivable-net (Note 7)	92,207,936.97	89,195,274.27	92,207,936.97	89,195,274.27
Inventories-net (Note 8)	446,503,614.96	231,005,077.40	446,503,614.96	231,005,077.40
Copyright and translation advance	19,423,792.08	17,734,720.17	19,423,792.08	17,734,720.17
Prepaid expense	26,029,711.58	15,807,084.98	26,029,711.58	15,807,084.98
Other current assets	15,071,384.88	13,750,541.61	15,071,384.88	13,750,541.61
TOTAL CURRENT ASSETS	1,106,175,790.57	852,975,018.63	1,106,175,790.57	852,975,018.63
NON-CURRENT ASSETS				
Investments in subsidiary and associated companies (Note 9)	85,283,686.28	89,330,755.22	69,532,021.51	69,532,021.51
Property, plant and equipment-net (Note 10)	288,633,083.47	264,066,451.12	288,633,083.47	264,066,451.12
Leasehold on buildings-net (Note 11)	141,726,719.77	154,294,160.54	141,726,719.77	154,294,160.54
Assets pending for sale-net (Note 12)	19,200,000.00	19,200,000.00	19,200,000.00	19,200,000.00
Land not used for operation-net (Note 13)	33,718,250.66	33,784,131.58	33,718,250.66	33,784,131.58
Guarantee for rental and deposit	55,628,145.51	49,665,582.72	55,628,145.51	49,665,582.72
Other non-current assets (Note 14)	9,933,404.66	14,180,773.55	9,933,404.66	14,180,773.55
TOTAL NON-CURRENT ASSETS	634,123,290.35	624,521,854.73	618,371,625.58	604,723,121.02
TOTAL ASSETS	1,740,299,080.92	1,477,496,873.36	1,724,547,416.15	1,457,698,139.65

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of December 31, 2007 and 2006

(Unit : Baht)

	Financial statements in which equity method is applied to investment		Separate financial statements in which cost method is applied to investment	
	2007	2006	2007	2006
LIABILITIES AND SHAREHOLDERS' EQUITY				(Restated)
CURRENT LIABILITIES				
Bank overdrafts	–	2,013,109.27	–	2,013,109.27
Trade accounts and notes payable	858,781,415.50	649,799,499.39	858,781,415.50	649,799,499.39
Accrued expenses	95,101,891.82	72,021,831.24	95,101,891.82	72,021,831.24
Accrued corporate income tax	51,151,395.09	46,088,159.76	51,151,395.09	46,088,159.76
Other current liabilities	60,571,459.46	37,012,935.99	60,571,459.46	37,012,935.99
TOTAL CURRENT LIABILITIES	1,065,606,161.87	806,935,535.65	1,065,606,161.87	806,935,535.65
NON-CURRENT LIABILITIES				
Other non-current liabilities	7,580,838.20	5,550,838.20	7,580,838.20	5,550,838.20
TOTAL NON-CURRENT LIABILITIES	7,580,838.20	5,550,838.20	7,580,838.20	5,550,838.20
TOTAL LIABILITIES	1,073,187,000.07	812,486,373.85	1,073,187,000.07	812,486,373.85
SHAREHOLDERS' EQUITY				
Share capital (Notes 15 and 17)				
Authorized share capital				
328,345,090 ordinary shares @ Baht 1.00 each	328,345,090.00	–	328,345,090.00	–
348,128,690 ordinary shares @ Baht 1.00 each	–	348,128,690.00	–	348,128,690.00
Issued and paid-up share capital				
323,765,330 ordinary shares @ Baht 1.00 each	323,765,330.00	–	323,765,330.00	–
332,894,970 ordinary shares @ Baht 1.00 each	–	332,894,970.00	–	332,894,970.00
Premiums on share capital	149,420,557.75	149,420,557.75	149,420,557.75	149,420,557.75
Capital surplus from assets revaluation (Note 10)	30,057,629.15	31,047,357.62	30,057,629.15	31,047,357.62
Unrealized loss–securities available for sale	(2,757,466.11)	(5,571,050.24)	(2,757,466.11)	(5,571,050.24)
Retained earnings				
Appropriated				
Legal reserve (Note 16)	35,626,916.56	35,626,916.56	35,626,916.56	35,626,916.56
Treasury stock reserve (Note 17)	–	122,641,095.00	–	122,641,095.00
Unappropriated	130,999,113.50	121,591,747.82	115,247,448.73	101,793,014.11
<u>Less</u> Treasury stock 19,783,600 shares @ Baht 6.20 each (Note 17)	–	(122,641,095.00)	–	(122,641,095.00)
TOTAL SHAREHOLDERS' EQUITY	667,112,080.85	665,010,499.51	651,360,416.08	645,211,765.80
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,740,299,080.92	1,477,496,873.36	1,724,547,416.15	1,457,698,139.65

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

SE-EDUCATION PUBLIC COMPANY LIMITED
INCOME STATEMENTS
For the years ended on December 31, 2007 and 2006

(Unit : Baht)

	Financial statements in which equity method is applied to investment		Separate financial statements in which cost method is applied to investment	
	2007	2006	2007	2006
REVENUES FROM OPERATION				(Restated)
Sales	3,898,251,153.52	3,680,703,524.70	3,898,251,153.52	3,680,703,524.70
Other income	51,337,365.59	45,041,857.65	52,337,365.59	46,041,857.65
TOTAL REVENUES	3,949,588,519.11	3,725,745,382.35	3,950,588,519.11	3,726,745,382.35
EXPENSES FROM OPERATION				
Cost of sales	2,683,282,834.33	2,520,717,612.27	2,683,282,834.33	2,520,717,612.27
Selling and administrative expenses	982,349,104.61	901,600,262.40	982,349,104.61	901,600,262.40
Directors' remuneration (Note 18)	5,060,000.00	4,522,000.00	5,060,000.00	4,522,000.00
Participating loss in the associated companies	3,047,068.94	5,319,912.32	—	—
TOTAL EXPENSES	3,673,739,007.88	3,432,159,786.99	3,670,691,938.94	3,426,839,874.67
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX	275,849,511.23	293,585,595.36	279,896,580.17	299,905,507.68
INTEREST EXPENSES	(213,624.05)	(196,742.16)	(213,624.05)	(196,742.16)
CORPORATE INCOME TAX (Note 19)	(91,835,426.00)	(84,197,551.85)	(91,835,426.00)	(84,197,551.85)
NET PROFIT	183,800,461.18	209,191,301.35	187,847,530.12	215,511,213.67
BASIC EARNINGS PER SHARE (Note 20)	0.57	0.67	0.58	0.69
DILUTED EARNINGS PER SHARE (Note 20)	0.56	0.65	0.57	0.67

