

REVIEW REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED,

I have reviewed the accompanying balance sheet as of March 31, 2007, in which the equity method is applied to investment, and the related statements of income, changes in shareholders' equity and cash flows for the three-month periods ended on March 31, 2007 and 2006, in which the equity method is applied to investment, of SE-EDUCATION PUBLIC COMPANY LIMITED. I have also reviewed the comparative separate statements of income, changes in shareholders' equity and cash flows in which the cost method is applied to investment, of SE-EDUCATION PUBLIC COMPANY LIMITED for the three-month period ended on March 31, 2006. 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 an associated company as mentioned in the notes to the financial statements no. 7, from which investment was recorded by the equity method, have been audited by another auditor. I have received the report of that auditor. My report in part related to the amounts of transactions of the said associated company, which were included in these financial statements, is based on the report of the said auditor. As of March 31, 2007, the investment in the associated company based on equity method was at Baht 65.85 million, equivalent to 4.25% of the total asset in the balance sheet, which presented the investment by equity method and the participating loss in the associated company was shown included in the income statements for the three-month periods ended on March 31, 2007 and 2006, which showed investment by equity method at Baht 3.48 million and Baht 3.10 million equivalent to 10.64% and 9.29% 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 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, in which the equity method is applied to investment, for the year ended on December 31, 2006 of SE-EDUCATION PUBLIC COMPANY LIMITED in accordance with generally accepted auditing standards and gave an unqualified opinion as reported thereon dated February 23, 2007. The comparative balance sheet in which the equity method is applied to investment, as of December 31, 2006 is an integral part of these financial statements and I have also audited the separate balance sheet in which cost method is used for investment as of December 31, 2006 which the Company prepared for comparison purpose.

I would like to draw attention to notes to financial statements No.2 relating to change in accounting policy for recording investments in associated companies as shown in the separate financial statements, changing from equity method to cost method in the first quarter of year 2007 ended on March 31, 2007 in order to conform with the new regulation of accounting standard No.45. The Company has retrospectively adjusted the comparative financial statements. The investment in associated company as shown in the separate financial statements was recorded at original cost.

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

(Miss Sukanya Sutheeprasert)

Certified Public Accountant (Thailand) Registration No. 5063

Bangkok,

May 10, 2007

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of March 31, 2007 and December 31, 2006

(Unit : Thousand Baht)

	Financial statements in which equity method is applied		Separate financial statements in which cost method is applied	
	2007	2006	2007	2006
	Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited (Adjusted)
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalent items	339,278	290,689	339,278	290,689
Short-term investment-net (net from allowance for diminution of value in the first quarter of 2007 in amount of Baht (4,644) thousand and year 2006 in amount of Baht (5,571) thousand)	(Note 4)	180,584	194,793	180,584
Trade accounts and notes receivable-net	(Note 5)	87,283	89,195	87,283
Loan due from an associated company	(Note 3.1)	-	-	-
Inventories-net	(Note 6)	268,219	231,005	268,219
Copyright & Translation advance		17,494	17,735	17,494
Other current assets		30,371	22,461	30,371
TOTAL CURRENT ASSETS		923,229	845,878	923,229
NON-CURRENT ASSETS				
Investments in subsidiary and associated companies	(Note 7)	85,853	89,331	69,532
Property, plant and equipment-net	(Note 8)	265,730	264,067	265,730
Leasehold on buildings-net	(Note 9)	151,195	154,294	151,195
Assets pending for sale-net	(Note 10)	19,200	19,200	19,200
Land not used for operation - net	(Note 11)	33,768	33,784	33,768
Guarantee for rental and deposit		50,348	49,666	50,348
Other non-current assets		20,660	21,277	20,660
TOTAL NON-CURRENT ASSETS		626,754	631,619	610,433
TOTAL ASSETS		1,549,983	1,477,497	1,533,662

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of March 31, 2007 and December 31, 2006

(Unit : Thousand Baht)

