

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, 2006, and the related statements of income, changes in shareholders' equity and cash flow for the three-month period ended on March 31, 2006 and 2005. 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 associated company as mentioned in the notes to the financial statements no. 6, which the investment in it were recorded by the equity method, have been audited by another auditor. I have received the reports of those auditors. My report presented regarding the amounts of transactions of the said associated company, which included in this financial statements, is based on the reports of said another auditors. As of March 31, 2006, the investment in the said associated company at Baht 63.04 million equivalent to 4.48% of the total asset in the balance sheet and the participating loss in the associated company included in the statement of income for the three-month period ended on March 31, 2006 and 2005 at Baht 3.10 million and Baht 0.62 million equivalent to 9.29% and 1.81% 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.

Based on my review and another auditor's report, 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.

I have audited the financial statements for the year ended on December 31, 2005 of SE-EDUCATION PUBLIC COMPANY LIMITED only in accordance with generally accepted auditing standards and gave an unqualified opinion as report thereon dated February 24, 2006. The comparative balance sheets as of December 31, 2005 are an integral part of such financial statements.

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

(Miss Sukanya Suthprasert)

Certified Public Accountant (Thailand) Registration No. 5063

Bangkok,

May 10, 2006

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of March 31, 2006 and December 31, 2005

(Unit : Thousand Baht)

		2006	2005
		Unaudited	Audited
		Limited Review Only	
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalent items		280,166	316,076
Short-term investment-net (net from allowance for diminution of value in the first quarter of 2006 and year 2005 in amount of Baht (6,839) thousand and Baht (5,757) thousand respectively)	(Note 3)	163,901	182,719
Trade accounts and notes receivable-net	(Note 4)	70,314	83,939
Loan due from an associated company	(Note 2.1)	-	9,000
Inventories-net	(Note 5)	223,062	226,027
Other current assets		60,908	35,667
TOTAL CURRENT ASSETS		<u>798,351</u>	<u>853,428</u>
NON-CURRENT ASSETS			
Investments in subsidiary and associated companies	(Note 6)	80,552	50,651
Property, plant and equipment-net	(Note 7)	257,951	255,282
Leasehold on buildings-net	(Note 8)	163,763	166,861
Assets pending for sale-net		21,000	21,000
Land not used for operation - net	(Note 9)	32,351	32,367
Other non-current assets		53,540	62,677
TOTAL NON-CURRENT ASSETS		<u>609,157</u>	<u>588,838</u>
TOTAL ASSETS		<u><u>1,407,508</u></u>	<u><u>1,442,266</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, 2006 and December 31, 2005

(Unit : Thousand Baht)

	2006	2005
	Unaudited	Audited
	Limited Review Only	
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Bank overdrafts	9,656	58,332
Trade accounts and notes payable	603,190	648,571
Accrued expenses	32,488	32,378
Accrued corporate income tax	54,118	40,137
Other current liabilities	47,749	44,512
TOTAL CURRENT LIABILITIES	747,201	823,930
NON-CURRENT LIABILITIES		
Other non-current liabilities	5,461	5,036
TOTAL NON-CURRENT LIABILITIES	5,461	5,036
TOTAL LIABILITIES	752,662	828,966

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of March 31, 2006 and December 31, 2005

(Unit : Thousand Baht)

	2006	2005
	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		
330,793,670 ordinary shares @ Baht 1.00 each	330,794	-
322,135,910 ordinary shares @ Baht 1.00 each	-	322,136
Premiums on share capital	148,383	147,776
Capital surplus from assets revaluation	17,344	17,344
Unrealized loss - securities available for sale	(6,839)	(5,757)
Retained earnings		
Appropriated		
Legal reserve	35,627	35,627
Treasury stock reserve	122,641	122,641
Unappropriated	129,537	96,174
<u>Less</u> Treasury stock 19,783,600 share @ Baht 6.20 each	(122,641)	(122,641)
TOTAL SHAREHOLDERS' EQUITY	<u>654,846</u>	<u>613,300</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>1,407,508</u></u>	<u><u>1,442,266</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, 2006 and 2005

