

## **REVIEW REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT**

To the Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED,

I have reviewed the balance sheet as at June 30, 2005, and the related statements of income for the three-month and the six-month period ended on June 30, 2005, changes in shareholders' equity and cash flow for the six-month period ended on June 30, 2005 of SE-EDUCATION PUBLIC COMPANY LIMITED. 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. The financial statements of two associated companies as mentioned in the notes to the financial statements no. 6.2 and 6.3, which the investment in it were recorded by the equity method, have been reviewed by another auditors. I have received the reports of those auditors. My report presented regarding the amounts of transactions of the said associated companies, which included in this financial statements, is based on the reports of said another auditors. As at June 30, 2005, the investment in the said associated companies at Baht 17.41 million and Baht 19.34 million equivalent to 1.41% and 1.57% of the total asset in the balance sheet respectively and the participating gain (loss) in the associated companies included in the statement of income for the six-month period ended on June 30, 2005 at Baht 3.21 million and Baht (0.50) million equivalent to 3.91% and (0.61%) of the net profit respectively.

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. Together with the report of another auditor as mentioned in the first paragraph provided summary that is a reasonable basis for my review report.

Based on my review and the reports of the another auditors, 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 for the three-month and the six-month periods ended on June 30, 2004, changes in shareholders' equity and cash flow for the six-month period ended on June 30, 2004 of SE-EDUCATION PUBLIC COMPANY LIMITED were reviewed by another auditor in the same firm who expressed in the report dated August 6, 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 Sutheprasert )

Certified Public Accountant (Thailand) Registration No. 5063

Bangkok,

August 5, 2005

## SE-EDUCATION PUBLIC COMPANY LIMITEI

## BALANCE SHEETS

As at June 30, 2005 and December 31, 2004

(Unit : Thousand Baht)

		2005	2004
		Unaudited	Audited
		Limited Review Only	
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalent items		144,290	142,825
Short-term investment-net (net from allowance for diminution of value (Note 3) in the second quarter of 2005 and year 2004 in amount of Baht (6,856) thousand and Baht (5,558) thousand respectively)		212,860	161,939
Trade accounts and notes receivable-net	(Note 4)	79,998	83,741
Loan due from an associated company	(Note 2.1)	5,000	-
Inventories-net	(Note 5)	194,026	153,489
Other current assets		34,769	27,415
TOTAL CURRENT ASSETS		<u>670,943</u>	<u>569,409</u>
NON-CURRENT ASSETS			
Investments in subsidiary and associated companies	(Note 6)	36,847	34,837
Property, plant and equipment-net	(Note 7)	240,552	241,943
Leasehold on buildings-net	(Note 8)	172,932	137,009
Assets pending for sale-net		21,000	21,000
Land and building not used for operation - net	(Note 9)	32,401	32,433
Other non-current assets		57,083	71,176
TOTAL NON-CURRENT ASSETS		<u>560,815</u>	<u>538,398</u>
TOTAL ASSETS		<u><u>1,231,758</u></u>	<u><u>1,107,807</u></u>

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

**BALANCE SHEETS****As at June 30, 2005 and December 31, 2004**

	<b>(Unit : Thousand Baht)</b>	
	<b>2005</b>	<b>2004</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>Limited Review Only</b>	
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Bank overdrafts	11,815	60,579
Trade accounts and notes payable	527,289	432,742
Accrued expenses	25,944	27,536
Accrued corporate income tax	31,757	22,627
Other current liabilities:	64,641	46,578
<b>TOTAL CURRENT LIABILITIES</b>	<b>661,446</b>	<b>590,062</b>
<b>NON-CURRENT LIABILITIES</b>		
Other non-current liabilities:	4,416	2,669
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,416</b>	<b>2,669</b>
<b>TOTAL LIABILITIES</b>	<b>665,862</b>	<b>592,731</b>

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

**SE-EDUCATION PUBLIC COMPANY LIMITED****BALANCE SHEETS****As at June 30, 2005 and December 31, 2004**

(Unit : Thousand Baht)