	Financial statements in which equity method is applied		Separate financial statements in which cost method is applied	
	2007	2006	2007	2006
	Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited (Adjusted)
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
CURRENT LIABILITIES				
Bank overdrafts	-	2,013	-	2,013
Trade accounts and notes payable	669,079	649,799	669,079	649,799
Accrued expenses	60,850	72,022	60,850	72,022
Accrued corporate income tax	64,501	46,088	64,501	46,088
Other current liabilities	40,667	37,013	40,667	37,013
TOTAL CURRENT LIABILITIES	835,097	806,935	835,097	806,935
NON-CURRENT LIABILITIES				
Other non-current liabilities	6,861	5,551	6,861	5,551
TOTAL NON-CURRENT LIABILITIES	6,861	5,551	6,861	5,551
TOTAL LIABILITIES	841,958	812,486	841,958	812,486
SHAREHOLDERS' EQUITY				
Share capital	(Note 12)			
Authorized share capital				
348,128,690 ordinary shares @ Baht 1.00 each	348,129	348,129	348,129	348,129
Issued and paid-up share capital				
342,534,890 ordinary shares @ Baht 1.00 each	342,535	-	342,535	-
332,894,970 ordinary shares @ Baht 1.00 each	-	332,895	-	332,895
Premiums on share capital	149,421	149,421	149,421	149,421
Capital surplus from assets revaluation	30,803	31,047	30,803	31,047
Unrealized loss - securities available for sale	(4,644)	(5,571)	(4,644)	(5,571)
Retained earnings				
Appropriated				
Legal reserve	35,627	35,627	35,627	35,627
Treasury stock reserve	(Note 13)	122,641	122,641	122,641
Unappropriated	154,283	121,592	137,962	101,793
Less Treasury stock 19,783,600 share @ Baht 6.20 each	(Note 13)	(122,641)	(122,641)	(122,641)
TOTAL SHAREHOLDERS' EQUITY	708,025	665,011	691,704	645,212
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,549,983	1,477,497	1,533,662	1,457,698

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

SE-EDUCATION PUBLIC COMPANY LIMITED

INCOME STATEMENTS

For the three-month periods ended on March 31, 2007 and 2006

(Unit : Thousand Baht)

	Financial statements in which equity method is applied		Separate financial statements in which cost method is applied		
	2007	2006	2007	2006	
				(Adjusted)	
REVENUES FROM OPERATION					
Sales	867,893	822,690	867,893	822,690	
Other income	8,393	9,886	8,393	9,886	
TOTAL REVENUES	876,286	832,576	876,286	832,576	
EXPENSES FROM OPERATION					
Cost of sales	594,823	578,805	594,823	578,805	
Selling and administrative expenses	225,256	201,907	225,256	201,907	
Directors' remuneration	559	421	559	421	
Participating loss from associated company	3,478	3,099	-	-	
TOTAL EXPENSES	824,116	784,232	820,638	781,133	
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX	52,170	48,344	55,648	51,443	
INTEREST EXPENSES	(157)	(160)	(157)	(160)	
CORPORATE INCOME TAX	(19,322)	(14,821)	(19,322)	(14,821)	
NET PROFIT	32,691	33,363	36,169	36,462	
BASIC EARNINGS PER SHARE (Unit : Baht)	(Note 14)	0.10	0.11	0.11	0.12
DILUTED EARNINGS PER SHARE (Unit : Baht)	(Note 14)	0.10	0.10	0.11	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 periods ended on March 31, 2007 and 2006

Financial statements in which equity method is applied to investmen

(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, 2007	332,895	149,421	31,047	(5,571)	158,268	121,592	(122,641)	665,011
Depreciation-capital surplus from asset revaluation	-	-	(244)	-	-	-	-	(244)
Unrealized gain-securities available for sale	-	-	-	927	-	-	-	927
Unrealized transactions in the income statements	332,895	149,421	30,803	(4,644)	158,268	121,592	(122,641)	665,694
Shares purchased by exercising warrants								
of shareholders, directors, employees (Note 12)	9,640	-	-	-	-	-	-	9,640
Net profit for the period	-	-	-	-	-	32,691	-	32,691
Balance as of March 31, 2007	342,535	149,421	30,803	(4,644)	158,268	154,283	(122,641)	708,025
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 12)	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

Unaudited
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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 periods ended on March 31, 2007 and 2006

