

REVIEW REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED,

I have reviewed the balance sheet of SE-EDUCATION PUBLIC COMPANY LIMITED as of March 31, 2005, and the related statements of income, changes in shareholders' equity and cash flow for the three-month period ended on the same date. These financial statements are the responsibility of the Company's management as to their correctness and completeness in the presentation. My responsibility is to report on these financial statements based on my review.

I conducted my review in accordance with the auditing standards applicable to review engagements. Those standards require that I plan and perform the review to obtain moderate assurance about whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit in accordance with generally accepted auditing standards, and accordingly, I do not express an opinion.

Based on my review, nothing has come to my attention that causes me to believe that the financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED for the year ended on December 31, 2004 were audited by another auditor in the same firm who expressed thereon an unqualified report dated February 11, 2005. The comparative balance sheets as of December 31, 2004 are an integral part of such financial statements.

Apart from this, the related statements of income, changes in shareholders' equity and cash flow for the three-month period ended on March 31, 2004 of SE-EDUCATION PUBLIC COMPANY LIMITED were reviewed by another auditor in the same firm who expressed in her report dated May 11, 2004 that nothing had caused her to believe that such financial statements were not presented fairly, in all material respects, in conformity with generally accepted accounting principles.

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

(Miss Sukanya Sutheeprasert)

Certified Public Accountant (Thailand) Registration No. 5063

Bangkok,

May 6, 2005

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of March 31, 2005 and December 31, 2004

(Unit : '000 Baht)

		2005	2004
		Unaudited	Audited
		Limited Review Only	
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalent items		163,197	142,825
Short-term investment-net (net from allowance for diminution of value in the first quarter of 2005 and year 2004 in amount of Baht (5,580) thousand and Baht (5,558) thousand respectively)		164,612	161,939
Trade accounts and notes receivable-net	(Note 3)	88,141	83,741
Inventories-net	(Note 4)	186,603	153,489
Other current assets		46,468	27,415
TOTAL CURRENT ASSETS		<u>649,021</u>	<u>569,409</u>
NON-CURRENT ASSETS			
Investments in subsidiary and associated companies	(Note 5)	34,217	34,837
Property, plant and equipment-net	(Note 6)	241,989	241,943
Leasehold on buildings-net	(Note 7)	164,253	137,009
Assets pending for sale-net		21,000	21,000
Land and building not used for operation - net	(Note 8)	32,417	32,433
Guarantee for rental and deposit		42,901	71,176
TOTAL NON-CURRENT ASSETS		<u>536,777</u>	<u>538,398</u>
TOTAL ASSETS		<u><u>1,185,798</u></u>	<u><u>1,107,807</u></u>

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of March 31, 2005 and December 31, 2004

(Unit : '000 Baht)

	2005	2004
	Unaudited	Audited
	Limited Review Only	
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Bank overdrafts	21,673	60,579
Trade accounts and notes payable	484,330	432,742
Accrued expenses	30,959	27,536
Accrued corporate income tax	36,885	22,627
Other current liabilities	52,651	46,578
TOTAL CURRENT LIABILITIES	626,498	590,062
NON-CURRENT LIABILITIES		
Other non-current liabilities	2,899	2,669
TOTAL NON-CURRENT LIABILITIES	2,899	2,669
TOTAL LIABILITIES	629,397	592,731

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of March 31, 2005 and December 31, 2004

(Unit : '000 Baht)

		2005	2004
		Unaudited	Audited
		Limited Review Only	
SHAREHOLDERS' EQUITY			
Share capital	(Note 9)		
Authorized share capital			
348,128,690 ordinary shares @ Baht 1.00 each		348,129	348,129
Issued and paid-up share capital			
319,943,600 ordinary shares @ Baht 1.00 each		319,943	-
314,152,170 ordinary shares @ Baht 1.00 each		-	314,152
Premiums on share capital		146,377	144,389
Capital surplus from assets revaluation		18,877	19,484
Unrealized gain (loss) - securities available for sale		(5,580)	(5,558)
Retained earnings			
Appropriated			
Legal reserve	(Note 15)	33,918	32,086
Treasury stock reserve	(Note 10)	122,641	122,641
Unappropriated		42,866	10,523
<u>Less</u> Treasury stock 19,783,600 share @ Baht 6.20 each	(Note 10)	(122,641)	(122,641)
TOTAL SHAREHOLDERS' EQUITY		<u>556,401</u>	<u>515,076</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>1,185,798</u></u>	<u><u>1,107,807</u></u>