	(Unit : Thousand Baht)	
	2006	2005
REVENUES FROM OPERATION		
Sales	822,690	757,387
Other income	9,886	8,371
TOTAL REVENUES	<u>832,576</u>	<u>765,758</u>
EXPENSES FROM OPERATION		
Cost of sales	578,805	523,092
Selling and administrative expenses	201,907	192,068
Directors' remuneration	421	480
Participating loss from associated company	3,099	620
TOTAL EXPENSES	<u>784,232</u>	<u>716,260</u>
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX	48,344	49,498
INTEREST EXPENSES	(160)	(67)
CORPORATE INCOME TAX	(14,821)	(15,256)
NET PROFIT	<u>33,363</u>	<u>34,175</u>
BASIC EARNINGS PER SHARE (Unit : Baht)	(Note 12) 0.11	0.12
DILUTED EARNINGS PER SHARE (Unit : Baht)	(Note 12) 0.10	0.11

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, 2006 and 2005

(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 of January 1, 2006	322,136	147,776	17,344	(5,757)	158,268	96,174	(122,641)	613,300
Unrealized loss-securities available for sale	-	-	-	(1,082)	-	-	-	(1,082)
Unrealized transactions in the income statements	322,136	147,776	17,344	(6,839)	158,268	96,174	(122,641)	612,218
Shares purchased by exercising warrants of shareholders, directors, employees (Note 10)	8,658	607	-	-	-	-	-	9,265
Net profit for the period	-	-	-	-	-	33,363	-	33,363
Balance as of March 31, 2006	330,794	148,383	17,344	(6,839)	158,268	129,537	(122,641)	654,846
Balance as of January 1, 2005	314,152	144,389	19,484	(5,558)	154,727	10,523	(122,641)	515,076
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 10)	5,791	1,988	-	-	-	-	-	7,779
Appropriation for legal reserve in the period	-	-	-	-	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

Unaudited
Limited Review Only

SE-EDUCATION PUBLIC COMPANY LIMITED

CASH FLOW STATEMENTS

For the three-month period ended on March 31, 2006 and 2005

(Unit :Thousand Baht)

	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit	33,363	34,175
Adjustment to net profit for cash-received (payments) from operation		
Depreciation - assets for operation	19,374	17,527
Depreciation - assets not used for operation	16	16
Leasehold written-off	3,098	2,972
Loss from lost goods	10,250	5,475
Loss from dilapidated and slow moving goods	(1,065)	2,435
Loss from returned goods estimation	(824)	1,810
Loss from goods destroyed	392	-
Doubtful debts and bad debts	767	1,573
Participating loss from associated company	3,099	620
Adjustment for clearing of trade accounts payable	-	(76)
Adjustment for clearing of trade accounts receivable	-	(318)
Realized loss on disposal of securities available for sale	(2,264)	-
Loss from written-off assets	1,369	-
Gain on disposal of assets	-	(158)
Profit from operation before change in operating assets and liabilities	67,575	66,051
(Increase) Decrease in trade accounts and notes receivable	13,682	(7,465)
(Increase) Decrease in inventories	(6,612)	(41,024)
(Increase) Decrease in other current assets	(19,258)	(19,053)
(Increase) Decrease in other non-current assets	3,154	(1,941)
Increase (Decrease) in trade accounts and notes payable	(45,381)	51,664
Increase (Decrease) in accrued expenses	110	3,423
Increase (Decrease) in accrued corporate income tax	13,981	14,258
Increase (Decrease) in other current liabilities	3,237	6,073
Increase (Decrease) in other non-current liabilities	425	230
Net cash received (used) in operating activities	30,913	72,216