Separate financial statements in which cost method is applied to investmen

(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		
					(Adjusted)			
Balance as of January 1, 2007	332,895	149,421	31,047	(5,571)	158,268	121,592	(122,641)	665,011
Cumulated result from the change in accounting policy on investment in associate companie (Note 2)	-	-	-	-	-	(19,799)	-	(19,799)
Restated balance	332,895	149,421	31,047	(5,571)	158,268	101,793	(122,641)	645,212
Depreciation-capital surplus from asset revaluation	-	-	(244)	-	-	-	-	(244)
Unrealized gain-securities available for sale	-	-	-	927	-	-	-	927
Unrealized transactions in the income statements	332,895	149,421	30,803	(4,644)	158,268	101,793	(122,641)	645,895
Shares purchased by exercising warrants of directors and employees (Note 12)	9,640	-	-	-	-	-	-	9,640
Net profit for the period	-	-	-	-	-	36,169	-	36,169
Balance as of March 31, 2007	342,535	149,421	30,803	(4,644)	158,268	137,962	(122,641)	691,704
Balance as of January 1, 2006	322,136	147,776	17,344	(5,757)	158,268	96,174	(122,641)	613,300
Cumulated result from the change in accounting policy on investment in associate companie (Note 2)	-	-	-	-	-	(17,310)	-	(17,310)
Restated balance	322,136	147,776	17,344	(5,757)	158,268	78,864	(122,641)	595,990
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	78,864	(122,641)	594,908
Shares purchased by exercising warrants of shareholders, directors, employees (Note 12)	8,658	607	-	-	-	-	-	9,265
Net profit for the period	-	-	-	-	-	36,462	-	36,462
Balance as of March 31, 2006	330,794	148,383	17,344	(6,839)	158,268	115,326	(122,641)	640,635

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

SE-EDUCATION PUBLIC COMPANY LIMITED

CASH FLOW STATEMENTS

For the three-month periods ended on March 31, 2007 and 2006

(Unit :Thousand Baht)

	Financial statements in which equity method is applied		Separate financial statements in which cost method is applied	
	2007	2006	2007	2006 (Adjusted)
CASH FLOW FROM OPERATING ACTIVITIES				
Net profit	32,691	33,363	36,169	36,462
Adjustment to net profit for cash-received (payments) from operation				
Realized gain on disposal of securities available for sale	-	(2,264)	-	(2,264)
Doubtful debts and bad debts	2,865	767	2,865	767
Loss from returned goods estimation	(60)	(824)	(60)	(824)
Loss from lost goods	4,245	10,250	4,245	10,250
Loss from dilapidated and slow moving goods	6,846	(1,065)	6,846	(1,065)
Loss from goods destroyed	-	392	-	392
Depreciation - assets for operation	19,402	19,374	19,402	19,374
Depreciation - assets not used for operation	16	16	16	16
Leasehold written-off	3,099	3,098	3,099	3,098
Participating loss from associated company	3,478	3,099	-	-
Loss from written-off assets	35	1,369	35	1,369
Gain on disposal of assets	137	-	137	-
Profit from operation before change in operating assets and liabilities	72,754	67,575	72,754	67,575
(Increase) Decrease in trade accounts and notes receivable	(893)	13,682	(893)	13,682
(Increase) Decrease in inventories	(48,305)	(6,612)	(48,305)	(6,612)
(Increase)Decrease in copyright & translation advance	241	(1,533)	241	(1,533)
(Increase) Decrease in other current assets	(7,910)	(17,725)	(7,910)	(17,725)
(Increase)Decrease in guarantee for rental and deposit	(682)	(514)	(682)	(514)
(Increase) Decrease in other non-current assets	617	3,668	617	3,668
Increase (Decrease) in trade accounts and notes payable	19,280	(45,381)	19,280	(45,381)
Increase (Decrease) in accrued expenses	(11,172)	110	(11,172)	110
Increase (Decrease) in accrued corporate income tax	18,413	13,981	18,413	13,981
Increase (Decrease) in other current liabilities	3,654	3,237	3,654	3,237
Increase (Decrease) in other non-current liabilities	1,310	425	1,310	425
Net cash received (used) in operating activities	47,307	30,913	47,307	30,913

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 periods ended on March 31, 2007 and 2006

(Unit :Thousand Baht)