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, 2007 and 2006

Financial statements in which equity method is applied to investment

(Unit : Baht)

	Issued and paid-up share capital	Premiums on share capital	Capital surplus from assets revaluation	Unrealized gain (loss) on securities available for sale	Retained earnings		Treasury Stock	Total
					Appropriated	Unappropriated		
Balance as of January 1, 2006	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 year (Note 10)	-	-	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								
Dividend payment	10,759,060.00	1,644,246.50	-	-	-	-	-	12,403,306.50
Net profit for the year	-	-	-	-	-	(183,773,191.35)	-	(183,773,191.35)
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
Depreciation-capital surplus from assets revaluation	-	-	(989,728.47)	-	-	-	-	(989,728.47)
Unrealized gain-securities available for sale	-	-	-	2,813,584.13	-	-	-	2,813,584.13
Unrealized transaction in the income statements	332,894,970.00	149,420,557.75	30,057,629.15	(2,757,466.11)	158,268,011.56	121,591,747.82	(122,641,095.00)	666,834,355.17
Shares purchase by exercising warrants of director and employees								
Dividend payment	10,653,960.00	-	-	-	-	-	-	10,653,960.00
Net profit for the year	-	-	-	-	-	(194,176,695.50)	-	(194,176,695.50)
Effect of reducing paid up share capital by writing off treasury shares	(19,783,600.00)	-	-	-	(122,641,095.00)	19,783,600.00	122,641,095.00	-
Balance as of December 31, 2007	323,765,330.00	149,420,557.75	30,057,629.15	(2,757,466.11)	35,626,916.56	130,999,113.50	-	667,112,080.85

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, 2007 and 2006

Separate financial statements in which cost method is applied to investment

(Unit : Baht)

	Issued and paid-up share capital	Premiums on share capital	Capital surplus from assets revaluation	Unrealized gain (loss) on securities available for sale	Retained earnings		Treasury Stock	Total
					Appropriated	Unappropriated		
Balance as of January 1, 2006	322,135,910.00	147,776,311.25	17,344,226.09	(5,756,671.03)	158,268,011.56	(Restated) 96,173,637.82	(122,641,095.00)	613,300,330.69
Cumulative effect of the change in accounting policy on investment in associated companies (Note 4)	-	-	-	-	-	(26,118,646.03)	-	(26,118,646.03)
Restated balance	322,135,910.00	147,776,311.25	17,344,226.09	(5,756,671.03)	158,268,011.56	70,054,991.79	(122,641,095.00)	587,181,684.66
Increased capital surplus from asset revaluation in the year (Note 10)	-	-	13,941,648.00	-	-	-	-	13,941,648.00
Depreciation-capital surplus from asset revaluation	-	-	(238,516.47)	-	-	-	-	(238,516.47)
Unrealized gain-securities available for sale	-	-	-	185,620.79	-	-	-	185,620.79
Unrealized transactions in the income statements	322,135,910.00	147,776,311.25	31,047,357.62	(5,571,050.24)	158,268,011.56	70,054,991.79	(122,641,095.00)	601,070,436.98
Shares purchased by exercising warrants								
of shares holders, directors and employees (Note 15)	10,759,060.00	1,644,246.50	-	-	-	-	-	12,403,306.50
Dividend payment (Note 16)	-	-	-	-	-	(183,773,191.35)	-	(183,773,191.35)
Net profit for the year	-	-	-	-	-	215,511,213.67	-	215,511,213.67
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	101,793,014.11	(122,641,095.00)	645,211,765.80
Depreciation-capital surplus from asset revaluation	-	-	(989,728.47)	-	-	-	-	(989,728.47)
Unrealized gain-securities available for sale	-	-	-	2,813,584.13	-	-	-	2,813,584.13
Unrealized transactions in the income statements	332,894,970.00	149,420,557.75	30,057,629.15	(2,757,466.11)	158,268,011.56	101,793,014.11	(122,641,095.00)	647,035,621.46
Shares purchased by exercising warrants								
of , directors and employees (Note 15)	10,653,960.00	-	-	-	-	-	-	10,653,960.00
Dividend payment (Note 16)	-	-	-	-	-	(194,176,695.50)	-	(194,176,695.50)
Net profit for the year	-	-	-	-	-	187,847,530.12	-	187,847,530.12
Effect of reducing paid up share capital by writing off treasury shares	(19,783,600.00)	-	-	-	(122,641,095.00)	19,783,600.00	122,641,095.00	-
Balance as of December 31, 2007	323,765,330.00	149,420,557.75	30,057,629.15	(2,757,466.11)	35,626,916.56	115,247,448.73	-	651,360,416.08

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

SE-EDUCATION PUBLIC COMPANY LIMITED
CASH FLOW STATEMENTS

For the years ended on December 31, 2007 and 2006

(Unit : Baht)

