

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 September 30, 2005, and the related statements of income for the three-month and the nine-month period ended on September 30, 2005, changes in shareholders' equity and cash flow for the nine-month period ended on September 30, 2005 of SE-EDUCATION PUBLIC COMPANY LIMITED. These financial statements are under the responsibility of the Company's management as to their correctness and completeness in the information presented. 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 them 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 these financial statements, is based on the reports of said another auditors. As at September 30, 2005, the investment in the said associated companies at Baht 17.41 million and Baht 18.51 million equivalent to 1.36% and 1.44% 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 nine-month period ended on September 30, 2005 at Baht 3.21 million and Baht (1.33) million equivalent to 2.63% and (1.09%) 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. Nevertheless the report of another auditors 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 had 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 nine-month periods ended on September 30, 2004, changes in shareholders' equity and cash flow for the nine-month period ended on September 30, 2004 of SE-EDUCATION PUBLIC COMPANY LIMITED were reviewed by another auditor in the same firm who expressed in the report dated November 4, 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,

November 14, 2005

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As at September 30, 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	229,057	142,825
Short-term investment-net (net from allowance for diminution of value (Note 3) in the third quarter of 2005 and year 2004 in amount of Baht (5,400) thousand and Baht (5,558) thousand respectively)	162,843	161,939
Trade accounts and notes receivable-net (Note 4)	74,970	83,741
Loan due from an associated company (Note 2.1)	14,000	-
Inventories-net (Note 5)	199,255	153,489
Other current assets	32,367	27,415
TOTAL CURRENT ASSETS	712,492	569,409
NON-CURRENT ASSETS		
Investments in subsidiary and associated companies (Note 6)	36,017	34,837
Property, plant and equipment-net (Note 7)	246,799	241,943
Leasehold on buildings-net (Note 8)	169,789	137,009
Assets pending for sale-net	21,000	21,000
Land not used for operation - net (Note 9)	32,384	32,433
Other non-current assets	63,280	71,176
TOTAL NON-CURRENT ASSETS	569,269	538,398
TOTAL ASSETS	1,281,761	1,107,807

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As at September 30, 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	13,932	60,579
Trade accounts and notes payable	572,134	432,742
Accrued expenses	32,348	27,536
Accrued corporate income tax	15,694	22,627
Other current liabilities	66,107	46,578
TOTAL CURRENT LIABILITIES	<u>700,215</u>	<u>590,062</u>
NON-CURRENT LIABILITIES		
Other non-current liabilities	4,446	2,669
TOTAL NON-CURRENT LIABILITIES	<u>4,446</u>	<u>2,669</u>
TOTAL LIABILITIES	<u>704,661</u>	<u>592,731</u>

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As at September 30, 2005 and December 31, 2004

		(Unit : '000 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			
321,358,680 ordinary shares @ Baht 1.00 each		321,359	-
314,152,170 ordinary shares @ Baht 1.00 each		-	314,152
Premiums on share capital		147,281	144,389
Capital surplus from assets revaluation		17,641	19,484
Unrealized loss - securities available -for -sale		(5,400)	(5,558)
Retained earnings			
Appropriated			
Legal reserve	(Note 11)	35,627	32,086
Treasury stock reserve	(Note 12)	122,641	122,641
Unappropriated		60,592	10,523
<u>Less</u> Treasury stock 19,783,600 share @ Baht 6.20 each	(Note 12)	(122,641)	(122,641)
TOTAL SHAREHOLDERS' EQUITY		<u>577,100</u>	<u>515,076</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>1,281,761</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

(Unit : '000 Baht)

