

REVIEW REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED,

I have reviewed the balance sheet as of June 30, 2006, the related statements of income for the three-month and the six-month periods ended on June 30, 2006 and 2005, changes in shareholders' equity and cash flows for the six-month periods ended on the same dates 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, which the investment in them were recorded by the equity method, have been audited and 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 the said another auditors. As of June 30, 2006, the investment in the said associated companies at Baht 19.90 million and Baht 73.58 million equivalent to 1.44% and 5.33% of the total assets 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, 2006 at Baht 3.49 million and Baht (4.57) million equivalent to 4.20% and (5.50%) 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 on the reviewed financial statements. Together with the reports of the 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 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 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. I have not used any other auditing procedure subsequent to the date in the report.

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

(Miss Sukanya Sutheeprasert)

Certified Public Accountant (Thailand) Registration No. 5063

Bangkok,

August 11, 2006

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of June 30, 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		246,995	316,076
Short-term investments-net (net from allowance for diminution of value in the second quarter of 2006 and year 2005 in amount of Baht (9,443) thousand and Baht (5,757) thousand respectively)	(Note 3)	160,203	182,719
Trade accounts and notes receivable-net	(Note 4)	74,934	83,939
Loan due from an associated company	(Note 2.1)	-	9,000
Inventories-net	(Note 5)	213,248	226,027
Other current assets		59,886	35,667
TOTAL CURRENT ASSETS		<u>755,266</u>	<u>853,428</u>
NON-CURRENT ASSETS			
Investments in subsidiary and associated companies	(Note 6)	93,574	50,651
Property, plant and equipment-net	(Note 7)	250,410	255,282
Leasehold on buildings-net	(Note 8)	160,629	166,861
Assets pending for sale-net		21,000	21,000
Land not used for operation - net	(Note 9)	32,335	32,367
Other non-current assets		67,665	62,677
TOTAL NON-CURRENT ASSETS		<u>625,613</u>	<u>588,838</u>
TOTAL ASSETS		<u><u>1,380,879</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 June 30, 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	16,121	58,332
Trade accounts and notes payable	630,834	648,571
Accrued expenses	31,760	32,378
Accrued corporate income tax	32,624	40,137
Other current liabilities	82,848	44,512
TOTAL CURRENT LIABILITIES	<u>794,187</u>	<u>823,930</u>
NON-CURRENT LIABILITIES		
Other non-current liabilities	5,491	5,036
TOTAL NON-CURRENT LIABILITIES	<u>5,491</u>	<u>5,036</u>
TOTAL LIABILITIES	<u>799,678</u>	<u>828,966</u>

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of June 30, 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			
331,355,165 ordinary shares @ Baht 1.00 each		331,355	-
322,135,910 ordinary shares @ Baht 1.00 each		-	322,136
Premiums on share capital		148,535	147,776
Capital surplus from assets revaluation		17,344	17,344
Unrealized loss - securities available for sale		(9,443)	(5,757)
Retained earnings			
Appropriated			
Legal reserve		35,627	35,627
Treasury stock reserve	(Note 12)	122,641	122,641
Unappropriated		57,783	96,174
<u>Less</u> Treasury stock 19,783,600 share @ Baht 6.20 each	(Note 12)	(122,641)	(122,641)
TOTAL SHAREHOLDERS' EQUITY		581,201	613,300
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,380,879	1,442,266

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,		
	2006	2005	2006	2005	
REVENUES FROM OPERATION					
Sales	934,805	818,411	1,757,495	1,576,400	
Other income	13,420	5,250	23,306	13,019	
Participating gain in the associated companies	2,022	3,330	-	2,710	
TOTAL REVENUES	<u>950,247</u>	<u>826,991</u>	<u>1,780,801</u>	<u>1,592,129</u>	
EXPENSES FROM OPERATION					
Cost of sales	653,362	572,786	1,232,167	1,095,878	
Selling and administrative expenses	224,631	185,033	426,538	377,101	
Directors' remuneration	2,859	2,158	3,280	2,638	
Participating loss in the associated companies	-	-	1,077	-	
TOTAL EXPENSES	<u>880,852</u>	<u>759,977</u>	<u>1,663,062</u>	<u>1,475,617</u>	
PROFIT BEFORE INTEREST					
EXPENSES AND CORPORATE INCOME TAX	69,395	67,014	117,739	116,512	
INTEREST EXPENSES	(11)	(43)	(171)	(110)	
CORPORATE INCOME TAX	(19,716)	(19,210)	(34,537)	(34,467)	
NET PROFIT	<u>49,668</u>	<u>47,761</u>	<u>83,031</u>	<u>81,935</u>	
BASIC EARNINGS					
PER SHARE (Unit : Baht)	(Note 13)	0.16	0.16	0.27	0.27
DILUTED EARNINGS					
PER SHARE (Unit : Baht)	(Note 13)	0.15	0.15	0.26	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 SHAREHOLDERS' EQUITY
For the six-month periods ended on June 30, 2006 and 2005