	Financial statements in which equity method is applied to investment		Separate financial statements in which cost method is applied to investment	
	2007	2006	2007	2006
CASH FLOW FROM OPERATING ACTIVITIES				(Restated)
Net profit	183,800,461.18	209,191,301.35	187,847,530.12	215,511,213.67
Adjustment to net profit for cash-received (payments) from operation				
Realized (gain) loss on disposal of securities available for sale	(7,682,488.46)	3,111,221.86	(7,682,488.46)	3,111,221.86
Doubtful debts and bad debts	310,792.63	1,435,883.44	310,792.63	1,435,883.44
Loss from returned goods estimation (reversal)	5,768,176.58	2,080,669.95	5,768,176.58	2,080,669.95
Loss from lost goods	28,923,872.74	49,377,678.30	28,923,872.74	49,377,678.30
Loss from dilapidated and slow moving goods	11,290,563.72	536,616.88	11,290,563.72	536,616.88
Loss from goods destroyed	3,573,491.06	392,110.96	3,573,491.06	392,110.96
Loss from goods donation	4,746,678.89	4,428,979.28	4,746,678.89	4,428,979.28
Loss from goods flooded	—	3,472,799.33	—	3,472,799.33
Depreciation—assets for operation	81,041,120.17	77,559,164.46	81,041,120.17	77,559,164.46
Depreciation—assets not used for operation	65,880.92	65,998.32	65,880.92	65,998.32
Amortized leasehold	12,567,440.77	12,567,440.77	12,567,440.77	12,567,440.77
Reversal of loss from revaluation of assets not used for operation	—	(1,482,630.96)	—	(1,482,630.96)
Adjustment for clearing of trade accounts receivable	1,204,620.21	(288,779.99)	1,204,620.21	(288,779.99)
Adjustment for clearing of trade accounts payable	(3,246,239.35)	—	(3,246,239.35)	—
Participating loss from associated companies	3,047,068.94	5,319,912.32	—	—
Loss from advance copyright written-off	—	602,500.03	—	602,500.03
Assets donation	—	7,199.67	—	7,199.67
Loss from written-off fixed assets	68,875.56	2,056,340.00	68,875.56	2,056,340.00
Gain from disposal of fixed assets	(609,343.80)	—	(609,343.80)	—
Dividend received from investment in associated company	—	—	(1,000,000.00)	(1,000,000.00)
Loss from assets revaluation	—	1,800,000.00	—	1,800,000.00
Profit from operation before change in operating assets and liabilities	324,870,971.76	372,234,405.97	324,870,971.76	372,234,405.97
(Increase) Decrease in trade accounts and notes receivable	(10,296,252.12)	(8,483,537.73)	(10,296,252.12)	(8,483,537.73)
(Increase) Decrease in inventories	(264,033,143.97)	(63,186,391.88)	(264,033,143.97)	(63,186,391.88)
(Increase) Decrease in copyright and translation advance	(1,689,071.91)	(1,600,599.94)	(1,689,071.91)	(1,600,599.94)
(Increase) Decrease in prepaid expense	(10,222,626.60)	(12,242,455.56)	(10,222,626.60)	(12,242,455.56)
(Increase) Decrease in other current assets	(1,320,843.27)	1,614,864.83	(1,320,843.27)	1,614,864.83
(Increase) Decrease in guarantee for rental and deposit	(5,962,562.79)	(2,522,081.17)	(5,962,562.79)	(2,522,081.17)
(Increase) Decrease in other non-current assets	4,247,368.89	1,352,733.61	4,247,368.89	1,352,733.61
Increase (Decrease) in trade accounts and notes payable	212,228,155.46	1,228,543.70	212,228,155.46	1,228,543.70
Increase (Decrease) in accrued expenses	23,080,060.58	28,915,051.23	23,080,060.58	28,915,051.23
Increase (Decrease) in accrued corporate income tax	5,063,235.33	5,951,140.28	5,063,235.33	5,951,140.28
Increase (Decrease) in other current liabilities	23,558,523.47	3,229,219.26	23,558,523.47	3,229,219.26
Increase (Decrease) in other non-current liabilities	2,030,000.00	515,000.00	2,030,000.00	515,000.00
Net cash received (used) in operating activities	301,553,814.83	327,005,892.60	301,553,814.83	327,005,892.60

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

SE-EDUCATION PUBLIC COMPANY LIMITED
CASH FLOW STATEMENTS

For the years ended on December 31, 2007 and 2006

(Unit : Baht)

	Financial statements in which equity method is applied to investment		Separate financial statements in which cost method is applied to investment	
	2007	2006	2007	2006
				(Restated)
CASH FLOW FROM INVESTING ACTIVITIES				
(Increase) Decrease in short-term investment	(2,866,508.18)	(15,000,000.00)	(2,866,508.18)	(15,000,000.00)
Received in loan due from an associated company	–	9,000,000.00	–	9,000,000.00
Additional investment in an associated company	–	(45,000,000.00)	–	(45,000,000.00)
Dividend receipt from investment in associated company	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Purchase of fixed assets	(106,666,358.55)	(74,703,988.98)	(106,666,358.55)	(74,703,988.98)
Cash receipts from sale of fixed assets	609,345.80	–	609,345.80	–
Net cash received (used) in investing activities	(107,923,520.93)	(124,703,988.98)	(107,923,520.93)	(124,703,988.98)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase (Decrease) in bank overdrafts	(2,013,109.27)	(10,018,422.11)	(2,013,109.27)	(10,018,422.11)
Cash receipts from additional warrants exercised to purchase ordinary shares	10,653,960.00	12,403,306.50	10,653,960.00	12,403,306.50
Dividend payment	(194,176,695.50)	(183,773,191.35)	(194,176,695.50)	(183,773,191.35)
Net cash received (used) in financing activities	(185,535,844.77)	(181,388,306.96)	(185,535,844.77)	(181,388,306.96)
Cash and cash equivalent items increase (decrease)–net	8,094,449.13	20,913,596.66	8,094,449.13	20,913,596.66
Cash and cash equivalent items at the beginning of the year	290,689,217.41	269,775,620.75	290,689,217.41	269,775,620.75
Cash and cash equivalent items at the end of the year	298,783,666.54	290,689,217.41	298,783,666.54	290,689,217.41
Supplemental disclosures to the cash flow statements				
1. Cash paid during the year:				
Interest expenses	213,624.05	196,742.16	213,624.05	196,742.16
Corporate income tax	86,772,190.67	78,246,061.57	86,772,190.67	78,246,061.57
2. Items not effecting cash flow				
2.1 For the years ended on December 31, 2007 and 2006, the Company adjusted unrealizable gain on revaluation of securities available for sale with the shareholders' equity amounting Baht 2.81 million and Baht 0.19 million respectively.				
2.2 For the year ended on December 31, 2007, the company written-off the depreciation–assets for operation with capital surplus amounting Baht 0.99 million.				
2.3 For the year ended on December 31, 2007, the company decreased the registered and paid-up share capital by writing off the Company's treasury shares by 19.78 million shares, at Baht 19.78 million.				
3. Cash and cash equivalent items consist of :				
Cash	23,614,404.87	17,109,879.78	23,614,404.87	17,109,879.78
Cash at bank (not exceeding 3–months duration)	155,169,261.67	97,579,337.63	155,169,261.67	97,579,337.63
Government bond (maturity period not exceeding 3 months)	120,000,000.00	176,000,000.00	120,000,000.00	176,000,000.00
Total	298,783,666.54	290,689,217.41	298,783,666.54	290,689,217.41