	For the three-month period		For the nine-month period		
	ended on September 30,		ended on September 30,		
	2005	2004	2005	2004	
REVENUES FROM OPERATION					
Sales	869,582	713,325	2,445,982	2,071,769	
Other income	5,074	2,467	18,094	16,675	
Participating gain in the associated companies	-	-	1,880	1,738	
TOTAL REVENUES	874,656	715,792	2,465,956	2,090,182	
EXPENSES FROM OPERATION					
Cost of sales	614,449	506,006	1,710,327	1,447,711	
Selling and administrative expenses	201,893	180,271	578,994	524,903	
Directors' remuneration	573	469	3,211	2,731	
Participating loss in the associated companies	830	90	-	-	
TOTAL EXPENSES	817,745	686,836	2,292,532	1,975,345	
PROFIT BEFORE INTEREST					
EXPENSES AND CORPORATE INCOME TAX	56,911	28,956	173,424	114,837	
INTEREST EXPENSES	(39)	(106)	(149)	(189)	
CORPORATE INCOME TAX	(16,635)	(9,181)	(51,102)	(34,334)	
NET PROFIT	40,237	19,669	122,173	80,314	
BASIC EARNINGS PER SHARE (Unit : Baht)	(Note 13)	0.13	0.07	0.41	0.29
DILUTED EARNINGS PER SHARE (Unit : Baht)	(Note 13)	0.12	0.06	0.38	0.26

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 SHAEHOLDERS' EQUITY
For the nine-month period ended on September 30, 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 at January 1, 2005		314,152	144,389	19,484	(5,558)	154,727	10,523	(122,641)	515,076
Depreciation-capital surplus from assets revaluation		-	-	(1,843)	-	-	-	-	(1,843)
Unrealized gain - securities available for sale		-	-	-	158	-	-	-	158
Unrealized transaction in the income statements		314,152	144,389	17,641	(5,400)	154,727	10,523	(122,641)	513,391
Shares purchased by exercising warrants									
of shareholders, directors, employees	(Note 10)	7,207	2,892	-	-	-	-	-	10,099
Appropriation for legal reserve - in									
the period	(Note 11)	-	-	-	-	3,541	(3,541)	-	-
Dividend payment	(Note 11)	-	-	-	-	-	(68,563)	-	(68,563)
Net profit for the period		-	-	-	-	-	122,173	-	122,173
Balance as at September 30, 2005		321,359	147,281	17,641	(5,400)	158,268	60,592	(122,641)	577,100
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		-	-	(1,849)	-	-	-	-	(1,849)
Unrealized loss - securities available for sale		-	-	-	(6,327)	-	-	-	(6,327)
Unrealized transaction in the income statements		255,071	107,830	20,105	(5,249)	25,132	154,979	-	557,868
Shares purchased by exercising warrants									
of shareholders, directors, employees	(Note 10)	58,414	36,133	-	-	-	-	-	94,547
Appropriation for legal reserve - in									
the period	(Note 11)	-	-	-	-	5,970	(5,970)	-	-
Dividend payment	(Note 11)	-	-	-	-	-	(114,199)	-	(114,199)
Purchase of treasury stock	(Note 12)	-	-	-	-	-	-	(122,641)	(122,641)
Net profit for the period		-	-	-	-	-	80,314	-	80,314
Balance as at September 30, 2004		313,485	143,963	20,105	(5,249)	31,102	115,124	(122,641)	495,889

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SE-EDUCATION PUBLIC COMPANY LIMITED

CASH FLOW STATEMENTS

For the nine-month period ended on September 30, 2005 and 2004

(Unit : '000 Baht)