		2005	2004
		Unaudited	Audited
		Limited Review Only	
SHAREHOLDERS' EQUITY			
Share capital	(Note 10)		
Authorized share capital			
348,128,690 ordinary shares @ Baht 1.00 each		348,129	348,129
Issued and paid-up share capital			
321,190,410 ordinary shares @ Baht 1.00 each		321,190	-
314,152,170 ordinary shares @ Baht 1.00 each		-	314,152
Premiums on share capital		147,177	144,389
Capital surplus from assets revaluation		18,262	19,484
Unrealized loss - securities available -for -sale		(6,856)	(5,558)
Retained earnings			
Appropriated			
Legal reserve	(Note 11)	35,627	32,086
Treasury stock reserve	(Note 12)	122,641	122,641
Unappropriated		50,496	10,523
<u>Less</u> Treasury stock 19,783,600 share @ Baht 6.20 each	(Note 12)	(122,641)	(122,641)
TOTAL SHAREHOLDERS' EQUITY		565,896	515,076
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,231,758	1,107,807

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

## SE-EDUCATION PUBLIC COMPANY LIMITED

## INCOME STATEMENTS

(Unit : Thousand Baht)

	For the three-month periods		For the six-month periods		
	ended on June 30,		ended on June 30,		
	2005	2004	2005	2004	
<b>REVENUES FROM OPERATION</b>					
Sales	818,411	711,932	1,576,400	1,358,444	
Other income	5,250	6,005	13,019	14,208	
Participating gain in the associated companies	3,330	2,933	2,710	1,828	
<b>TOTAL REVENUES</b>	<b>826,991</b>	<b>720,870</b>	<b>1,592,129</b>	<b>1,374,480</b>	
<b>EXPENSES FROM OPERATION</b>					
Cost of sales	572,786	499,936	1,095,878	941,705	
Selling and administrative expenses	185,033	175,334	377,101	344,632	
Directors' remuneration	2,158	2,110	2,638	2,262	
<b>TOTAL EXPENSES</b>	<b>759,977</b>	<b>677,380</b>	<b>1,475,617</b>	<b>1,288,599</b>	
<b>PROFIT BEFORE INTEREST</b>					
EXPENSES AND CORPORATE INCOME TAX	67,014	43,490	116,512	85,881	
INTEREST EXPENSES	(43)	(37)	(110)	(83)	
CORPORATE INCOME TAX	(19,210)	(12,169)	(34,467)	(25,153)	
<b>NET PROFIT</b>	<b>47,761</b>	<b>31,284</b>	<b>81,935</b>	<b>60,645</b>	
<b>BASIC EARNINGS</b>					
PER SHARE (Unit : Baht)	(Note 13)	0.16	0.11	0.27	0.22
<b>DILUTED EARNINGS</b>					
PER SHARE (Unit : Baht)	(Note 13)	0.15	0.10	0.26	0.20

**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 six-month periods ended on June 30, 2005 and 2004**

(Unit : Thousand 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 at January 1, 2005	314,152		
Depreciation-capital surplus from asset revaluation	-	-	(1,222)	-	-	-	-	(1,222)	
Unrealized loss-securities available -for -sale	-	-	-	(1,298)	-	-	-	(1,298)	
Unrealized transactions in the income statements	314,152	144,389	18,262	(6,856)	154,727	10,523	(122,641)	512,556	
Shares purchased by exercising warrants									
of shareholders, directors, employees	(Note 10)	7,038	2,788	-	-	-	-	9,826	
Appropriation for legal reserve in the period	(Note 11)	-	-	-	-	3,541	(3,541)	-	
Dividend payment	(Note 11)	-	-	-	-	-	(38,421)	(38,421)	
Net profit for the period		-	-	-	-	-	81,935	81,935	
Balance as at June 30, 2005		321,190	147,177	18,262	(6,856)	158,268	50,496	(122,641)	565,896
Balance as at January 1, 2004		255,071	107,830	21,954	1,078	25,132	154,979	-	566,044
Depreciation-capital surplus from assets revaluation		-	-	(1,228)	-	-	-	-	(1,228)
Unrealized loss - securities available-for-sale		-	-	-	(4,486)	-	-	-	(4,486)
Unrealized transaction in the income statements		255,071	107,830	20,726	(3,408)	25,132	154,979	-	560,330
Shares purchased by exercising warrants									
of shareholders, directors, employees	(Note 10)	54,788	33,779	-	-	-	-	-	88,567
Appropriation for legal reserve -									
in the period	(Note 11)	-	-	-	-	4,406	(4,406)	-	-
Dividend payment	(Note 11)	-	-	-	-	-	(84,887)	-	(84,887)
Purchase of treasury stock	(Note 12)	-	-	-	-	-	-	(99,921)	(99,921)
Net profit for the period		-	-	-	-	-	60,645	-	60,645
Balance at of June 30, 2004		309,859	141,609	20,726	(3,408)	29,538	126,331	(99,921)	524,734