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

SE-EDUCATION PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

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 1858/87–90 Nation Tower Building, 19th Floor, Bangna–Trad Road, Bangna, Bangkok 10260. Distribution center is situated at 99 Moo 1, Kingkaew Road, Rajatewa, Bangplee, Samutprakarn 10540.

- 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,	
	2007	2006
Average number of employees (person)	2,232	2,033
Employee expenses (Million Baht)	370.95	325.80

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 The Federation of Accounting Professionals has issued the Federation of Accounting Professionals announcement Nos. 9/2550, 38/2550 and 62/2550 (already announced in the Royal Gazettes) on

the Thai Accounting Standards by announcing to apply the Thai Accounting Standard No. 51 on the intangible assets and to apply the following accounting standards instead of the former Thai Accounting Standards which have been revoked :

- No. 25 (Revised 2007) Cash Flow Statements
- No. 29 (Revised 2007) Rental Contracts
- No. 31 (Revised 2007) Inventories
- No. 33 (Revised 2007) Costs of Borrowing
- No. 35 (Revised 2007) Presentation of Financial Statements
- No. 39 (Revised 2007) Accounting Policies, Changes in Accounting Estimates and Errors
- No. 41 (Revised 2007) Interim Financial Statements
- No. 43 (Revised 2007) Business Combinations
- No. 44 (Revised 2007) Consolidated and Separate Financial Statements
- No. 45 (Revised 2007) Investment in Associated Company
- No. 46 (Revised 2007) Interests in Joint Ventures
- No. 49 (Revised 2007) Construction Contracts

For the Thai Accounting Standards Nos. 44–46, which have to apply to the financial statements for the accounting period that commence on or after January 1, 2007; therefore, the Company had to retro-adjusted the comparative separate financial statements for the year ended on December 31, 2006. The Company has shown the result from the effect of the change in the notes to the financial statements No.4

For the remaining Thai Accounting Standards, which have to apply to the financial statements for the accounting period that commence on or after January 1, 2008. The management of the Company and its subsidiary company has evaluated and thought the said Thai Accounting Standards would not have material effect on the financial statements for the year the said Thai Accounting Standards have to be applied.

- 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 financial statements for the year ended on December 31, 2006 have been reclassified to facilitate the comparison with the financial statements for the year ended on December 31, 2007 for prepaid expense under non-current asset to prepaid expense not over the year at Baht 7.10 million.
- 2.5 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.

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.
 - Other income and expenses recognized on accrual basis.
- 3.2 Cash and cash equivalent items includes bank deposit in the types of savings, 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 under a 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 at the rate of 1.20 percent of sales branch, 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 and associated companies 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 under 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 under 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 Leasehold right, which is the contractual right to obtain the right to lease the area to set up branches, is amortized on the straight line method over the beneficial period of the said right as stipulated in the contracts.

3.9 Asset awaiting sale is land together with shop houses recorded the original cost value net by the accumulated impairment (if application)

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

3.11 Land not used in operation recorded the original cost by the cost value net by the accumulated allowance for depreciation (if applicable).

3.12 Investments in associated companies are recorded by equity method in the financial statements in which equity method is applied to investment and recorded by cost method in separate financial statements in which cost method is applied to investment 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.

3.13 Impairment of assets; the Company and associated companies assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the income statement. (An asset's recoverable amount is the higher of fair value less costs to sell and value in use).

3.14 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 as revenue or expense.

- 3.15 Inter-Transaction between the related parties and related companies with the Company meant the parties or the companies that have the controlling power to the Company, controlled by the Company either directly or indirectly, or under the same control with the Company, including the holdings companies for the subsidiary company and group companies. Furthermore, the related parties and related companies also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Company, important management, directors or the employees of the Company who have the power to plan and control the Company's operation
- 3.16 Employee benefits the Company has set up the provident fund for the type that the contribution plan has already been determined. The provident fund's asset has been separated from the assets of the Company and manages by an outside fund manager. The said provident fund receives contributions from the employees and the Company. The contribution from the Company is recorded as the expense in the income statements for the accounting period the transaction incurred. However, the Company did not set up the liability for the employee benefits according to the Thai Labor Law.
- 3.17 Corporate income tax will be recognized as expense item whenever the Company is liable to pay such tax.
- 3.18 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.
- 3.19 Sectoral Business Operations the business sector is the business sector that source products or provide services which have different risks and return from the risks and return of the products or services provide by other business sectors. The sectoral business operation is disclosed under the separate business sectors of the company.
- 3.20 Financial instruments consist of financial assets as presented in balance sheets are consisted of cash and cash at bank, short-term investment, trade accounts receivable while financial liabilities are consisted of trade accounts payable and loans. The particular accounting policy for each transaction is respectively disclosed in each related caption.
- 3.21 For accounting estimates required for preparation of financial statements to conform to the generally accepted accounting principles, the management has to use various estimates and assumptions which would affect the policy setting and the reporting of the amounts relating to assets, liabilities, incomes and expenses. The estimates and assumptions are made from the experience and factors that the management reasonably believed under the circumstance; therefore, the actual result from the assumptions to the book value of the assets and liabilities may differ from amounts already estimated.