(Unit : Thousand Baht)

	Issued and paid-up	Premiums on share capital	Capital surplus from assets revaluation	Unrealized gain (loss) securities available for sale	Retained earnings		Treasury stock	Total
					Appropriated	Unappropriated		
					Share capital			
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	-	-	-	(3,686)	-	-	-	(3,686)
Unrealized transactions in the income statements	322,136	147,776	17,344	(9,443)	158,268	96,174	(122,641)	609,614
Shares purchased by exercising warrants								
of shareholders, directors and employees (Note 10)	9,219	759	-	-	-	-	-	9,978
Dividend payment (Note 11)	-	-	-	-	-	(121,422)	-	(121,422)
Net profit for the period	-	-	-	-	-	83,031	-	83,031
Balance as of June 30, 2006	331,355	148,535	17,344	(9,443)	158,268	57,783	(122,641)	581,201
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 assets 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 and 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 of June 30, 2005	321,190	147,177	18,262	(6,856)	158,268	50,496	(122,641)	565,896

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, 2006 and 2005

	(Unit : Thousand Baht)	
	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit	83,031	81,935
Adjustment from net profit to cash receipts (payments) from operation		
Depreciation - assets for operation	38,600	37,766
Depreciation - assets not used for operation	32	32
Leasehold on buildings written-off	6,232	6,165
Loss from lost goods	23,300	14,336
Loss from dilapidated and slow moving goods	772	8,281
Loss from estimation of returned goods(reversal)	2,299	(492)
Loss from goods destroyed	392	-
Doubtful debts and bad debt (return of bad debts)	(290)	172
Adjustment for clearing of trade accounts receivable	-	494
Adjustment for clearing of trade accounts payable	-	(766)
Participating (gain) loss from investment in the associated companies	1,077	(2,710)
Gain(loss) on disposal of assets	1,871	(514)
Realized gain on disposal of securities available for sale	(1,170)	(2,219)
Profit from operating before change in operating assets and liabilities	156,146	142,480
(Increase)Decrease in trade accounts and notes receivable	6,996	3,569
(Increase)Decrease in inventories	(15,158)	(63,154)
(Increase)Decrease in other current assets	(16,259)	(7,354)
(Increase)Decrease in other non-current assets	(9,475)	(16,121)
Increase(Decrease) in trade accounts and notes payable	(17,737)	95,313
Increase(Decrease) in accrued expenses	(618)	(1,592)
Increase(Decrease) in accrued corporate income tax	(7,513)	9,130
Increase(Decrease) in other current liabilities	38,336	18,063
Increase(Decrease) in other-non current liabilities	455	1,747
Net cash received (used in) from operating activities	135,173	182,081