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

SE-EDUCATION PUBLIC COMPANY LIMITED

INCOME STATEMENTS

For the three-month period ended on March 31, 2005 and 2004

(Unit : '000 Baht)

	2005	2004	
REVENUES FROM OPERATION			
Sales	757,387	646,512	
Other income	8,371	8,202	
TOTAL REVENUES	<u>765,758</u>	<u>654,714</u>	
EXPENSES FROM OPERATION			
Cost of sales	523,092	441,769	
Selling and administrative expenses	192,068	169,297	
Directors' remuneration	480	152	
Participating loss from associated company	620	1,105	
TOTAL EXPENSES	<u>716,260</u>	<u>612,323</u>	
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX	49,498	42,391	
INTEREST EXPENSES	(67)	(46)	
CORPORATE INCOME TAX	(15,256)	(12,984)	
NET PROFIT	<u>34,175</u>	<u>29,361</u>	
BASIC EARNINGS PER SHARE (Unit : Baht)	(Note 11)	0.12	0.09
DILUTED EARNINGS PER SHARE (Unit : Baht)	(Note 11)	0.11	0.08

Unaudited**Limited Review Only**

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

SE-EDUCATION PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the three-month period ended on March 31, 2005 and 2004

(Unit : '000 Baht)

		Issued and paid-up Share capital	Premiums on share capital	Capital surplus from assets revaluation	Unrealized gain (loss) securities available for sale	Retained earnings		Treasury stock	Total
						Appropriated	Unappropriated		
						Balance as of January 1, 2005	314,152		
Depreciation-capital surplus from asset revaluation	-	-	(607)	-	-	-	-	(607)	
Unrealized loss-securities available for sale	-	-	-	(22)	-	-	-	(22)	
Unrealized transactions in the income statements	314,152	144,389	18,877	(5,580)	154,727	10,523	(122,641)	514,447	
Shares purchased by exercising warrants of shareholders, directors, employees	(Note 9)	5,791	1,988	-	-	-	-	-	7,779
Appropriation for legal reserve in the period	(Note 15)	-	-	-	-	1,832	(1,832)	-	-
Net profit for the period		-	-	-	-	-	34,175	-	34,175
Balance as of March 31, 2005		319,943	146,377	18,877	(5,580)	156,559	42,866	(122,641)	556,401
Balance as of January 1, 2004		255,071	107,830	21,954	1,078	25,132	154,979	-	566,044
Depreciation-capital surplus from asset revaluation		-	-	(614)	-	-	-	-	(614)
Unrealized loss-securities available for sale		-	-	-	(3,697)	-	-	-	(3,697)
Unrealized transaction in the income statements		255,071	107,830	21,340	(2,619)	25,132	154,979	-	561,733
Shares purchased by exercising warrants of shareholders, directors, employees	(Note 9)	38,454	23,197	-	-	-	-	-	61,651
Net profit for the period		-	-	-	-	-	29,361	-	29,361
Balance as of March 31, 2004		293,525	131,027	21,340	(2,619)	25,132	184,340	-	652,745

Unaudited
Limited Review Only

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

SE-EDUCATION PUBLIC COMPANY LIMITED

CASH FLOW STATEMENTS

For the three-month period ended on March 31, 2005 and 2004

(Unit : '000 Baht)