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, 2006 and 2005

	(Unit :Thousand Baht)	
	2006	2005
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of securities available for sale	-	(2,695)
Cash receipts from disposal of securities available for sale	20,000	-
Purchase of assets	(23,412)	(18,181)
Additional investment in associated company	(33,000)	-
(Increase) Decrease in loan due from an associated company	9,000	-
Cash receipts from disposal of assets	-	159
Net cash received (used) in investing activities	<u>(27,412)</u>	<u>(20,717)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Increase (Decrease) in bank overdrafts	(48,676)	(38,906)
Cash receipts from warrants exercised to purchase shares	9,265	7,779
Net cash received (used) in financing activities	<u>(39,411)</u>	<u>(31,127)</u>
Cash and cash equivalent items increase (decrease) - net	(35,910)	20,372
Cash and cash equivalent items at the beginning of the period	316,076	142,825
Cash and cash equivalent items at the end of the period	<u>280,166</u>	<u>163,197</u>
Supplemental disclosures to the cash flow statements		
1. Cash paid during the period:		
Interest paid	160	67
Corporate income tax	840	864
2. Items not effecting cash flow		
2.1 For the three-month period ended on March 31, 2006 and 2005 the Company adjusted unrealizable loss on		
2.1 revaluation of securities available for sale with the shareholders' equity amounting Baht 1,082 thousand		
2.1 and Baht 22 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 occurred		
2.2 during the first quarter of 2005.		
3. Cash and cash equivalent items consists of		
Cash	11,523	13,011
Cash at bank (not exceeding 3-months)	108,643	150,186
Government bond (maturity period not exceeding 3 months)	160,000	-
Total	<u>280,166</u>	<u>163,197</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, 2006 and 2005 (Unaudited/Limited Review Only)
and December 31, 2005 (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, 2005; therefore the interim financial statements should be read in conjunction with the financial statements for the accounting year of 2005.

1.2 The Company prepares 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.

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-asset and liabilities

		(Unit : Thousand Baht)	
	<u>Type of relation</u>	<u>As of March 31, 2006</u>	<u>As of December 31, 2005</u>
<u>Loan due from associated company</u>			
Plearn Patt Co.,Ltd.	Associated company	-	9,000
<u>Accrued interest receivable</u>			
Plearn Patt Co.,Ltd.	Associated company	-	174
<u>Trade accounts payable</u>			
M AND E Co., Ltd.	Associated company	2,129	2,088
Bliss Publishing Co., Ltd.	Related company with shareholders	3,876	1,708

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

2.2 Inter-revenues and expenses

		(Unit : Thousand Baht)		
	<u>Type of relation</u>	For the three-month period		
		<u>ended on March 31</u>		<u>Policy of inter-price setting</u>
		<u>2006</u>	<u>2005</u>	
<u>Purchase goods values</u>				
M AND E Co., Ltd.	Associated company	346	-	Market price
Nation Multi Media Group Public Co., Ltd.	Shareholders (Year 2005)	8,720	4,608	Market price
Nation Egmont Edutainment Co., Ltd.	Related company with shareholders(Year 2005)	6,436	3,802	Market price
Nation Book International Co., Ltd.	Related company with shareholders(Year 2005)	8,070	7,879	Market price
Nation Broadcasting Corporation Co., Ltd.	Related company with shareholders(Year 2005)	114	491	Market price
Bliss Publishing Co., Ltd.	Related company with shareholders	1,990	2,579	Market price
<u>Rental and service charge</u>				
Nation Multi Media Group Public Co., Ltd.	Shareholder (Year 2005)	1,950	1,966	Agreed upon price

During the second quarter of 2005, Nation Multi Media Group Public Co., Ltd., which is the major shareholder of the Company, has sold the investment in ordinary shares of SE-EDUCATION PUBLIC COMPANY LIMITED to GMM Grammy Public Co., Ltd. and the shares have been transferred on June 20, 2005. Therefore, the inter-transaction between the Company and Nation Multi Media Group Public Co., Ltd. only incurred during the three-month period ended on March 31, 2005 only. For the year 2006, it was disclosed for comparison purpose only and did not constitute inter-company transaction. The inter-transaction between the Company and GMM Grammy Public Co., Ltd. only incurred during the three-month period ended on March 31, 2006 only. For the year 2005, it was disclosed for comparison purpose only and did not constitute inter-company transaction.