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, 2006 and 2005

	(Unit : Thousand Baht)	
	2006	2005
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of securities available for sale	-	(50,000)
Cash receipt from disposal of securities available for sales	20,000	-
(Increase) Decrease in loan due from an associated company	9,000	(5,000)
Additional investment in associated company	(45,000)	-
Purchase of assets	(35,599)	(37,598)
Cash receipt from disposal of assets	-	515
Purchase of leasehold	-	(11,874)
Dividend receipt from investment in associated company	1,000	700
Net cash received (used in) from investing activities	<u>(50,599)</u>	<u>(103,257)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Increase(Decrease) in bank overdrafts	(42,211)	(48,764)
Cash receipt from additional warrants exercised to purchase shares	9,978	9,826
Dividend payment	(121,422)	(38,421)
Net cash received (used in) from financing activities	<u>(153,655)</u>	<u>(77,359)</u>
Cash and cash equivalent items increase (decrease) - net	(69,081)	1,465
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>246,995</u>	<u>144,290</u>
Supplemental disclosures to the cash flow statements		
1. Cash paid during the period:		
Interest paid	171	110
Corporate income tax	42,050	25,202
2. Items do not affect cash flow		
2.1 For the six-month periods ended June 30, 2006 and 2005, the Company adjusted unrealizable loss on revaluation of securities available for sale with the shareholders' equity amounting Baht 3.69 million and Baht 1.30 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	12,514	13,592
Cash at bank not exceeding three-month period	234,481	130,698
Total	<u>246,995</u>	<u>144,290</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
June 30, 2006 and 2005 (Unaudited/Limited Review Only)
and December 31, 2005 (Audited)

1. Basis of the interim financial statements 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 version in conformity with generally accepted accounting principles in Thailand. The accounting principles used may be different from generally accepted accounting principles in other countries. For the convenience of the readers, the financial statements in English version have been prepared by translating from the statutory financial statements in Thai version in order to meet the requirement of domestic reporting.

2. Inter-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

	<u>Type of relation</u>	<u>As of June 30, 2006</u>	<u>As of December 31, 2005</u>
(Unit : Thousand Baht)			
<u>Loan due from an 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	2,246	2,088
Bliss Publishing Co., Ltd.	Related company with shareholders	1,872	1,708

As of 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

	<u>Type of relation</u>	<u>For the six-month period</u>		<u>Policy of inter-price setting</u>
		<u>ended on June 30</u>		
		<u>2006</u>	<u>2005</u>	
<u>Interest income values</u>				
Plearn Patt Co., Ltd.	Associated company	-	14	
<u>Purchase goods values</u>				
M AND E Co., Ltd.	Associated company	721	1,360	Market price
Nation Multi Media Group Public Co., Ltd.	Shareholders (Year 2005)	16,826	18,358	Market price
Nation Egmont Edutainment Co., Ltd.	Related company with shareholders (Year 2005)	12,312	3,226	Market price
Nation Book International Co., Ltd.	Related company with shareholders (Year 2005)	15,350	11,697	Market price
Nation Broadcasting Corporation Co., Ltd.	Related company with shareholders (Year 2005)	135	84	Market price
Bliss Publishing Co., Ltd.	Related company with shareholders	6,501	-	Market price
<u>Rental and service charge</u>				
Nation Multi Media Group Public Co., Ltd.	Shareholder (Year 2005)	4,146	3,914	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 six-month period ended on June 30, 2005 only. For the year 2006, it was disclosed for comparison purpose only and did not constitute inter-transaction. The inter-transaction between the Company and Bliss Publishing Co., Ltd. only incurred during the six-month period ended on June 30, 2006 only. For the year 2005, it was disclosed for comparison purpose only and did not constitute inter-transaction.

3. Short-term investments-net

Consisted of :-

	(Unit : Thousand Baht)	
	<u>As of June 30, 2006</u>	<u>As of December 31, 2005</u>
Securities available for sale :-		
- Investment in Private Fund	116,012	117,958
- Investment in Mutual Fund	44,191	44,761
- Government bond (exceeding 3 months maturity period)	-	20,000
Total	<u>160,203</u>	<u>182,719</u>

4. Trade accounts and notes receivable - net

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

	(Unit : Thousand Baht)	
	<u>As of June 30, 2006</u>	<u>As of December 31, 2005</u>
Trade accounts receivable		
Within credit term	46,132	42,391
Over credit term less than 6 months	27,141	39,752
Over credit term more than 6 months to 12 months	3,203	3,913
Over credit term more than 12 months	20,978	21,723
Total trade accounts receivable	<u>97,454</u>	<u>107,779</u>
Notes receivable	6,983	3,654
<u>Less</u> Allowance for doubtful debts	(23,715)	(24,005)
Allowance for returned goods	(5,788)	(3,489)
Net	<u>74,934</u>	<u>83,939</u>

As of June 30, 2006 and December 31, 2005, for the trade accounts receivable that were over credit term for more than 12 months, the majority of them has the provision set up since the year 1998. On October 13, 2005, the Bankruptcy Court has given a court order of absolute receivership of the said account receivable and the Comptroller in Bankruptcy reported the first lenders meeting on May 24, 2006 with the unanimous resolution to confiscate the assets, auction parts of the assets and file a request to the court for the debtor to be declared bankrupt by the court.