	2005	2004
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit	34,175	29,361
Adjustment to net profit for cash-received (payments) from operation		
Depreciation - assets for operation	17,527	15,172
Depreciation - assets not used for operation	16	16
Leasehold written-off	2,972	2,302
Loss from lost goods	5,475	5,805
Loss from dilapidated and slow moving goods	2,435	4,850
Loss from returned goods estimation	1,810	25
Doubtful debts and bad debts (return of bad debts)	1,573	(321)
Participating loss from associated company	620	1,105
Adjustment for clearing of trade accounts payable	(76)	(1,288)
Adjustment for clearing of trade accounts receivable	(318)	-
Realized loss on disposal of securities available for sale	-	1,472
Loss from donation assets	-	36
Gain on disposal of assets	(158)	-
Profit from operating before change in operating assets and liabilities	66,051	58,535
(Increase) Decrease in trade accounts and notes receivable	(7,465)	8,015
(Increase) Decrease in inventories	(41,024)	(22,756)
(Increase) Decrease in other current assets	(19,053)	(11,130)
(Increase) Decrease in guarantee for rental and deposit	(1,941)	(425)
Increase (Decrease) in trade accounts and notes payable	51,664	(14,390)
Increase (Decrease) in accrued expenses	3,423	4,679
Increase (Decrease) in accrued corporate income tax	14,258	12,142
Increase (Decrease) in other current liabilities	6,073	10,638
Increase (Decrease) in other non-current liabilities	230	75
Net cash received (used) in operating activities	72,216	45,383

Unaudited

Limited Review Only

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

SE-EDUCATION PUBLIC COMPANY LIMITED

CASH FLOW STATEMENTS

For the three-month period ended on March 31, 2005 and 2004

(Unit : '000 Baht)

	2005	2004
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of securities available for sale	(2,695)	(33,000)
Cash receipts from disposal of securities available for sale	-	29,610
Purchase of assets	(18,181)	(13,207)
Cash payment to purchase leasehold on buildings	-	(16,380)
Cash receipts from disposal of assets	159	-
Net cash received (used) in investing activities	<u>(20,717)</u>	<u>(32,977)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Increase (Decrease) in bank overdrafts	(38,906)	(13,230)
Cash receipts from warrants exercised to purchase shares	7,779	61,651
Net cash received (used) in financing activities	<u>(31,127)</u>	<u>48,421</u>
Cash and cash equivalent items increase (decrease) - net	20,372	60,827
Cash and cash equivalent items at the beginning of the period	<u>142,825</u>	<u>146,375</u>
Cash and cash equivalent items at the end of the period	<u><u>163,197</u></u>	<u><u>207,202</u></u>
Supplemental disclosures to the cash flow statements		
1. Cash paid during the period:		
Interest paid	67	46
Corporate income tax	864	842
2. Items not effecting cash flow		
2.1 For the three-month period ended on March 31, 2005 and 2004 the Company adjusted unrealizable loss on		
2.1 revaluation of securities available for sale with the shareholders' equity amounting Baht 22 thousand and Baht		
2.1 3,697 thousand respectively.		
2.2 For the three-month period ended on March 31, 2005 , the Company transferred the guarantee for leasehold		
2.2 on building for the amount of Baht 30,216 thousand to leasehold on building since the transfer of right during		
2.2 the first quarter of 2005.		
3. Cash and cash equivalent items consists of		
Cash	13,011	7,942
Cash at bank not exceeding three-month period	<u>150,186</u>	<u>199,260</u>
Total	<u><u>163,197</u></u>	<u><u>207,202</u></u>

Unaudited**Limited Review Only**

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

SE-EDUCATION PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
March 31, 2005 and 2004 (Unaudited/Limited Review Only)
and December 31, 2004 (Audited)

1. Basis of interim financial statement and accounting policies

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

The significant accounting policies used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended on December 31, 2004; therefore the interim financial statements should be read in conjunction with the financial statements for the accounting year of 2004.

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

1.3 The financial statements for the year ended on December 31, 2004 have been reclassified that was reclassified from the leasehold to prepaid expense shown in the other non-current assets for comparison with the financial statements for the three-month period ended on March 31, 2005.