	Financial statements in which equity method is applied		Separate financial statements in which cost method is applied	
	2007	2006	2007	2006
				(Adjusted)
CASH FLOW FROM INVESTING ACTIVITIES				
(Increase) Decrease in short-term investment	14,999	20,000	14,999	20,000
(Increase) Decrease in loan due from an associated company	-	9,000	-	9,000
Additional investment in associated company	-	(33,000)	-	(33,000)
Purchase of assets	(21,344)	(23,412)	(21,344)	(23,412)
Net cash received (used) in investing activities	(6,345)	(27,412)	(6,345)	(27,412)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase (Decrease) in bank overdrafts	(2,013)	(48,676)	(2,013)	(48,676)
Cash receipts from additional warrants exercised to purchase shares	9,640	9,265	9,640	9,265
Net cash received (used) in financing activities	7,627	(39,411)	7,627	(39,411)
Cash and cash equivalent items increase (decrease) - net	48,589	(35,910)	48,589	(35,910)
Cash and cash equivalent items at the beginning of the period	290,689	316,076	290,689	316,076
Cash and cash equivalent items at the end of the period	339,278	280,166	339,278	280,166
Supplemental disclosures to the cash flow statements				
1. Cash paid during the period:				
Interest paid	157	160	157	160
Corporate income tax	909	840	909	840
2. Items not effecting cash flow				
2.1 For the three-month periods ended on March 31, 2007 and 2006, the Company adjusted unrealizable (gain)loss on revaluation of securities available for sale with the shareholders' equity amounting Baht (927) thousand and Baht 1,082 thousand respectively.				
2.2 For the three-month periods ended on March 31, 2007, the Company reclassified government bond which was due for redemption within three months amounting to Baht 35.00 thousand from previously temporary investment to cash equivalent				
3. Cash and cash equivalent items consist of				
Cash	15,014	11,523	15,014	11,523
Cash at bank (not exceeding 3-months duration)	99,264	108,643	99,264	108,643
Government bond (maturity period not exceeding 3 months)	225,000	160,000	225,000	160,000
Total	339,278	280,166	339,278	280,166

**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, 2007 and 2006 (Unaudited/Limited Review Only)
and December 31, 2006 (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, 2006; therefore the interim financial statements should be read in conjunction with the financial statements for the accounting year of 2006.

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. The change in the accounting policy

The Company changed the policy for recording of investment in associated company in the separate financial statements from the equity method to the cost method to comply with the Federation of Accounting Professions (FAP) is notification No. 32/2549 dated November 3, 2006 on Explanation of Accounting Standard No.44 on Consolidated Financial Statements and Accounting for Investments in Subsidiary Companies (paragraph 27) and Accounting Standard No.45 on Accounting for Investments in Associated Companies (paragraph 11). The Company has made retro-adjustment for the comparative financial statements. The investment in associated company as shown in the separate financial statements, in which cost method is applied to investment, was recorded at historical cost as commencing cost and consideration is made for its impairment of value. This change

of accounting policy has caused the net profit on the separate financial statements, in which cost method is applied to investment, to differ from that reported in the financial statements in which equity method is applied to investment. The Company had net profit of Baht 32.69 million for the three-month period ended March 31, 2007, according to the financial statements in which equity method is applied. However, the separate financial statements in which cost method is applied over the same period showed a net profit of Baht 36.17 million. Therefore, the Company would like to clarify with the additional information as follows: -

- 1) After restating, net profit of the separate financial statements in which cost method is applied for the three-month period ended March 31, 2006 increased by Baht 3.10 million (Basic earnings per share and diluted earnings per share increased by Baht 0.01 per share). This is because the separate financial statements did not include any share of loss from investment.
- 2) The effects from the restating to other items on the separate financial statements for the three-month period ended on March 31, 2007 and 2006, such as investment in associated company on the balance sheets, decreased by Baht 16.32 million and Baht 14.21 million and the retained earnings on the balance sheets, decreased by Baht 19.80 million and Baht 17.31 million respectively. The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in associated company in the separate financial statements” in the statement of changes in shareholders’ equity.