3. Short-term investment-net

Consisted of :-

	<u>As at March 31, 2006</u>	<u>As at December 31, 2005</u>
(Unit : Thousand Baht)		
Securities available-for-sale		
- Investment in Private Fund	119,800	117,958
- Investment in Mutual Fund	44,101	44,761
- Government bond (exceeding 3-month maturity period)	-	20,000
Total	<u>163,901</u>	<u>182,719</u>

4. Trade accounts and notes receivable - net

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

	<u>As of March 31, 2006</u>	<u>As of December 31, 2005</u>
(Unit : Thousand Baht)		
Trade accounts receivable		
Within credit term	47,993	42,391
Over credit term less than 6 months	23,781	39,752
Over credit term more than 6 months to 12 months	2,398	3,913
Over credit term more than 12 months	20,853	21,723
Total	<u>95,025</u>	<u>107,779</u>
Notes receivable	2,726	3,654
<u>Less</u> Allowance for doubtful debts	(24,772)	(24,005)
Allowance for returned goods	(2,665)	(3,489)
Net	<u>70,314</u>	<u>83,939</u>

As at March 31, 2006 and December 31, 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. The Comptroller in Bankruptcy issued a notification on April 3, 2006 to hold the first lenders meeting on May 24, 2006.

5. Inventories - net

Consisted of:-

	(Unit : Thousand Baht)	
	<u>As of March 31, 2006</u>	<u>As of December 31, 2005</u>
Raw material	10,391	12,221
Work in process	12,092	9,692
Finished good	270,904	271,630
Total	<u>293,387</u>	<u>293,543</u>
<u>Less</u> Allowance for lost goods	(23,979)	(20,105)
Allowance for dilapidated and slow moving goods	(46,346)	(47,411)
Net	<u><u>223,062</u></u>	<u><u>226,027</u></u>

6. Investments in subsidiary and associated companies

Consisted of:-

		(Unit: Thousand Baht)					
		As of March 31, 2006					
	<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>Cost Method</u>	<u>Equity Method</u>	
			<u>holdings</u>				
Subsidiary company							
SE-ED Book Center Co., Ltd.	Business consulting firm	100	99.93%	100	100	-	-
Associated companies							
M AND E Co., Ltd.	Printing office company, produces technical magazines and engineering manuals	400	25.00%	100	-	17,411	-
Pleam Patt Co., Ltd.	Institute of private education - Pleam Pattana School	157,350	45.12%	71,000	-	63,041	-
				<u>71,200</u>	<u>100</u>	<u>80,452</u>	
As of December 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>Cost Method</u>	<u>Equity Method</u>	
			<u>holdings</u>				
Subsidiary company							
SE-ED Book Center Co., Ltd.	Business consulting firm	100	99.93%	100	100	-	-
Associated companies							
M AND E Co., Ltd.	Printing office company, produces technical magazines and engineering manuals	400	25.00%	100	-	17,411	700
Pleam Patt Co., Ltd.	Institute of private education - Pleam Pattana School	124,350	26.00%	38,000	-	33,140	-
				<u>38,200</u>	<u>100</u>	<u>50,551</u>	<u>700</u>

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, 2006 and 2005, and for the year ended on December 31, 2005, 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, 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 year ended on December 31, 2005 (recorded in the second quarter of year 2005) for the amount of Baht 3.21 million equivalent to 1.71% of net profit and as of March 31, 2006 and December 31, 2005, investment in associated company for the amount of Baht 17.41 million, the same amount for both periods, was equivalent to 1.24% and 1.21% of total assets respectively.

The financial statements for the three-month period ended on March 31, 2006 and 2005 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 audited by another auditor. As at March 31, 2006 and December 31, 2005 investment in associated company for the amount of Baht 63.04 million and Baht 33.14 million was equivalent to 4.48% and 2.30% 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 3.10 million and Baht 0.62 million equivalent to 9.29% and 1.81% of net profit respectively.