2. Inter-company transactions

The Company constitutes accounting transactions incurred with related entities, comprising of the same group of shareholders or common directors. The material remaining balance and inter-transactions between the company and related entities are as follows:

2.1 Inter-liabilities

		(Unit : '000 Baht)	
	<u>Type of relation</u>	<u>As of March 31, 2005</u>	<u>As of December 31, 2004</u>
<u>Trade accounts payable</u>			
M AND E Co., Ltd.	Associated company	2,236	2,119
Nation Multi Media Group Public Co., Ltd.	Shareholders	-	1,322
Nation Egmont Edutainment Co., Ltd.	Related company with shareholders	11,063	8,296
Nation Book International Co., Ltd.	Related company with shareholders	9,382	9,664
Nation Broadcasting Corporation Co., Ltd.	Related company with shareholders	383	-

2.2 Inter- expenses

		For the three-month period		
	<u>Type of relation</u>	<u>ended on March 31</u>		<u>Policy of inter-price setting</u>
		<u>2005</u>	<u>2004</u>	
<u>Purchase goods values</u>				
M AND E Co., Ltd.	Associated company	-	335	Market price
Nation Multi Media Group Public Co., Ltd.	Shareholders	4,608	12,838	Market price
Nation Egmont Edutainment Co., Ltd.	Related company with shareholders	3,802	2,822	Market price
Nation Book International Co., Ltd.	Related company with shareholders	7,879	-	Market price
Nation Broadcasting Corporation Co., Ltd.	Related company with shareholders	491	-	Market price
<u>Rental and service charge</u>				
Nation Multi Media Group Public Co., Ltd.	Shareholder	1,966	1,929	Agreed upon price

3. Trade accounts and notes receivable - net

As of March 31, 2005 and December 31, 2004, trade accounts receivable are classified by aging overdue as follows:-

	(Unit : '000 Baht)	
	<u>As of March 31, 2005</u>	<u>As of December 31, 2004</u>
Trade accounts receivable		
Within credit term	45,125	40,583
Over credit term less than 6 months	44,634	39,060
Over credit term more than 6 months to 12 months	4,641	4,811
Over credit term more than 12 months	20,662	20,799
Total	115,062	105,253
Notes receivable	3,666	5,692
<u>Less</u> Allowance for doubtful debts	(25,175)	(23,602)
Allowance for returned goods	(5,412)	(3,602)
Net	88,141	83,741

4. Inventories - net

Consisted of:-

	(Unit : '000 Baht)	
	<u>As of March 31, 2005</u>	<u>As of December 31, 2004</u>
Raw material	8,100	6,099
Work in process	10,137	7,712
Finished good	223,737	192,464
Total	241,974	206,275
<u>Less</u> Allowance for lost goods	(15,492)	(15,342)
Allowance for dilapidated and slow moving goods	(39,879)	(37,444)
Net	186,603	153,489

5. Investments in subsidiary and associated companies

Consisted of:-

		As of March 31, 2005					
	<u>Nature of business</u>	<u>Paid-up</u>	<u>Percentage</u>	<u>Cost</u>	<u>Investments</u>	<u>Dividend</u>	
		<u>share capital</u>	<u>of share</u>	<u>'000 Baht</u>	<u>method</u>	<u>'000 Baht</u>	
		<u>'000 Baht</u>	<u>holdings</u>			<u>'000 Baht</u>	
<u>Subsidiary company</u>							
SE-ED Book CenterCo.,Ltd.	Business consulting firm	100	99.93%	100	Cost	100	
<u>Associated companies</u>							
M AND E Co., Ltd.	Printing office company, Produces technical magazines and engineering manuals	400	25%	100	Equity	14,900	
Ploen Patt Co., Ltd.	Institute of private education - Ploen Pattana School	80,000	28.75%	23,000	Equity	19,217	
				23,200		34,217	