The estimates and assumptions used in preparation of the financial statements would be revised regularly. The adjustment of the accounting estimate is recorded in the accounting period that the said estimate has been revised. If the adjustment of the estimate only effect the incurred

accounting period, it would be recorded in the affected period. If the adjustment of the estimate effects the present and succeeding accounting periods, it would be recorded in the succeeding period.

- 3.22 Provision—the Company and its associated companies set up the provision when there is a certain possibility of a legally incurred liability from the present or infer from a continuing result from the past incident. The said liability is expected to result in losing the economical beneficial resources to pay for the liability. The amount to be paid is reliable and it is certain that the paid amount on the provision would be repaid back in full or partial amount. The Company and its associated companies would recognize the repayment of the expense as separate asset but not more than the related provision and shown the expense related to the provision in the income statement net from the recognized expense expected to be repaid.

4. The change in the accounting policy

The Company changed the policy for recording of investment in associated companies in the separate financial statements from the equity method to the cost method to comply with the Federation of Accounting Professions (FAP) is notification No. 32/2549 dated November 3, 2006 on Explanation of Accounting Standard No.44 on Consolidated Financial Statements and Accounting for Investments in Subsidiary Companies (paragraph 27) and Accounting Standard No.45 on Accounting for Investments in Associated Companies (paragraph 11). The Company has made retro-adjustment for the comparative financial statements. The investment in associated companies as shown in the separate financial statements in which cost method is applied to investment, was recorded at historical cost as commencing cost and consideration is made for its impairment of value. This change of accounting policy has caused the net profit on the separate financial statements in which cost method is applied to investment, to differ from that reported in the financial statements in which equity method is applied to investment. For the year ended on December 31, 2007, the financial statements in which equity method is applied to investment has Baht 183.80 million net profit, however, the separate financial statements in which cost method is applied to investment has Baht 187.85 million. Therefore, the Company would like to clarify with the additional information as follows: –

- 1) After restating, net profit of the separate financial statements in which cost method is applied to investment, for the year ended on December 31, 2006 increased by Baht 6.32 million. This is because the separate financial statements in which cost method is applied to investment did not include any participating loss from investment in associated companies at Baht 5.32 million but recognized the dividend income received from the associated company at Baht 1.00 million.
- 2) The effects from the restating to other items on the separate financial statements in which cost method is applied to investment for the year ended on December 31, 2006, such as investment in associated companies and the retained earnings on the balance sheets decreased by Baht 26.12 million. The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy on investment in associated companies” in the separate financial statements in the statements of changes in shareholders’ equity.

5. Inter-company transactions

The Company constitutes accounting transactions incurred with related entities or comprising the same group of shareholders. The materially remaining balances and inter-transactions between the Company and related entities are as follows:

5.1 Inter-asset and liabilities

(Unit : Thousand Baht)

	Financial statements in which equity method is applied to investment/ Separate financial statements in which cost method is applied to investment		
	Type of relation	As of December 31,	
		2007	2006
Loan due from associated company			
Plearn Patt Co.,Ltd.	Associated company		
Beginning balance		–	9,000
Increased in the period		–	–
Received in the period		–	(9,000)
Ending balance		–	–
Trade accounts payable			
M AND E Co., Ltd.	Associated company	1,999	1,780
Bliss Publishing Co., Ltd.	Related company with shareholders	6,190	2,537

In year 2006, 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.

5.2 Inter-revenues and expenses

(Unit : Thousand Baht)

	Financial statements in which equity method is applied to investment/ Separate financial statements in which cost method is applied to investment			
	Type of relation	For the year ended on December 31		Policy of Inter-price setting
		2007	2006	
Interest income values				
Plearn Patt Co., Ltd.	Associated company	–	107	MLR+1%
Purchase goods values				
M AND E Co.,Ltd.	Associated company	1,878	1,678	Market price
GMM Grammy Public Co., Ltd.	Shareholders	3,604	231	Market price
Bliss Publishing Co., Ltd.	Related company with shareholder	12,144	12,655	Market price

6. Short – term investment–net

Consisted of: –

(Unit : Baht)

	Financial statements in which equity method is applied to investment/ Separate financial statements in which cost method is applied to investment	
	As of December 31,	
	2007	2006
Securities available for sales		
– Investment in Private Fund	31,831,359.48	116,284,222.79
– Investment in Mutual Fund	156,324,324.08	43,508,880.00
– Government bond (exceeding 3–month maturity period)	20,000,000.00	35,000,000.00
Total	208,155,683.56	194,793,102.79

7. Trade accounts and notes receivable–net

Trade accounts receivable are classified by aging overdue as follows:–

(Unit : Baht)

	Financial statements in which equity method is applied to investment/ Separate financial statements in which cost method is applied to investment	
	As of December 31,	
	2007	2006
Trade accounts receivable		
Within credit term	48,258,741.94	52,836,403.75
Over credit term less than 6 months	44,385,926.65	37,069,223.43
Over credit term more than 6 months to 12 months	1,868,616.16	1,773,889.39
Over credit term more than 12 months	21,997,143.27	20,694,077.33
Total trade accounts receivable	116,510,428.02	112,373,593.90
Notes receivable	12,787,392.24	7,832,594.45
Less Allowance for doubtful debts	(25,751,939.11)	(25,441,146.48)
Allowance for returned goods	(11,337,944.18)	(5,569,767.60)
Net	92,207,936.97	89,195,274.27

As of December 31, 2007 and 2006, 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 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 first payment from the pool of assets, thus there still no need to reverse the already made allowance for doubtful debt.