7. Property, plant and equipment - net

For the three-month period ended on March 31, 2006 the movements are as follows :-

	(Unit : Thousand Baht)
Net book value at the beginning of the period	255,282
Purchases in the period	23,412
Disposal in the period	(2,171)
Accumulated depreciation of disposed assets	802
Depreciation in the income statement	(19,374)
Net book value at the ending of the period	<u><u>257,951</u></u>

As of March 31, 2006 and December 31, 2005 , the Company has fixed asset which were fully depreciated at the cost value of Baht 157.33 million and Baht 147.98 million respectively, which some of these asset were still in used.

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 three month period ended on March 31, 2006 and 2005, these leasehold rights were amortized to expenses by the amount of Baht 3.10 million and Baht 2.97 million respectively.

9. Land not used for operation-net

For the three-month period ended on March 31, 2006 the movements are as follows :-

	(Unit : Thousand Baht)
Net book value at the beginning of the period	32,367
Depreciation in the period	(16)
Net book value at the ending of the period	<u>32,351</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 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.
- 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 three-month period ended on March 31, 2006, directors and employees had exercised their rights to purchase ordinary shares in number of 7,724,160 units and existing shareholders had exercised their rights to purchase ordinary shares in number of 933,600 units. Thus the Company had increased the issued and paid-up share capital and the premium on share capital by the total of Baht 8.66 million and Baht 0.61 million respectively. The Company registered the change in paid-up share capital on March 24, 2006. The remaining balance of exercisable warrants but not yet exercised in number 1,892,890 units for existing shareholders and 641,290 units for directors and employees. The remaining warrants not yet exercisable for the directors and employees as in the said terms in number 14,800,710 units.

11. 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.

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.

12. Basic and diluted earnings per share

	For the three-month period ended on March 31,					
	<u>Net profit</u>		<u>Weighted average number</u>		<u>Earnings per share</u>	
	<u>2006</u>	<u>2005</u>	<u>of ordinary share</u>		<u>2006</u>	<u>2005</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	33,363	34,175	308,014	296,584	0.11	0.12
Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised						
17,334,890 units (Year 2005 : 28,184,960 units)	-	-	14,560	22,196	-	-
Diluted earnings per share						
Net profit of ordinary shareholders						
assuming the conversion into ordinary shares	33,363	34,175	322,574	318,780	0.10	0.11

For the three-month period ended on March 31, 2006 and 2005, the diluted earnings per share was calculated with consideration of the effect of the exercisable warrants but not yet been exercised.

13. 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.

14. Obligations and contingent liabilities

14.1 As at March 31, 2006 and December 31, 2005, the Company also holds contingent liabilities and obligations with a bank in relation to letter of guarantee for the amount of Baht 3.69 million and Baht 3.52 million respectively.

14.2 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 196 branches. The leased period ranged from 1 to 10 years. The total rental fee and public utility service fee that the Company has to pay are approximately Baht 272.43 million per year.

The Company has entered into two lease agreements 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.

15. 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.

15.1 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.

15.2 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.

15.3 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.

16. Subsequent events

16.1 In accordance to the minutes of the annual general shareholders' meeting No. 1/2006 held on April 26, 2006, it was unanimously resolved to authorise payment of dividends from the 2005 operating result at Baht 0.59 per share. As the Company had already paid interim dividends in 2005 at Baht 0.30 per share, thus the Company will pay additional dividends at Baht 0.29 per share, all in total of Baht 96.03 million. The remaining dividends are scheduled to be paid on May 23, 2006.

16.2 On April 27, 2006, the Company has paid for the investment in Plearn Patt Co., Ltd. at Baht 12 million. Thus the Company has the investment at the cost value in the said associated company increased from Baht 71 million to Baht 83 million, equivalent to 48.82% of the Baht 170 million registered capital.

17. Approval of Financial Statements

These financial statements been approved by the Company's board of directors on May 10, 2006.