	2005	2004
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit	122,173	80,314
Adjustment to net profit for cash receipts (payments) from operation		
Depreciation - assets for operation	56,692	47,002
Depreciation - assets not used for operation	49	49
Leasehold written-off	9,310	6,947
Loss from lost goods	24,044	20,056
Loss from dilapidated and slow moving goods	9,887	6,023
Loss from estimation of returned goods (reversal)	753	549
Doubtful debts and bad debt (return of bad debts)	208	285
Adjustment for clearing of trade accounts receivable	621	-
Adjustment for clearing of trade accounts payable	2,583	(8,045)
Participating (gain) loss from investment in associated companies	(1,880)	(1,738)
Loss (gain) from short-term investment	(746)	-
Asset donation	65	36
Loss from amortized assets	506	-
Realized (gain) loss on disposal of securities available for sale	-	1,552
Gain on disposal of assets	(514)	(181)
Profit from operating before change in operating assets and liabilities	223,751	152,849
(Increase)Decrease in trade accounts and notes receivable	7,189	8,379
(Increase)Decrease in inventories	(79,697)	(46,769)
(Increase)Decrease in other accounts receivable-securities company	-	(38,400)
(Increase)Decrease in other current assets	(4,952)	(5,791)
(Increase)Decrease in other non-current assets	(22,320)	(2,030)
Increase(Decrease) in trade accounts and notes payable	136,809	(13,149)
Increase(Decrease) in accrued corporate income tax	(6,933)	(27,935)
Increase(Decrease) in accrued expenses	4,812	8,267
Increase(Decrease) in other current liabilities	19,529	19,039
Increase(Decrease) in other non-current liabilities	1,777	305
Net cash received from (used in) operating activities	279,965	54,765

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 nine-month period ended on September 30, 2005 and 2004

(Unit : '000 Baht)

	2005	2004
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of securities available for sale	-	(211,698)
Cash receipt from disposal of securities available for sales	-	298,319
(Increase) Decrease in loan due from an associated company	(14,000)	-
Purchase of assets	(63,962)	(55,791)
Cash receipt from disposal of assets	514	182
Purchase of leasehold	(11,874)	(19,340)
Dividend receipt from investment in associated company	700	700
Net cash received from (used in) investing activities	<u>(88,622)</u>	<u>12,372</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Increase (Decrease) in bank overdrafts	(46,647)	(4,199)
Cash receipt from additional warrants exercised to purchase shares	10,099	94,547
Purchase of treasury stock	-	(122,641)
Dividend payment	(68,563)	(114,199)
Net cash received from (used in) financing activities	<u>(105,111)</u>	<u>(146,492)</u>
Cash and cash equivalent items increase (decrease) - net	86,232	(79,355)
Cash and cash equivalent items at the beginning of the period	142,825	146,375
Cash and cash equivalent items at the end of the period	<u>229,057</u>	<u>67,020</u>
Supplementary disclosures to the cash flow statements		
1. Cash paid during the period:		
Interest paid	149	189
Corporate income tax	57,900	62,269
2. Items do not affect cash flow		
2.1 For the nine-month period ended on September 30, 2005 and 2004, the Company adjusted unrealizable loss on revaluation of securities available for sale with the shareholders' equity amounting Baht 0.16 million and Baht (6.33) million respectively		
2.2 For the nine-month period ended on September 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	13,225	11,658
Cash at bank not exceeding three-month period	95,832	55,362
Government bond (maturity period not exceeding 1 month)	60,000	-
Promissory note at-call on-demand	60,000	-
Total	<u>229,057</u>	<u>67,020</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****September 30, 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 its statutory financial statements in the Thai language. The financial statements are prepared in conformity with generally accepted accounting principles as applied in Thailand. The accounting principles used may be different, in certain aspects, from generally accepted accounting principles applied in other countries. For the convenience of the readers, the financial statements were translated into English from the statutory financial statements in Thai which are issued for the domestic reporting purpose.

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 nine-month period ended on September 30, 2005.

2. Inter-company transactions

The Company constituted 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 relationship</u>	<u>As at September 30, 2005</u>	<u>As at December 31, 2004</u>
<u>Trade accounts receivable</u>			
GMM Grammy Public Co., Ltd.	Shareholders	490	-
<u>Loan due from associated company</u>			
Pleam Patt Co., Ltd.	Associated company	14,000	-
<u>Accrued interest receivable</u>			
Pleam Patt Co., Ltd.	Associated company	190	-
<u>Trade accounts payable</u>			
M AND E Co., Ltd.	Associated company	2,978	2,119
Nation Multi Media Group Public Co., Ltd.	Shareholders (Year 2004)	2,174	1,322
Nation Egmont Edutainment Co., Ltd.	Company related to shareholders (year 2004)	11,987	8,296
Nation Book International Co., Ltd.	Company related to shareholders (Year 2004)	12,397	9,664
Nation Broadcasting Corporation Co., Ltd.	Company related to shareholders (Year 2004)	240	-

As at September 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. Furthermore, on October 3, 2005 the Company provided additional loan to the said associated company at Baht 5 million.