3. 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:

3.1 Inter-asset and liabilities

		(Unit : Thousand Baht)	
		<u>As of March 31, 2007</u>	<u>As of December 31, 2006</u>
	<u>Type of relation</u>		
<u>Loan due from associated company</u>			
Plearn Patt Co.,Ltd.	Associated company		
Beginning balance		-	9,000
Increased in the period		-	-
Received in the period		-	(9,000)
Ending balance		-	-
<u>Trade accounts receivable</u>			
GMM Grammy Public Co., Ltd.	Shareholders	-	718
<u>Trade accounts payable</u>			
M AND E Co., Ltd.	Associated company	1,960	1,780
GMM Grammy Public Co., Ltd.	Shareholders	673	-
Bliss Publishing Co., Ltd.	Related company with shareholders	2,808	2,537

In year 2006, 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.

3.2 Inter-revenues and expenses

(Unit : Thousand Baht)

	<u>Type of relation</u>	<u>For the three-month period</u>		<u>Policy of inter-price setting</u>
		<u>ended on March 31</u>		
		<u>2007</u>	<u>2006</u>	
<u>Purchase goods values</u>				
M AND E Co., Ltd.	Associated company	521	346	Market price
GMM Grammy Public Co., Ltd.	Shareholders	280	2	Market price
Bliss Publishing Co., Ltd.	Related company with shareholders	3,119	1,990	Market price

4. Short-term investment-net

Consisted of :-

(Unit : Thousand Baht)

	<u>As at March 31, 2007</u>	<u>As at December 31, 2006</u>
Securities available-for-sale		
- Investment in Private Fund	137,776	116,284
- Investment in Mutual Fund	42,808	43,509
- Government bond (exceeding 3-month maturity period)	-	35,000
Total	<u>180,584</u>	<u>194,793</u>

5. Trade accounts and notes receivable - net

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

	(Unit : Thousand Baht)	
	<u>As of March 31, 2007</u>	<u>As of December 31, 2006</u>
Trade accounts receivable		
Within credit term	37,065	25,345
Over credit term less than 6 months	44,547	49,684
Over credit term more than 6 months to 12 months	8,030	12,795
Over credit term more than 12 months	20,487	24,550
Total	<u>110,129</u>	<u>112,374</u>
Notes receivable	10,970	7,832
<u>Less</u> Allowance for doubtful debts	(28,306)	(25,441)
Allowance for returned goods	(5,510)	(5,570)
Net	<u>87,283</u>	<u>89,195</u>

As at March 31, 2007 and December 31, 2006, for the trade accounts receivable that were over credit term for more than 12 month, the majority of them already have allowance set up since the year 1998 and the Company has already filed lawsuits against them and until of February 5, 2007, the Central Bankruptcy Court ordered for the Company to receive a repayment of Baht 32.93 million (including interest from overdue repayment) from the asset pool of this debtor. At present, the Company has not received any first payment from the pool of assets, thus there still no need to reverse the already made allowance for doubtful debt.

6. Inventories - net

Consisted of:-

	(Unit : Thousand Baht)	
	<u>As of March 31, 2007</u>	<u>As of December 31, 2006</u>
Raw material	17,506	17,911
Work in process	8,850	9,805
Finished good	321,155	278,725
Total	<u>347,511</u>	<u>306,441</u>
<u>Less</u> Allowance for lost goods	(24,498)	(27,488)
Allowance for dilapidated and slow moving goods	(54,794)	(47,948)
Net	<u>268,219</u>	<u>231,005</u>

7. Investments in subsidiary and associated companies

Consisted of:-

(Unit: Thousand Baht)							
As of March 31, 2007							
	<u>Nature of business</u>	<u>Paid-up</u> <u>share capital</u>	<u>Percentage</u> <u>of share</u> <u>holdings</u>	<u>Cost</u>	<u>Investments</u>		<u>Dividend</u>
					<u>Cost Method</u>	<u>Equity Method</u>	
Subsidiary company							
SE-ED Book Center Co., Ltd.	Business consulting firm	100	99.93%	100	100	100	-
Associated companies							
M AND E Co., Ltd.	Printing office company, produces technical magazines and engineering manuals	400	25.00%	100	100	19,899	-
Pleam Patt Co., Ltd.	Institute of private education - Pleam Pattana School	169,350	48.82%	83,000	83,000	65,854	-
<u>Less</u> Allowance for revaluation of investments					(13,668)	-	
Total					69,532	85,853	-