8. Inventories-net

Consisted of: –

(Unit : Baht)

	Financial statements in which equity method is applied to investment/ Separate financial statements in which cost method is applied to investment	
	As of December 31,	
	2007	2006
Raw material	27,201,347.57	17,911,451.35
Work in process	9,863,281.78	9,805,055.64
Finished good	496,165,471.36	278,724,492.44
Total	533,230,100.71	306,440,999.43
Less Allowance for lost goods	(28,227,902.58)	(27,488,352.94)
Allowance for dilapidated and slow moving goods	(58,498,583.17)	(47,947,569.09)
Net	446,503,614.96	231,005,077.40

9. Investments in subsidiary and associated companies

Consisted of: –

(Unit : Baht)

	Nature of business	Paid-up share capital	Percentage of share holdings	Cost	As of December 31, 2007		Dividend
					Investments		
					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	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	100,000.00	22,789,884.25	1,000,000.00
Plearn Patt Co., Ltd.	Institute of private education–Plearn Pattana School	169,350,000.00	49.01%	83,000,000.00	83,000,000.00	62,393,872.03	–
Less Allowance for revaluation of investments				–	(13,667,908.49)	–	–
				83,199,930.00	69,532,021.51	85,283,686.28	1,000,000.00

(Unit : Baht)

	Nature of business	Paid-up share capital	Percentage of share holdings	Cost	As of December 31, 2006		Dividend
					Investments		
					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	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	100,000.00	19,898,733.71	1,000,000.00
Plearn Patt Co., Ltd.	Institute of private education–Plearn Pattana School	169,350,000.00	49.01%	83,000,000.00	83,000,000.00	69,332,091.51	–
Less Allowance for revaluation of investments				–	(13,667,908.49)	–	–
				83,199,930.00	69,532,021.51	89,330,755.22	1,000,000.00

9.1 Investments in the SE-ED Book Center Co., Ltd., 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.

9.2 For the year ended on December 31, 2007, 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, 2006 and 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 in which equity method is applied to investment for the year ended on December 31, 2007 and 2006 amounted to Baht 3.89 million and Baht 3.49 million equivalent to 2.12% and 1.67% of net profit respectively and as of December 31, 2007 and 2006, which showed financial statement in which equity method is applied to investment in the said associated company amounted to Baht 22.79 million and Baht 19.90 million equivalent 1.31% and 1.35% of total assets respectively.

9.3 The financial statements for the years ended on December 31, 2007 and 2006 of Plearn Patt Co., Ltd. an associated company, were used to account for investment by equity method and these financial statements have been audited by another auditor. As of December 31, 2007 and 2006 the investment in associated company amounted to Baht 62.39 million and Baht 69.33 million equivalent to 3.59% and 4.69% of total assets in the balance sheet in which equity method is applied to investment respectively, and participating loss from operation in that associated company as presented in the statement of income in which equity method is applied to investment for the years ended on the same date for the amount of Baht 6.94 million and Baht 8.81 million equivalent to 3.78% and 4.21% of net profit respectively.

9.4 For the first quarter in 2006, the Company additionally invested in the increased shares capital of Plearn Patt Co., Ltd., an associated company, at Baht 33 million thus increased its shareholding ratio from formerly 30.56% 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 49.01% of the issued and paid – up share capital.

10. Property, plant and equipment–net

Financial statements in which equity method is applied to investment / Separate financial statements in which cost method is applied to investment consisted of: –

(Unit : Baht)

Descriptions	Land	Building	Building decoration	Office equipments and air conditioners	Vehicles	Work in progress	Total
Cost :							
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
Purchase	–	–	29,953,636.50	59,176,957.85	5,843,554.33	11,692,209.87	106,666,358.55
Transfer in/transfer out	–	–	1,068,420.30	–	–	(1,068,420.30)	–
Sale	–	–	–	(186,695.11)	(2,235,500.00)	–	(2,422,195.11)
As of December 31, 2007	4,714,125.00	2,353,700.00	269,238,225.08	438,847,267.65	31,204,436.34	11,829,975.82	758,187,729.89
Accumulated depreciation :							
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)
Depreciation for year	–	–	(29,152,602.18)	(49,360,400.49)	(2,528,117.50)	–	(81,041,120.17)
Sale	–	–	–	117,819.55	2,235,498.00	–	2,353,317.55
As of December 31, 2007	–	(2,353,699.00)	(193,710,994.30)	(279,837,231.34)	(23,710,350.84)	–	(499,612,275.48)
Capital surplus from assets revaluation :							
As of December 31, 2006	21,385,547.00	17,292,418.32	–	–	–	–	38,677,965.32
As of December 31, 2007	21,385,547.00	17,292,418.32	–	–	–	–	38,677,965.32
Accumulated depreciation–capital surplus :							
As of December 31, 2006	–	(7,630,607.79)	–	–	–	–	(7,630,607.79)
Depreciation for the year	–	(989,728.47)	–	–	–	–	(989,728.47)
As of December 31, 2007	–	(8,620,336.26)	–	–	–	–	(8,620,336.26)
Net Book Value :							
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
As of December 31, 2007	26,099,672.00	8,672,083.06	75,527,230.78	159,010,036.31	7,494,085.50	11,829,975.82	288,633,083.47
Depreciation in the income statement							
for the years							
ended on December 31, 2006							77,559,164.46
ended on December 31, 2007							81,041,120.17

As of December 31, 2007 and 2006, the Company has fixed asset which were fully depreciated at the same cost value of Baht 290.78 million and Baht 232.00 million respectively, with parts of them are still in use.

On October 2, 2006, the Company assigned an independent professional appraiser to appraise land and building values of which book value and newly appraised value were Baht 22.06 million and Baht 36.00 million respectively. The Company accounted capital surplus from land and building price appraisal in the shareholders' equity caption in the balance sheet in year 2006 in amount of Baht 13.94 million.

11. 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, 2007 and 2006, these leasehold rights were amortized to expenses by the same amount of Baht 12.57 million for both years.

12. Assets pending for sales – net

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.

13. Land not used for operation–net

Consisted of:–

(Unit : Baht)

	Financial statements in which equity method is applied to investment/ Separate financial statements in which cost method is applied to investment		
	Land not used for operation	Improvement for land not used for operation	Total
Cost :			
As of December 31, 2006	49,495,608.93	658,413.00	50,154,021.93
As of December 31, 2007	49,495,608.93	658,413.00	50,154,021.93
Accumulated depreciation :			
As of December 31, 2006	–	(356,912.38)	(356,912.38)
Depreciation for the year	–	(65,880.92)	(65,880.92)
As of December 31, 2007	–	(422,793.30)	(422,793.30)
Allowance for impairment :			
As of December 31, 2006	(16,012,977.97)	–	(16,012,977.97)
As of December 31, 2007	(16,012,977.97)	–	(16,012,977.97)
Net Book Value :			
As of December 31, 2006	33,482,630.96	301,500.62	33,784,131.58
As of December 31, 2007	33,482,630.96	235,619.70	33,718,250.66
Depreciation in the income statement for the years			
ended on December 31, 2006			65,998.32
ended on December 31, 2007			65,880.92

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 the year 2006 for amount of Baht 1.48 million.