2.2 Inter- revenues and expenses

		(Unit : Thousand Baht)		
	<u>Type of relationship</u>	For the nine-month periods		<u>Policy of inter-price setting</u>
		<u>ended on September 30</u>	<u>ended on September 30</u>	
		<u>2005</u>	<u>2004</u>	
<u>Interest receivable values</u>				
Pleam Patt Co., Ltd.	Associated company	204	-	
<u>Purchase goods values</u>				
M AND E Co., Ltd.	Associated company	1,906	3,437	Market price
Nation Multi Media Group Public Co., Ltd.	Shareholders (Year 2004)	26,424	34,664	Market price
Nation Egmont Edutainment Co., Ltd.	Company related to shareholders (Year 2004)	4,306	12,512	Market price
Nation Book International Co., Ltd.	Company related to shareholders (Year 2004)	17,908	-	Market price
GMM Grammy Public Co., Ltd.	Shareholders	8	-	Market price
<u>Rental and service charge</u>				
Nation Multi Media Group Public Co., Ltd.	Shareholder (Year 2004)	5,878	5,692	Agreed upon price

In the second quarter of 2005, 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 to a company and the transfer of ownership was performed on June 20, 2005.

3. Short-term investment-net

Consisted of :-

	(Unit : Thousand Baht)	
	<u>As at September 30, 2005</u>	<u>As at December 31, 2004</u>
Securities available-for-sale		
- Investment in Private Fund	118,543	118,586
- Investment in Mutual Fund	44,300	43,353
Total	<u>162,843</u>	<u>161,939</u>

4. Trade accounts and notes receivable - net

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

	(Unit : Thousand Baht)	
	<u>As at September 30, 2005</u>	<u>As at December 31, 2004</u>
Trade accounts receivable		
Within credit term	31,688	40,583
Over credit term less than 6 months	42,809	39,060
Over credit term more than 6 months to 12 months	537	4,811
Over credit term more than 12 months	20,902	20,799
Total	<u>95,936</u>	<u>105,253</u>
Notes receivable	7,199	5,692
<u>Less</u> Allowance for doubtful debts	(23,810)	(23,602)
Allowance for returned goods	(4,355)	(3,602)
Net	<u>74,970</u>	<u>83,741</u>

As at September 30, 2005, for the trade accounts receivable that were over credit term for more than 12 month, the majority of it has the provision set up since the year 1998. It is in the process of filing the application for debt repayment to the Comptroller in Bankruptcy where the Bankruptcy Court issued a court order of absolute receivership for the said debtor on October 13, 2005.

5. Inventories - net

Consisted of:-

	(Unit : Thousand Baht)	
	<u>As at September 30, 2005</u>	<u>As at December 31, 2004</u>
Raw material	10,219	6,099
Work in process	7,939	7,712
Finished goods	246,916	192,464
Total	265,074	206,275
<u>Less</u> Allowance for lost goods	(18,488)	(15,342)
Allowance for dilapidated and slow moving goods	(47,331)	(37,444)
Net	199,255	153,489

6. Investments in subsidiary and associated companies

Consisted of:-

		As at September 30, 2005					
	<u>Nature of business</u>	<u>Paid-up share capital Thousand Baht</u>	<u>Percentage of share holdings</u>	<u>Cost Thousand Baht</u>	<u>Investments method</u>	<u>Thousand Baht</u>	<u>Dividend Thousand Baht</u>
<u>Subsidiary company</u>							
	SE-ED Book Center Co., Ltd.	100	99.93%	100	Cost	100	-
<u>Associated companies</u>							
	M AND E Co., Ltd.	400	25%	100	Equity	17,410	700
	Pleam Patt Co., Ltd.	102,500	22.44%	23,000	Equity	18,507	-
				23,200		36,017	700