5. Inventories - net

Consisted of:-

	(Unit : Thousand Baht)	
	<u>As of June 30, 2006</u>	<u>As of December 31, 2005</u>
Raw material	13,344	12,221
Work in process	9,308	9,692
Finished good	260,475	271,630
Total	283,127	293,543
<u>Less</u> Allowance for lost goods	(21,696)	(20,105)
Allowance for dilapidated and slow moving goods	(48,183)	(47,411)
Net	213,248	226,027

6. Investments in subsidiary and associated companies

Consisted of:-

		(Unit: Thousand Baht)					
		As of June 30, 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>					
<u>Subsidiary company</u>							
SE-ED Book Center Co., Ltd.	100	99.93%	100	100	-	-	
<u>Associated companies</u>							
M AND E Co., Ltd.	400	25.00%	100	-	19,899	1,000	
Pleam Patt Co., Ltd.	169,350	48.82%	83,000	-	73,575	-	
			83,200	100	93,474	1,000	
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>					
<u>Subsidiary company</u>							
SE-ED Book Center Co., Ltd.	100	99.93%	100	100	-	-	
<u>Associated companies</u>							
M AND E Co., Ltd.	400	25.00%	100	-	17,411	700	
Pleam Patt Co., Ltd.	124,350	26.00%	38,000	-	33,140	-	
			38,200	100	50,551	700	

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

For the six-month periods ended on June 30, 2006 and 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. However, the Company received the financial statements for the year ended on December 31, 2005 of M AND E CO., LTD. which were audited by another auditor. The Company consequently recorded participating from operations in such associated company in the income statements for the three-month and the six-month periods ended on June 30, 2006 for the amount of Baht 3.49 million equivalent to 4.20% of net profit and as of June 30, 2006 and December 31, 2005, investment in associated company for the amount of Baht 19.90 million and Baht 17.41 million equivalent to 1.44% and 1.21% of total assets respectively.

The financial statements for the three-month and the six-month periods ended on June 30, 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 reviewed by another auditor. As of June 30, 2006 and December 31, 2005, investment in associated company for the amount of Baht 73.58 million and Baht 33.14 million was equivalent to 5.33% and 2.30% of total assets in the balance sheets respectively, and participation in loss from operation in that associated company as presented in the income statements for the six-month periods ended on June 30, 2006 and 2005 for the amount of Baht 4.57 million and Baht 0.50 million equivalent to 5.50% and 0.61% of net profit respectively.

For the first quarter in 2006, the Company additionally invested in the increased shares capital of Plearn Patt Co., Ltd., which is an associated company, at Baht 33 million thus increased its shareholding ratio from formerly 26.00% to 45.12% and for the second quarter in 2006, invested in the increased shares capital at Baht 12 million thus increased its shareholding ratio from formerly 45.12% to 48.82%.

7. Property, plant and equipment - net

For the six-month period ended on June 30, 2006 the movements are as follows :-

	(Unit : Thousand Baht)
Net book value at the beginning of the period	255,282
Purchases in the period	35,599
Disposal in the period	(3,214)
Accumulated depreciation of disposed assets	1,343
Depreciation in the income statement	(38,600)
Net book value at the ending of the period	<u><u>250,410</u></u>

As of June 30, 2006 and December 31, 2005, the Company has fixed assets which were fully depreciated at the cost value of Baht 170.13 million and Baht 147.98 million respectively, which some of these assets 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 six-month periods ended on June 30, 2006 and 2005, these leasehold rights were amortized to expenses by the amount of Baht 6.23 million and Baht 6.17 million respectively.