(Unit: Thousand Baht)							
As of December 31, 2006							
	<u>Nature of business</u>	<u>Paid-up</u> <u>share capital</u>	<u>Percentage</u> <u>of share</u> <u>holdings</u>	<u>Cost</u>	<u>Investments</u>		<u>Dividend</u>
					<u>Cost Method</u>	<u>Equity Method</u>	
Subsidiary company							
SE-ED Book Center Co., Ltd.	Business consulting firm	100	99.93%	100	100	100	-
Associated companies							
M AND E Co., Ltd.	Printing office company, produces technical magazines and engineering manuals	400	25.00%	100	100	19,899	1,000
Pleam Patt Co., Ltd.	Institute of private education - Pleam Pattana School	169,350	48.82%	83,000	83,000	69,332	-
<u>Less</u> Allowance for revaluation of investments					(13,668)		
Total					69,532	89,331	1,000

7.1 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.

7.2 For the three-month periods ended on March 31, 2007 and 2006, and for the year ended on December 31, 2006, the Company did not recognize participating result from operations in M AND E CO., LTD., since the associated company did not prepare the quarterly financial statements and had not completed its year end preparation. 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 result from investment in such associated company in the income statement, in which equity

method is applied to investment, for the year ended on December 31, 2006 (recorded in the second quarter of year 2006) for the amount of Baht 3.49 million equivalent to 1.67% of net profit and as of March 31, 2007 and December 31, 2006, investment in that associated company for the amount of Baht 19.90 million, the same amount for both periods, was equivalent to 1.28% and 1.35% of total assets in the financial statements in which the equity method is applied to investment, respectively.

- 7.3 The financial statements for the three-month periods ended on March 31, 2007 and 2006 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, 2007 and December 31, 2006 investment in that associated company was recorded in equity method for the amount of Baht 65.85 million and Baht 69.33 million equivalent to 4.25% and 4.69% of total assets in the balance sheets respectively, and participation in loss from operation in that associated company as presented in the income statement, in which the equity method is applied to investment, for the three-month period ended on the same date was Baht 3.48 million and Baht 3.10 million equivalent to 10.64% and 9.29% of net profit respectively.

8. Property, plant and equipment - net

For the three-month period ended on March 31, 2007 the movements are as follows :-

	(Unit : Thousand Baht)
Net book value at the beginning of the period	264,067
Purchases in the period	21,344
Disposal in the period	(35)
Depreciation in the income statement	(19,402)
Depreciation-capital surplus from assets revaluation (Presented under shareholders' equity item)	(244)
Net book value at the ending of the period	<u>265,730</u>

As of March 31, 2007 and December 31, 2006, the Company has fixed asset which were fully depreciated at the cost value of Baht 235.86 million and Baht 232.00 million respectively, which some of these asset were still in used.

On October 2, 2006, the Company assigned an independent professional appraiser to appraise land and building values of which book value and newly appraised value were Baht 22.06 million and Baht 36.00 million respectively. The Company accounted capital surplus from land and building price appraisal in the shareholders' equity caption in the balance sheet in year 2006 in amount of Baht 13.94 million.

9. 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, 2007 and 2006, these leasehold rights were amortized to expenses by the amount of Baht 3.10 million the same amount for both years.

10. Assets pending for sales-net

On October 2, 2006, the Company assigned an independent professional appraiser to appraise building pending for sales of which book value and newly appraised value were Baht 21.00 million and Baht 19.20 million respectively. The Company recognized loss from impairment of land for amount of Baht 1.80 million in the income statement for year 2006.

11. Land not used for operation-net

For the three-month period ended on March 31, 2007 the movements are as follows :-

	(Unit : Thousand Baht)
Net book value at the beginning of the period	33,784
Depreciation in the period	(16)
Net book value at the ending of the period	<u>33,768</u>

On October 3, 2006, the Company assigned an independent professional appraiser to appraise prices of land not used for operation of which book value and newly appraised value were Baht 49.50 million and Baht 33.48 million respectively. The Company adjusted the decrease from land price appraisal to provide for loss from impairment of asset in the income statement for year 2006 for amount of Baht 1.48 million.