14. Other non-current assets

As of December 31, 2007 and 2006, part of other non-current assets amounting to Baht 8.25 million and Baht 5.00 million respectively, was a bank deposit being pledged as collateral for book distribution agents and the utilities system usage.

15. 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: –

- 15.1 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.
- 15.2 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.

Warrants' right exercised for the year ended on December 31, 2007:

1. Directors and employees had exercised their rights to purchase ordinary shares in number of 10,653,960 units. Thus the Company had increased the issued and paid-up share capital by the total of Baht 10.65 million. The Company registered the change in paid-up share capital in parts and the latest registration was on October 24, 2007.
2. The remaining balance of exercisable warrants
 - 2.1 Warrants with full conversion right to purchase ordinary shares for employee and sub-agents but not yet exercised amounted to 192,340 units
 - 2.2 Warrants without conversion right to purchase ordinary shares for existing shareholders amounted to 296,880 units (these warrants forfeited their exercisable rights on December 15, 2006)
 - 2.3 Warrants to purchase ordinary shares for directors, employee and sub-agents not yet appropriated amounted to 4,090,410 units.
 - 2.4 The warrants as mentioned in Clauses 2.1 and 2.3 will be expired on January 14, 2008

In accordance to the minutes of the board of directors' meeting No. 4/2007 held on September 19, 2007, the resolutions approved the write off the Company's treasury shares, therefore reducing its paid-up capital by 19.78 million shares, thus decreased the issued and paid-up share capital by the total of Baht 19.78 million. The Company registered the decrease in paid-up share capital with the Ministry of Commerce on September 28, 2007.

16. Dividend payment and legal reserve

Consist of:

(Unit : Baht)

	Year 2007 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	2/2007	10/05/2007	08/06/2007	0.10	32.36	–	–
Quarter 2	3/2007	09/08/2007	06/09/2007	0.10	32.37	–	–
Quarter 3	5/2007	13/11/2007	11/12/2007	0.10	32.38	–	–
Total				0.30	97.11		–

(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	–	–
Quarter 4	1/2007	25/04/2007	23/05/2007	0.30	97.07	–	–
Total				0.60	190.55		–

(Unit : Baht)

	Year 2005 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	2/2005	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

17. 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 of 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.

In accordance to the minutes of the board of directors' meeting No. 1/2007 held on February 23, 2007, it resolved to sell treasury stock amounted to 19.78 million shares in the Stock Exchange of Thailand at price not less than 85 % of the average of closing prices of 5 latest trading days. The scheduled period for the sale is from March 19, 2007 to September 11, 2007.

However, under the Ministerial Regulation concerning treasury stock, the Company has to dispose of all of its repurchased shares within 3 years of completing the repurchase of shares. The period for the Company to dispose of the repurchased shares thus ended on September 11, 2007, but the Company could not dispose any of the said shares. To comply with the above regulation, the Company's Board of Directors' Meeting No. 4/2007 held on September 19, 2007, therefore passed resolutions to write off the Company's treasury shares, reducing its paid-up capital by 19.78 million shares, or Baht 19.78 million and the Company registered the decrease in paid-up share capital with the Ministry of Commerce on September 28, 2007 as follow :-

	Authorized share capital Baht	Issued and paid-up share capital Baht
Former	348,128,690.00	332,894,970.00
Present	328,345,090.00	323,765,330.00

18. 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.

19. Corporate income tax

For the year ended of December 31, 2007 and 2006, the Company calculated income tax at 30% and 25–30% respectively of net book profit after adding back allowances and various expenses not allowable for tax calculation purpose. The tax rate difference is caused by the expiration of the Company's tax privilege accordance to the Royal Decree No. 387 (B.E. 2544) dated August 28, 2001 on the reduced of tax rate for the corporate income tax to 25% of the net profit for the portion not exceeding Baht 300 million for 5 consecutive accounting years.

20. Basic and diluted earnings per share

	Financial statements in which equity method is applied to investment For the three-month periods ended on December 31,					
	Net profit		Weighted average number of ordinary shares		Earnings per share	
	2007 Baht	2006 Baht	2007 Shares	2006 Shares	2007 Baht	2006 Baht
Basic earnings per share						
Net profit	54,544,094.29	67,432,277.99	323,756,265	311,903,990	0.17	0.22
Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised 15,233,590 units (Year 2006 : 25,992,650 units)	–	–	3,798,369	13,178,989	–	–
Diluted earnings per share						
Net profit of ordinary shareholders assuming the conversion into ordinary shares	54,544,094.29	67,432,277.99	327,554,634	325,082,979	0.17	0.21

	Separate financial statements in which cost method is applied to investment For the three-month periods ended on December 31,					
	Net profit		Weighted average number of ordinary shares		Earnings per share	
	2007 Baht	2006 Baht	2007 Shares	2006 Shares	2007 Baht	2006 Baht
Basic earnings per share						
Net profit	55,269,388.94	69,424,310.62	323,756,265	311,903,990	0.17	0.22
Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised 15,233,590 units (Year 2006 : 25,992,650 units)	–	–	3,798,369	13,178,989	–	–
Diluted earnings per share						
Net profit of ordinary shareholders assuming the conversion into ordinary shares	55,269,388.94	69,424,310.62	327,554,634	325,082,979	0.17	0.21