**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 six-month periods ended on June 30, 2005 and 2004

	(Unit : Thousand Baht)	
	2005	2004
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit	81,935	60,645
Adjustment from net profit to cash receipts (payments) from operation		
Depreciation - assets for operation	37,766	30,772
Depreciation - assets not used for operation	32	33
Leasehold written-off	6,165	4,604
Loss from lost goods	14,336	13,339
Loss from dilapidated and slow moving goods	8,281	4,645
Loss from estimation of returned goods(reversal)	(492)	(155)
Doubtful debts and bad debt (return of bad debts)	172	731
Adjustment for clearing of trade accounts receivable	494	-
Adjustment for clearing of trade accounts payable	(766)	(4,471)
Participating (gain) loss from investment in associated companies	(2,710)	(1,828)
Loss (gain) from short-term investment	(2,219)	-
Loss from donation of assets	-	36
Realized loss on disposal of securities available-for-sale	-	1,552
Gain on disposal of assets	(514)	-
Profit from operating before change in operating assets and liabilities	142,480	109,903
(Increase)Decrease in trade accounts and notes receivable	3,569	(2,434)
(Increase)Decrease in inventories	(63,154)	(27,940)
(Increase)Decrease in other current assets	(7,354)	(15,992)
(Increase)Decrease in other non- current assets	(16,121)	5,815
Increase(Decrease) in trade accounts and notes payable	95,313	(19,505)
Increase(Decrease) in accrued corporate income tax	9,130	(12,552)
Increase(Decrease) in accrued expenses	(1,592)	2,299
Increase(Decrease) in other current liabilities	18,063	25,457
Increase(Decrease) in other-non current liabilities	1,747	329
Net cash received (used in) from operating activities	182,081	65,380

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 six-month periods ended on June 30, 2005 and 2004

	(Unit : Thousand Baht)	
	2005	2004
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of securities available -for -sale	(50,000)	(210,831)
Cash receipt from disposal of securities available -for -sales	-	298,319
(Increase) Decrease in loan due from associated company	(5,000)	-
Purchase of assets	(37,598)	(28,737)
Cash receipt from disposal of assets	515	-
Purchase of leasehold	(11,874)	(16,380)
Dividend receipt from investment in associated company	700	700
Net cash received (used in) from investing activities	<u>(103,257)</u>	<u>43,071</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase(Decrease) in bank overdrafts	(48,764)	(8,246)
Cash receipt from additional warrants exercised to purchase shares	9,826	88,567
Purchase of treasury stock	-	(99,921)
Dividend payment	(38,421)	(84,887)
Net cash received (used in) from financing activities	<u>(77,359)</u>	<u>(104,487)</u>
Cash and cash equivalent items increase (decrease) - net	1,465	3,964
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>144,290</u></u>	<u><u>150,339</u></u>
Supplemental disclosures to the cash flow statements		
1. Cash paid during the period:		
Interest paid	110	83
Corporate income tax	25,202	37,705
2. Items do not affect cash flow		
2.1 For the six-month periods ended June 30, 2005 and 2004, the Company adjusted unrealizable loss on revaluation of securities available -for -sale with the shareholders' equity amounting Baht (1.30) million and Baht (4.49) million respectively.		
2.2 For the six-month period ended on June 30, 2005 , the Company transferred the guarantee for leasehold on building for the amount of Baht 30.22 million to leasehold on building since the leasehold right have been transferred during the first quarter of 2005.		
3. Cash and cash equivalent items consists of : -		
Cash	13,592	9,091
Cash at bank not exceeding three-month period	<u>130,698</u>	<u>141,248</u>
Total	<u><u>144,290</u></u>	<u><u>150,339</u></u>
<b>Unaudited</b>		
<b>Limited Review Only</b>		

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

**SE-EDUCATION PUBLIC COMPANY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005 and 2004 (Unaudited/Limited Review Only)**  
**and December 31, 2004 (Audited)**

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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 its statutory financial statements in the Thai language 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.

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 six-month period ended on June 30, 2005.