		As at December 31, 2004					
	<u>Nature of business</u>	<u>Paid-up share capital Thousand Baht</u>	<u>Percentage of share holdings</u>	<u>Cost Thousand Baht</u>	<u>Investments method</u>	<u>Thousand Baht</u>	<u>Dividend Thousand Baht</u>
<u>Subsidiary company</u>							
	SE-ED Book Center Co., Ltd.	100	99.93%	100	Cost	100	-
<u>Associated companies</u>							
	M AND E Co., Ltd.	400	25%	100	Equity	14,900	700
	Pleam Patt Co., Ltd.	80,000	28.75%	23,000	Equity	19,837	-
				23,200		34,837	700

- 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 nine-month periods ended on September 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 nine-month period ended on September 30, 2005 for the amount of Baht 3.21 million equivalent to 2.63 % of net profit and as at September 30, 2005 and December 31, 2004, the investment in associated company for the amount of Baht 17.41 million and Baht 14.90 million equivalent to 1.36 % and 1.34 % of total assets respectively.
- 6.3 The financial statements for the three-month and the nine-month periods ended on September 30, 2005 and 2004 of Plearn 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 September 30, 2005 and December 31, 2004 the investment in associated company for the amount of Baht 18.51 million and Baht 19.84 million equivalent to 1.44 % 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 nine-month periods ended on September 30, 2005 and 2004 for the amount of Baht (1.33) million and Baht 1.18 million equivalent to (1.09)% and 1.47% of net profit respectively.

As at September 30, 2005, Plearn Patt Co., Ltd., an associated company, has increased its registered share capital by selling shares to outside parties thus the Company's participating from operations in the said associated Company decreased to 22.44%.

7. Property, plant and equipment - net

For the nine - month period ended on September 30, 2005

	(Unit : Thousand Baht)
Net book value at the beginning of the period	241,943
Purchases in the period	63,962
Disposal amortize in the period	(38,222)
Accumulated depreciation of disposed amortize assets	37,651
Depreciation in the income statement	(56,692)
Depreciation-capital surplus from assets revaluation (Presented under shareholders' equity)	(1,843)
Net book value at the end of the period	<u>246,799</u>

As at September 30, 2005, the Company amortized the decoration cost of renovated branches at the book value of Baht 0.51 million with the cost value of Baht 35.74 million.

8. 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 nine-month periods ended on September 30, 2005 and 2004, these leasehold rights were amortized to expenses by the amount of Baht 9.31 million and Baht 6.95 million respectively.

9. Land not used for operation-net

For the nine-month period ended on September 30, 2005

	(Unit : Thousand Baht)
Net book value at the beginning of the period - net	32,433
Depreciation in the period	(49)
Net book value at the end of the period – net	<u>32,384</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 nine-month period ended on September 30, 2005, directors and employees had exercised their rights to purchase ordinary shares in number of 2,757,260 units and existing shareholders had exercised their rights to purchase ordinary shares in number of 4,449,250 units. Thus the Company had increased the issued and paid-up share capital and the premium on share capital by the total of Baht 7.21 million and Baht 2.89 million respectively. The Company registered the change in paid-up share capital on September 26, 2005. The remaining balance of exercisable warrants not yet exercised are 3,588,740 units for existing shareholders and 107,860 units for directors and employees. The remaining warrants not yet exercisable for the directors and employees as in the said terms is 23,073,280 units.