		As of December 31, 2004					
	<u>Nature of business</u>	<u>Paid-up</u>	<u>Percentage</u>	<u>Cost</u>	<u>Investments</u>	<u>Dividend</u>	
		<u>share capital</u>	<u>of share</u>	<u>'000 Baht</u>	<u>method</u>	<u>'000 Baht</u>	
		<u>'000 Baht</u>	<u>holdings</u>			<u>'000 Baht</u>	
<u>Subsidiary company</u>							
SE-ED Book CenterCo.,Ltd.	Business consulting firm	100	99.93%	100	Cost	100	
<u>Associated companies</u>							
M AND E Co., Ltd.	Printing office company, Produces technical magazines and engineering manuals	400	25%	100	Equity	14,900	
Ploen Patt Co., Ltd.	Institute of private education - Ploen Pattana School	80,000	28.75%	23,000	Equity	19,837	
				23,200		34,837	
						700	

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

For the three-month period ended on March 31, 2005 and 2004, and for the year ended on December 31, 2004, the Company did not recognize participating from operations in M AND E CO., LTD., since the associated company did not prepare the quarterly financial statements and year end closing. However, the Company received the financial statements for the year ended on December 31, 2003 of M AND E CO., LTD. which were audited by another auditor. The Company consequently recorded participating from operations in such associated company in the income statement for the year ended on December 31, 2004 (recorded in the second quarter of year 2004) for the amount of Baht 2.92 million equivalent to 2.50 % of net profit and as of March 31,2005 and December 31, 2004, investment in associated company for the amount of Baht 14.90 million equally for both period was equivalent to 1.26 % and 1.34 % of total assets respectively.

The financial statements for the three-month period ended on March 31, 2005 and 2004 of Ploen Patt Co., Ltd., which is an associated company, were used to account for investment by equity method and these financial statements have been reviewed by another auditor. As at March 31, 2005 and December 31, 2004 investment in associated company for the amount of Baht 19.22 million and Baht 19.84 million was equivalent to 1.62 % and 1.79 % of total assets in the balance sheet respectively, and participation in loss from operation in that associated company as presented in the income statement for the three-month period ended on the same date was Baht 0.62 million and Baht 1.11 million equivalent to 1.81% and 3.76% of net profit respectively.

6. Property, plant and equipment - net

For the three - month period ended on March 31, 2005

	(Unit : '000 Baht)
Net book value at the beginning of the period	241,943
Purchases in the period	18,181
Disposal in the period	(519)
Accumulated depreciation of disposed assets	518
Depreciation in the income statement	(17,527)
Depreciation-capital surplus from assets revaluation (Presented under shareholders' equity item)	(607)
Net book value at the ending of the period	<u>241,989</u>

7. Leasehold on buildings-net

The whole amount of the leasehold on buildings for areas in leading shopping centers in order to open 12 branches of SE-ED Book Center. Most of these leaseholds were for the period of approximately 30 years. For the three month period ended on March 31, 2005, these leasehold rights were amortized to expenses by the amount of Baht 2.97 million.

8. Land and building not used for operation-net

For the three-month period ended on March 31, 2005

	(Unit : '000 Baht)
Net book value at the beginning of the period	32,433
Depreciation in the period	(16)
Net book value at the ending of the period	<u>32,417</u>

9. 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: -

9.1 Warrants to purchase ordinary shares for the existing shareholders at the ratio of 1 warrant to 1 ordinary share. The right to exercise 1 warrant for existing shareholders 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.

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

For the three-month period ended on March 31, 2005, directors and employees had exercised their rights to purchase ordinary shares in number of 2,733,230 units and existing shareholders had exercised their rights to purchase ordinary shares in number of 3,058,200 units. Thus the Company had increased the issued and paid-up share capital and the premium on share capital by the total of Baht 5.79 million and Baht 1.99 million respectively. The Company registered the change in paid-up share capital on March 24, 2005. The remaining balance of exercisable warrants but not yet exercised in number 4,979,790 units for existing shareholders and 1,051,570 units for directors and employees. The remaining warrants not yet exercisable for the directors and employees as in the said terms in number 22,153,600 units.