## 2. Inter-company transactions

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

### 2.1 Inter - assets and liabilities

(Unit : Thousand Baht)				
	<u>Type of relation</u>	<u>As at June 30, 2005</u>	<u>As at December 31, 2004</u>	
<u>Loan due from associated company</u>				
Ploen Patt Co., Ltd.	Associated company	5,000	-	
<u>Accrued interest receivable</u>				
Ploen Patt Co., Ltd.	Associated company	14	-	
<u>Trade accounts payable</u>				
M AND E Co., Ltd.	Associated company	2,322	2,119	
Nation Multi Media Group Public Co., Ltd.	Shareholders	1,047	1,322	
Nation Egmont Edutainment Co., Ltd.	Company related to shareholders	10,956	8,296	
Nation Book International Co., Ltd.	Company related to shareholders	10,743	9,664	
Nation Broadcasting Corporation Co., Ltd.	Company related to shareholders	527	-	

As at June 30, 2005, the whole amount of loan due from an associated company that operate in the business of private educational institution was in the form of promissory note with a 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. Apart from this, the Company provided additional loan to the said associated company at Baht 5.00 million by a post-dated cheque dated July 15, 2005 where the said associated company received the cheque in the second quarter of the year 2005.

### 2.2 Inter- revenues and expenses

(Unit : Thousand Baht)					
	<u>Type of relation</u>	<u>For the six-month periods</u>		<u>Policy of inter-price setting</u>	
		<u>ended on June 30</u>			
		<u>2005</u>	<u>2004</u>		
<u>Interest receivable values</u>					
Ploen Patt Co., Ltd.	Associated company	14	-		
<u>Purchase goods values</u>					
M AND E Co., Ltd.	Associated company	1,360	983	Market price	
Nation Multi Media Group Public Co., Ltd.	Shareholders	18,358	27,189	Market price	
Nation Egmont Edutainment Co., Ltd.	Company related to shareholders	3,226	9,282	Market price	
Nation Book International Co., Ltd.	Company related to shareholders	11,697	-	Market price	
<u>Rental and service charge</u>					
Nation Multi Media Group Public Co., Ltd.	Shareholder	3,914	3,800	Agreed upon price	

In the second quarter, Nation Multi Media Group Public Company Limited, the major shareholders of the Company, disposed the investment in the ordinary shares of SE-EDUCATION PUBLIC COMPANY LIMITED, where the majority of it disposed to GMM Grammy Public Company Limited and the transfer of ownership was performed on June 20, 2005 thus GMM Grammy Public Company Limited became the major shareholders of the Company.

3. Short-term investment-net

Consisted of :-

	(Unit : Thousand Baht)	
	<u>As at June 30, 2005</u>	<u>As at December 31, 2004</u>
Government Bonds	50,000	-
Securities available-for-sale		
- Investment in Private Fund	118,792	118,586
- Investment in Mutual Fund	44,068	43,353
Total	<u>212,860</u>	<u>161,939</u>

As at June 30, 2005, a part of short-term investment at Baht 50.00 million was investment in government bonds with the maturity period of 1 month and the interest rate of 1.90 – 2.00% per annum.

4. Trade accounts and notes receivable - net

As at June 30, 2005 and December 31, 2004, trade accounts receivable are classified by aging overdue as follows:-

	(Unit : Thousand Baht)	
	<u>As at June 30, 2005</u>	<u>As at December 31, 2004</u>
Trade accounts receivable		
Within credit term	64,055	40,583
Over credit term less than 6 months	17,220	39,060
Over credit term more than 6 months to 12 months	1,399	4,811
Over credit term more than 12 months	20,280	20,799
Total	<u>102,954</u>	<u>105,253</u>
Notes receivable	3,928	5,692
<u>Less</u> Allowance for doubtful debts	(23,774)	(23,602)
Allowance for returned goods	(3,110)	(3,602)
Net	<u>79,998</u>	<u>83,741</u>

5. Inventories - net

Consisted of:-

	(Unit : Thousand Baht)	
	<u>As at June 30, 2005</u>	<u>As at December 31, 2004</u>
Raw material	12,720	6,099
Work in process	8,226	7,712
Finished good	235,193	192,464
Total	<u>256,139</u>	<u>206,275</u>
<u>Less</u> Allowance for lost goods	(16,388)	(15,342)
Allowance for dilapidated and slow moving goods	(45,725)	(37,444)
Net	<u><u>194,026</u></u>	<u><u>153,489</u></u>