	Financial statements in which equity method is applied to investment For the year ended on December 31,					
	Net profit		Weighted average number of ordinary shares		Earnings per share	
	2007 Baht	2006 Baht	2007 Shares	2006 Shares	2007 Baht	2006 Baht
Basic earnings per share Net profit	183,800,461.18	209,191,301.35	323,756,265	310,715,708	0.57	0.67
Effect of diluted equivalent ordinary shares The balance of warrants able to be exercised 4,282,750 units(Year 2006 : 15,233,590 units)	–	–	3,798,369	13,166,379	–	–
Diluted earnings per share Net profit of ordinary shareholders assuming the conversion into ordinary shares	183,800,461.18	209,191,301.35	327,554,634	323,882,087	0.56	0.65

	Separate financial statements in which cost method is applied to investment For the year ended on December 31,					
	Net profit		Weighted average number of ordinary shares		Earnings per share	
	2007 Baht	2006 Baht	2007 Shares	2006 Shares	2007 Baht	2006 Baht
Basic earnings per share Net profit	187,847,530.12	215,511,213.67	323,756,265	310,715,708	0.58	0.69
Effect of diluted equivalent ordinary shares The balance of warrants able to be exercised 4,282,750 units (Year 2006 : 15,233,590 units)	–	–	3,798,369	13,166,379	–	–
Diluted earnings per share Net profit of ordinary shareholders assuming the conversion into ordinary shares	187,847,530.12	215,511,213.67	327,554,634	323,882,087	0.57	0.67

For the years ended on December 31, 2007 and 2006, 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.

21. 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.

22. The income statements for the three-month periods ended on December 31, 2007 and 2006

The income statements for the three-month periods ended on December 31, 2007 and 2006, were reviewed in accordance with the auditing standard issued by the Federation of Accounting Professions as follows:

(Unit : Thousand Baht)

		Financial statements in which equity method is applied to investment		Separate financial statements in which cost method is applied to investment	
		For the three-month periods ended on December 31			
		2007	2006	2007	2006
REVENUES FROM OPERATION					
Sales		1,031,326	910,321	1,031,326	910,321
Other income		12,079	13,057	12,079	13,057
Total Revenues		1,043,405	923,378	1,043,405	923,378
EXPENSES FROM OPERATION					
Cost of sales		698,638	596,920	698,638	596,920
Selling and administrative expenses		264,224	235,167	264,224	235,167
Participating loss in associated companies		725	1,992	–	–
Directors’ remuneration	(Note 18)	583	683	583	683
Total Expenses		964,170	834,762	963,445	832,770
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX		79,235	88,616	79,960	90,608
INTEREST EXPENSES		(26)	(18)	(26)	(18)
CORPORATE INCOME TAX	(Note 19)	(24,665)	(21,166)	(24,665)	(21,166)
NET PROFIT		54,544	67,432	55,269	69,424
BASIC EARNINGS PER SHARE (UNIT:BAHT)	(Note 20)	0.17	0.22	0.17	0.22
DILUTED EARNINGS PER SHARE (UNIT:BAHT)	(Note 20)	0.17	0.21	0.17	0.21

23. 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. During the years ended on December 31, 2007 and 2006, the Company's contribution amounted to approximately Baht 8.11 million and Baht 7.14 million respectively.

24. 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.

24.1 Risk on credit provision

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

24.2 Risk on exchange rates

As of December 31, 2007, the Company conducted forward contract with a commercial bank to hedge against exchange rates risk from debt payment denominated in foreign currencies. The Company has not recorded the said financial liabilities in the financial statements. The forward contract period is not exceed 6 months which the detail can be shown as follows:-

Amount stated in contract GBP	Amount earned in contract Baht	Fair value at the year-end Baht
395,485.57	27,048,601.01	26,811,944.22

24.3 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.

25. Obligations and contingent liabilities

25.1 The Company also holds obligations and contingent liabilities as follows :-

(Unit : Thousand Baht)

	As of December 31,					
	2007			2006		
	Total facility	Facility utilized	Available facility	Total facility	Facility utilized	Available facility
Letters of guarantee	49,000	5,752	40,412	46,000	5,588	40,412
Letters of credit	4,000	—	4,000	4,000	—	4,000
Overdrafts	30,000	—	30,000	30,000	—	30,000

As of December 31, 2007 and 2006, the letter of guarantee at Baht 5.19 million and Baht 2.29 million respectively guaranteed by fixed deposits.

- 25.2 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 247 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 319.20 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.

- 25.3 The Company entered into agent appointment agreement with a foreign distribution agent to promote the sales and marketing of the distributors. The Company has to provide support at 2.5% of the total book purchased and the Company shall arrange for the office area and services to support the marketing activities. The actual cost incurred can be deducted as expense for supporting the distributors. The contractual period is 3 years commencing from January 1, 2007 to December 31, 2010.

26. Subsequent events

On January 14, 2008, employees had exercised their rights to purchase ordinary shares in number of 155,800 units and the rights of the remaining 36,540 units, which no one exercised their rights, have already been forfeited resulted in the issued and paid-up share capital of the Company increased by Baht 0.16 million. The Company registered the change in paid-up share capital on January 22, 2008.

27. Approval of financial statements

These financial statements have been approved for issuance by SE-EDUCATION PUBLIC COMPANY LIMITED's board of directors on February 22, 2008.

กิจกรรม Activities



การประชุมประจำปีผู้จัดการสาขา
ซีเอ็มเคเซ็นเตอร์

SE-ED Book Center Managers
Annual Conference.



ร่วมอภิปรายหัวข้อ “อยากปกป้องสิทธิ
ของตนเอง ผู้ถือหุ้น ต้องรู้...บรรษัทภิบาล”
ในงาน “วันผู้ถือหุ้นไทย”

Joined discussion of "To protect your
rights, the investors must know.....Good
Corporate Governance" in the event
"Shareholders day".



ซีเอ็มเคพบนักลงทุน Opportunity Day
และ คุณทนงให้สัมภาษณ์ในรายการ
“ก้าวทัน 5 ตลาดทุน”

ช่อง Money CHANNEL

SE-ED met the investors on the
Opportunity Day, and interviewed
Khun Thanong in “catch up on 5 capital
markets” program via Money Chanel.



กิจกรรมพัฒนาบุคลากร

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