11. Dividend payment and legal reserve

Consist of:

			<u>Year 2005 operating result</u>				
	<u>Resolutions of the</u>		<u>Dividends</u>	<u>Dividends</u>	<u>Dividend Paid</u>	<u>Legal reserve</u>	
	<u>Company's Board</u>	<u>Meeting date</u>	<u>payment date</u>	<u>Per share</u>	<u>Totaling</u>	<u>% of</u>	<u>Amount</u>
	<u>meeting</u>			<u>(Baht)</u>	<u>(Million Baht)</u>	<u>Net profit</u>	<u>(Million Baht)</u>
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	-	-
				<u>0.20</u>	<u>60.16</u>		<u>1.71</u>
			<u>Year 2004 operating result</u>				
	<u>Resolutions of</u>		<u>Dividends</u>	<u>Dividends</u>	<u>Dividend Paid</u>	<u>Legal reserve</u>	
	<u>the Company's</u>	<u>Meeting date</u>	<u>payment date</u>	<u>Per share</u>	<u>Totaling</u>	<u>% of</u>	<u>Amount</u>
	<u>Board/Shareholder</u>			<u>(Baht)</u>	<u>(Million Baht)</u>	<u>Net profit</u>	<u>(Million Baht)</u>
	<u>meeting</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	1/2005	27/04/2005	25/05/2005	0.028	8.40	5%	1.83
				<u>0.288</u>	<u>83.07</u>		<u>5.84</u>
		Total					

Year 2003 operating result

	<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	2/2003	12/05/2003	09/06/2003	0.10	21.38	5%	1.15
Quarter 2	3/2003	11/08/2003	05/09/2003	0.10	21.38	5%	1.86
Quarter 3	4/2003	14/11/2003	11/12/2003	0.10	21.39	5%	1.88
Quarter 4	1/2004	27/04/2004	24/05/2004	0.20	57.15	5%	2.94
	Total			0.50	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.

In accordance to the resolutions of the board of directors' meeting No. 4/2004 held on September 6, 2004, it was resolved to increase the amount of money for buy back shares by Baht 10 million. Therefore formerly the maximum amount of Baht 160 million for buying back shares changed to the maximum amount of Baht 170 million for buying back shares. This only changed the maximum amount of money for buying back shares, not affecting the number of buy back shares.

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 September 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 September 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	40,237	19,669	301,422	292,346	0.13	0.07
Effect of diluted equivalent ordinary shares the balance of warrants able to be exercised 26,769,880 unit (year 2004 : 34,643,300 unit)	-	-	20,882	28,388	-	-
Diluted earnings per share						
Net profit of ordinary shareholders assuming the conversion into ordinary shares	40,237	19,669	322,304	320,734	0.12	0.06

	<u>For the nine-month periods ended on September 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	122,713	80,314	299,428	278,684	0.41	0.29
Effect of diluted equivalent ordinary shares the balance of warrants able to be exercised 26,769,880 unit (year 2004 : 34,643,300 unit)	-	-	20,935	28,179	-	-
Diluted earnings per share						
Net profit of ordinary shareholders assuming the conversion into ordinary shares	122,713	80,314	320,363	306,863	0.38	0.26

For the three-month and the nine-month periods ended on September 30, 2005 and 2004, 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.

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 September 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 3.58 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 179 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 254.97 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 with the contractual value of Baht 46.37 million. On June 7, 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 first year rental fee of the warehouse, to comply with the mutually agreed covenant.

16. Subsequent events

Accordance to the minutes of the Company's board of directors' meeting no. 5/2005 held on November 14, 2005, the resolutions were unanimously approved for the following: -

- Approved to pay the dividend from the operation result for the three-month period from July 1, 2005 to September 30, 2005 at the rate of Baht 0.1 per share totaling Baht 30.14 million with the scheduled date to close the register for the right to receive dividend payment on November 29, 2005 at 12:00 noon and the dividend payment would be made on December 9, 2005.
- Approved to additionally invest in Plearn Patt Co., Ltd. (Plearn Pattana School) at Baht 60 million to use for the construction and as a working capital for the school operation thus increase the shareholding ratio from formerly 22.44% to 48.82% of the registered share capital as at September 30, 2005. The management was asked to proceed with the procedures determined by the Stock Exchange of Thailand together with obtaining the approval from the next shareholders' meeting.

17. 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.

17.1 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.

17.2 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.

17.3 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.

18. Approval of Financial Statements

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