6. Investments in subsidiary and associated companies

Consisted of:-

		As at June 30, 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>Thousand Baht</u>	<u>method</u>	<u>Thousand Baht</u>	<u>Thousand Baht</u>
		<u>Thousand Baht</u>	<u>holdings</u>				
<u>Subsidiary company</u>							
SE-ED Book Center Co., Ltd.	Business consulting firm	100	99.93%	100	Cost	100	-
<u>Associated companies</u>							
M ANDE Co., Ltd.	Printing office company, Produces technical magazines and engineering manuals	400	25%	100	Equity	17,410	700
Ploen Patt Co., Ltd.	Institute of private education - Ploen Pattana School	80,000	28.75%	23,000	Equity	19,337	-
				<u>23,200</u>		<u>36,847</u>	<u>700</u>

		As at June 30, 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>Thousand Baht</u>	<u>method</u>	<u>Thousand Baht</u>	<u>Thousand Baht</u>
		<u>Thousand Baht</u>	<u>holdings</u>				
<u>Subsidiary company</u>							
SE-ED Book Center Co., Ltd.	Business consulting firm	100	99.93%	100	Cost	100	-
<u>Associated companies</u>							
M ANDE Co., Ltd.	Printing office company, Produces technical magazines and engineering manuals	400	25%	100	Equity	14,900	700
Ploen Patt Co., Ltd.	Institute of private education - Ploen Pattana School	80,000	28.75%	23,000	Equity	19,837	-
				<u>23,200</u>		<u>34,837</u>	<u>700</u>

- 6.1 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.
- 6.2 For the six-month periods ended on June 30, 2005 and 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. However, the Company received the financial statements for the year ended on December 31, 2004 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 three-month and the six-month period ended on June 30, 2005 for the amount of Baht 3.21 million equivalent to 3.91 % of net profit and as of June 30, 2005 and December 31, 2004, investment in associated company for the amount of Baht 17.41 million and Baht 14.90 million equivalent to 1.41 % and 1.34 % of total assets respectively.
- 6.3 The financial statements for the three-month and the six-month periods ended on June 30, 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 June 30, 2005 and December 31, 2004 investment in associated company for the amount of Baht 19.34 million and Baht 19.84 million was equivalent to 1.57 % and 1.79 % of total assets in the balance sheet respectively, and participating loss from operation in that associated company as presented in the income statement for the six-month periods ended on June 30, 2005 and 2004 for the amount of Baht 0.50 million and Baht 1.09 million equivalent to 0.61 % and 1.80% of net profit respectively.
7. Property, plant and equipment - net

For the six - month period ended on June 30, 2005

	(Unit : Thousand Baht)
Net book value at the beginning of the period	241,943
Purchases in the period	37,598
Disposal in the period	(1,384)
Accumulated depreciation of disposed assets	1,383
Depreciation in the income statement	(37,766)
Depreciation-capital surplus from assets revaluation (Presented under shareholders' equity)	(1,222)
Net book value at the end of the period	<u>240,552</u>

8. Leasehold on buildings-net

The whole amount of the leasehold on buildings 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 six-month periods ended on June 30, 2005 and 2004, these leasehold rights were amortized to expenses by the amount of Baht 6.17 million and Baht 4.60 million respectively.

9. Land not used for operation-net

For the six-month period ended on June 30, 2005

(Unit : Thousand Baht)

Net book value at the beginning of the period - net	32,433
Depreciation in the period	(32)
Net book value at the end of the period – net	<u>32,401</u>

10. 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: -

- 10.1 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.
- 10.2 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 six-month period ended on June 30, 2005, directors and employees had exercised their rights to purchase ordinary shares in number of 2,748,290 units and existing shareholders had exercised their rights to purchase ordinary shares in number of 4,289,950 units. Thus the Company had increased the issued and paid-up share capital and the premium on share capital by the total of Baht 7.04 million and Baht 2.79 million respectively. The Company registered the change in paid-up share capital on June 27, 2005. The remaining balance of exercisable warrants not yet exercised are 3,748,040 units for existing shareholders and 121,590 units for directors and employees. The remaining warrants not yet exercisable for the directors and employees as in the said terms is 23,068,500 units.