9. Land not used for operation-net

For the six-month period ended on June 30, 2006 the movements are as follows :-

	(Unit : Thousand Baht)
Net book value at the beginning of the period	32,367
Depreciation in the period	(32)
Net book value at the ending of the period	<u>32,335</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 six-month period ended on June 30, 2006, directors and employees had exercised their rights to purchase ordinary shares in number of 8,052,655 units and existing shareholders had exercised their rights to purchase ordinary shares in number of 1,166,600 units. Thus the Company had increased the issued and paid-up share capital and the premium on share capital by the total of Baht 9.22 million and Baht 0.76 million respectively. The Company registered the change in paid-up share capital on June 28, 2006. The remaining balance of exercisable warrants but not yet exercised in number 1,659,890 units for existing shareholders and 312,795 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. Dividend payment and legal reserve

Consist of :

<u>Year 2006 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	2/2006	10/05/2006	09/06/2006	0.10	31.13	-	-
<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>Shareholder 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	-	-
Quarter 3	5/2005	14/11/2005	09/12/2005	0.10	30.16	-	-
Quarter 4	1/2006	26/04/2006	23/05/2006	0.29	90.29	-	-
	Total			0.59	180.61		1.71
<u>Year 2004 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>Shareholder meeting</u>			<u>(Baht)</u>	<u>(Million Baht)</u>	<u>Net profit</u>	<u>(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	4/2004	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
	Total			0.288	83.07		5.84

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 treasury stocks 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 treasury stocks 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 treasury stocks 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 treasury stocks should have retained earnings not less than the amount of the treasury stocks 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 treasury stocks. This is to be in accordance with the announcement of the Judicial Council, which deliberated the issue of treasury stock schemes under Section 66/1(2) of the Public Limited Companies Act B.E. 2535.

The Company had treasury stocks of 19.78 million shares equal to 5.97% of the total shares sold. The total of the treasury stocks is Baht 122.64 million and the Company has appropriated the retained earnings as the treasury stock reserve for the whole amount.

13. Basic and diluted earnings per share

	For the three-month periods ended on June 30,					
	<u>Net profit</u>		<u>Weighted average number</u>		<u>Earnings per share</u>	
	<u>2006</u>	<u>2005</u>	<u>of ordinary shares</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	49,668	47,761	311,258	300,225	0.16	0.16
Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised						
16,773,395 units (Year 2005 : 26,938,150 units)	-	-	14,578	20,784	-	-
Diluted earnings per share						
Net profit of ordinary shareholders						
assuming the conversion into ordinary shares	49,668	47,761	325,836	321,009	0.15	0.15

	For the six-month periods ended on June 30,					
	<u>Net profit</u>		<u>Weighted average number</u>		<u>Earnings per share</u>	
	<u>2006</u>	<u>2005</u>	<u>of ordinary shares</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	83,031	81,935	309,645	298,414	0.27	0.27
Effect of diluted equivalent ordinary shares						
the balance of warrants able to be exercised						
16,773,395 units (year 2005 : 26,938,150 units)	-	-	14,365	21,075	-	-
Diluted earnings per share						
Net profit of ordinary shareholders						
assuming the conversion into ordinary shares	83,031	81,935	324,010	319,489	0.26	0.26

For the three-month and the six-month periods ended on June 30, 2006 and 2005, the diluted earnings per share was calculated with consideration of the effect of the exercisable warrants but not yet been excised.

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 of June 30, 2006 and December 31, 2005, the Company also holds obligations and contingent liabilities as follows :-

	(Unit : Thousand Baht)	
	<u>As of June 30, 2006</u>	<u>As of December 31, 2005</u>
Letters of guarantee	5,714	3,517
Letters of credit (Unutilized)	2,279	3,979
Unutilized overdrafts	30,000	30,000

As of June 30, 2006, Letter of guarantee for the amount of Baht 2.2 million, which a part of fixed deposit accounts has been pledged as collaterals.

As of June 30, 2006, the Company also holds letter of credit with two commercial banks for the amount of Baht 4.00 million.

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 202 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 275.74 million per annum.

The Company has entered into three lease agreements for a warehouse (Kingkaew Road) with the lease period of 3 years commencing from January 1, 2006 to June 14, 2009 with the contractual value of Baht 58.34 million.

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. 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 instruments 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 accounts receivable. 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 short-term investments which generates interest rate (Floating interest rate) and dividend fluctuated to the market rates, the Company, therefore, does not adopt any financial instruments 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 assets and liabilities were presented in the value, which were not materially different from fair value. Regarding the short-term investments, the Company has adjusted the investment values to its fair value.

17. Approval of Financial Statements

These financial statements been approved by the Company's board of directors on August 11, 2006.