10. Treasury stock

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

According to the Federation of Accounting 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 shares remain in the account. In the event the retained earning is used to pay dividends, the retained earning after the dividend payment should not be less than the buy back shares. This is to be in accordance with the announcement of the Judicial Council, which deliberated the issue of treasury share schemes under Section 66/1(2) of the Public Limited Companies Act B.E. 2535.

As at March 31, 2005, the Company had buy back treasury shares of 19.78 million shares equal to 6.18% 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 the fourth quarter of year 2004.

11. Basic and diluted earnings per share

	For the three-month period ended on 31 March					
	<u>Net profit</u>		<u>Weighted average number</u>		<u>Earnings per share</u>	
	<u>2005</u>	<u>2004</u>	<u>of ordinary share</u>		<u>2005</u>	<u>2004</u>
	<u>'000 Baht</u>	<u>'000 Baht</u>	<u>'000 Shares</u>	<u>'000 Shares</u>	<u>Baht</u>	<u>Baht</u>
Basic earnings per share						
Net profit	34,175	29,361	296,584	312,960	0.12	0.09
Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised						
28,184,960 units (Year 2004 : 33,976,390 units)	-	-	22,196	42,439	-	-
Diluted earnings per share						
Net profit of ordinary shareholders						
assuming the conversion into ordinary shares	34,175	29,361	318,780	355,399	0.11	0.08

For the three-month period ended on March 31, 2005 and 2004, the diluted earnings per share was calculated with consideration of the effect of the exercisable warrants but not yet been exercised.

12. 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.

13. Obligations and contingent liabilities

13.1 As at March 31, 2005 and December 31, 2004, the Company also holds contingent liabilities and obligations with a bank in relation to letter of guarantee for the amount of Baht 3.46 million and Baht 3.90 million respectively.

13.2 The Company has entered into agreements of building lease and agreements of service with a related company and an outside party so as to use as head office and the distribution center of merchandise. The Company has also entered into area rental agreements so as to use as branch offices totaling 167 branches. The life of the leased agreements ranged from 1 to 10 years. The total rental fee and public utility service fee that the Company has to pay are approximately Baht 256.5 million per year. Moreover, the leased

agreement was entered into so as to use as one warehouse (Kingkaew Road) with the agreement period of 3 years.

14. Financial instruments

The Company obtains non-material risk with respect to the change of interest rates and exchange rates. Due to the business's expansion, the Company's investment is utilized by current cash flow; however long term liabilities which incurred interest obligation do not exist. Moreover, the nature of the Company's operation related to foreign currencies shows non-materially increased proportion. As a result, the Company did not consider the adoption of financial instruments to hedge against such risk. If the Company's operation related to foreign currencies increased, the Company would consider the adoption of appropriate financial instruments to hedge against such risk. Nevertheless, the Company holds no policy to adopt any financial instrument off the balance sheets which are derivative instruments for speculation or for trading purpose.

14.1 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.

14.2 Risk on interest rates

Risk on interest rate is derived from the change of interest rates in the future which affects upon the Company operating result and cash flow. Due to the temporary short term investment which generates interest receivable and dividend fluctuated to the market rates (Floating interest rate), the Company, therefore, does not adopt any financial instrument to hedge against such risk.

14.3 Fair value

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

15. Subsequent events

In accordance to the minutes of the annual general shareholders' meeting No. 1/2005 held on April 27, 2005, it was unanimously resolved to authorise payment of dividends from the 2004 operating result at Baht 0.288 per share . As the Company had already paid interim dividends in 2004 at Baht 0.26 per share, thus the Company will pay additional dividends at Baht 0.028 per share, all in total of Baht 8.95 million. The remaining dividends are scheduled to be paid on May 25, 2005. The meeting also resolved for appropriating net profit to legal reserve at 5 % of net profit for year 2004 amounting to Baht 1.83 million . As at March 31, 2005, the Company had appropriated such legal reserve in full.