#### 11. Dividend payment and legal reserve

Consist of:

			<u>Year 2005 operating result</u>				
	<u>Resolutions of the Company's Board meeting</u>	<u>Meeting date</u>	<u>Dividends payment date</u>	<u>Dividends Per share (Baht)</u>	<u>Dividend Paid Totaling (Million Baht)</u>	<u>Legal reserve % of Net profit</u>	<u>Amount (Million Baht)</u>
Quarter 1	2/2005	12/05/2005	10/06/2005	0.10	30.02	5%	1.17
			<u>Year 2004 operating result</u>				
	<u>Resolutions of the Company's Board/Shareholder meeting</u>	<u>Meeting date</u>	<u>Dividends payment date</u>	<u>Dividends Per share (Baht)</u>	<u>Dividend Paid Totaling (Million Baht)</u>	<u>Legal reserve % of Net profit</u>	<u>Amount (Million Baht)</u>
Quarter 1	2/2004	14/05/2004	14/06/2004	0.10	27.74	5%	1.47
Quarter 2	3/2004	11/08/2004	08/09/2004	0.10	29.31	5%	1.56
Quarter 3	5/2004	12/11/2004	09/12/2004	0.06	17.62	5%	0.98
Quarter 4	1/2004	27/04/2005	25/05/2005	0.028	8.40	5%	1.83
Total				0.288	83.07		5.84



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

## 12. 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 160.00 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 the treasury stock in less than 3 years commencing in six months after the 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 June 30, 2005, the Company had buy back treasury shares of 19.78 million shares equal to 6.16% 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.

13. Basic and diluted earnings per share

	<u>For the three-month periods ended on June 30.</u>					
	<u>Net profit</u>		<u>Weighted average number</u>		<u>Earnings per share</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	<u>Thousand Baht</u>	<u>Thousand Baht</u>	<u>Thousand shares</u>	<u>Thousand shares</u>	<u>Baht</u>	<u>Baht</u>
Basic earnings per share						
Net profit	47,761	31,284	300,225	284,189	0.16	0.11
Effect of diluted equivalent ordinary shares the balance of warrants able to be exercised 26,938,150 unit (year 2004 : 38,269,740 unit)	-	-	20,784	30,856	-	-
Diluted earnings per share						
Net profit of ordinary shareholders assuming the conversion into ordinary shares	47,761	31,284	321,009	315,045	0.15	0.10

	<u>For the six-month periods ended on June 30.</u>					
	<u>Net profit</u>		<u>Weighted average number</u>		<u>Earnings per share</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	<u>Thousand Baht</u>	<u>Thousand Baht</u>	<u>Thousand shares</u>	<u>Thousand shares</u>	<u>Baht</u>	<u>Baht</u>
Basic earnings per share						
Net profit	81,935	60,645	298,414	271,779	0.27	0.22
Effect of diluted equivalent ordinary shares the balance of warrants able to be exercised 26,938,150 unit (year 2004 : 38,269,740 unit)	-	-	21,075	30,720	-	-
Diluted earnings per share						
Net profit of ordinary shareholders assuming the conversion into ordinary shares	81,935	60,645	319,489	302,499	0.26	0.20

For the three-month and the six-month periods ended on June 30, 2005 and 2004, the diluted earnings per share was calculated with consideration of the effect of the exercisable warrants but not yet been exercised.

#### 14. 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.

#### 15. Obligations and contingent liabilities

15.1 As at June 30, 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 3.51 million and Baht 3.90 million respectively.

15.2 The Company has entered into agreements of building lease and agreements of service with the 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 169 branches. The lease 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 252.34 million per year.

The Company has entered into a lease agreement for a warehouse (Kingkaew Road) with the lease period of 3 years commencing from January 1, 2006 to December 31, 2008. The rental fee for the first and second year is Baht 15.10 million per annum and the third year is Baht 16.17 million per annum. As at June 30, 2005, the Company has issued a post-date cheque dated on January 1, 2006 for the amount of Baht 10.64 million as the advance payment for the rental fee of the warehouse, to comply with the agreement.

15.3 The Company has entered into a purchase agreement to purchase a computer program license from a company to use in the Company's operation at Baht 9.79 million. The agreement has to enforce commencing from July 1, 2005.

#### 16. 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.

16.1 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.

16.2 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.

16.3 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 fair values. Regarding the short-term investment, the Company has adjusted the investment value to its fair value.

17. Approval of Financial Statements

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

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