12. 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: -

12.1 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 exercised every 3 month and the last date to exercise the right is December 15, 2006.

12.2 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.

Warrants' right exercised for the three-month period ended on March 31, 2007:

1. Directors and employees had exercised their rights to purchase ordinary shares in number of 9,639,920 units. Thus the Company had increased the issued and paid-up share capital by the total of Baht 9.64 million. The Company registered the change in paid-up share capital on January 26, 2007.
2. The remaining balance of exercisable warrants
 - 2.1 Warrants with full conversion right but not yet exercised amounted to 1,206,380 units
 - 2.2 Warrants without conversion right amounted to 296,880 units (these warrants forfeited their exercisable rights on December 15, 2006)
 - 2.3 Warrants not yet appropriated amounted to 4,090,410 units.

13. 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 5.78% 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 accordance to the minutes of the board of directors' meeting No. 1/2007 held on February 23, 2007, it resolved to sell treasury stock amounted to 19.78 million shares in the Stock Exchange of Thailand at price not less than 85 % of the average of closing prices of 5 latest trading days. The time from for doing this is from March 19, 2007 to September 11, 2007.

14. Basic and diluted earnings per share

For the three-month period ended on March 31,
Financial statements in which equity method is applied

	<u>Net profit</u>		<u>Weighted average number of ordinary share</u>		<u>Earnings per share</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</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	32,691	33,363	320,073	308,014	0.10	0.11
Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised						
5,296,790 units (Year 2006 : 17,334,890 units)	-	-	4,570	14,560	-	-
Diluted earnings per share						
Net profit of ordinary shareholders						
assuming the conversion into ordinary shares	32,691	33,363	324,643	322,574	0.10	0.10

For the three-month period ended on March 31,
Separate financial statements in which cost method is applied

	<u>Net profit</u>		<u>Weighted average number of ordinary share</u>		<u>Earnings per share</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</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	36,169	36,462	320,073	308,014	0.11	0.12
Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised						
5,296,790 units (Year 2006 : 17,334,890 units)	-	-	4,570	14,560	-	-
Diluted earnings per share						
Net profit of ordinary shareholders						
assuming the conversion into ordinary shares	36,169	36,462	324,643	322,574	0.11	0.11

For the three-month period ended on March 31, 2007 and 2006, the diluted earnings per share was calculated with consideration of the effect of the exercisable warrants but not yet been exercised.

15. 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.

16. Subsequent events

16.1 In accordance to the minutes of the annual general shareholders' meeting No. 1/2007 held on April 25, 2007, it was unanimously resolved to authorise payment of dividends from the 2006 operating result at Baht 0.60 per share. As the Company had already paid interim dividends in 2006 at Baht 0.30 per share, thus the Company will pay additional dividends at Baht 0.30 per share, all in total of Baht 103.01 million. The remaining dividends are scheduled to be paid on May 23, 2007.

16.2 As of April 17, 2007, directors and employees had exercised their rights to purchase ordinary shares in number of 824,610 units resulted in the issued and paid-up share capital of the Company increased by Baht 0.82 million. The Company registered the change in paid-up share capital on April 26, 2007.

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

18. Obligations and contingent liabilities

18.1 As of March 31, 2007 and December 31, 2006, the Company also holds contingent liabilities as follows :-

(Unit : Thousand Baht)

	<u>As of March 31, 2007</u>			<u>As of December 31, 2006</u>		
	<u>Total</u> <u>facility</u>	<u>Facility</u> <u>utilized</u>	<u>Available</u> <u>facility</u>	<u>Total</u> <u>facility</u>	<u>Facility</u> <u>utilized</u>	<u>Available</u> <u>facility</u>
Letters of guarantee	46,000	6,816	39,184	46,000	5,588	40,412
Letters of credit	4,000	-	4,000	4,000	-	4,000
Overdrafts	30,000	-	30,000	30,000	-	30,000

As of March 31, 2007, Letter of guarantee for the amount of Baht 2.31 million, which a part of fixed deposit accounts has been pledged as collaterals.

18.2 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 209 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 302.47 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 June 14, 2008 with the contractual value of Baht 46.37 million.

19. Approval of Financial Statements

These financial statements have been approved by the Company's board of directors on May 10, 2007.
