

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 June 30, 2007, in which the equity method is applied to investment, the related statements of income, in which the equity method is applied to investment, for the three-month and the six-month periods ended on June 30, 2007 and 2006, changes in shareholders' equity and cash flows, in which the equity method is applied to investment, for the six-month periods ended on the same dates, of SE-EDUCATION PUBLIC COMPANY LIMITED. I have also reviewed the accompanying balance sheet as of June 30, 2007, in which the cost method is applied to investment, the comparative separate statements of income, in which the cost method is applied to investment, for the three-month and the six-month periods ended on June 30, 2007 and 2006, changes in shareholders' equity and cash flows in which the cost method is applied to investment, of SE-EDUCATION PUBLIC COMPANY LIMITED for the six-month periods ended on the same dates. 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. 7, from which investments were recorded under the equity method, have been audited and reviewed by another auditors. I have received the reports of those auditors. My report in part related to the amounts of transactions of the said associated company, which were included in these financial statements in which the equity method is applied to investment, is based on the report of the said auditor. As of June 30, 2007, the investment in the said associated companies based on equity method were at Baht 87.16 million, equivalent to 5.60% of the total assets in the balance sheet, which presented the investment by equity method and the participating gain (loss) in the associated companies were shown included in the income statements for the six-month periods ended on June 30, 2007 and 2006 which showed investment by equity method at Baht (1.07) million and Baht (1.08) million respectively, equivalent to 1.55% and 1.30% 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 auditors' 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, which I have audited and reported thereon. I have not used any other auditing procedure subsequent to the date in the report. The Company prepared the separate balance sheet that show the investment under the cost method as of December 31, 2006 for comparison purpose as referred to in the fifth paragraph.

Without qualifying the report, I would like to draw your attention to the notes to the 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 the equity method to the cost method commenced from January 1, 2007 onward. For the said change in accounting policy, I have audited the adjustments applied for the preparation of the new separate financial statements for the year ended December 31, 2006, in which the cost method is applied to investment. In my opinion, the said adjustments are appropriate and they were reasonably applied to the separate financial statements, in which the cost method is applied to investment.

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

(Miss Sukanya Sutheeprasert)

Certified Public Accountant (Thailand) Registration No. 5063

Bangkok,

August 9, 2007

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of June 30, 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 (Restated)
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalent items	215,174	290,689	215,174	290,689
Short-term investment-net (net from allowance for diminution of value in the second quarter of 2007 in amount of Baht 522 thousand and year 2006 in amount of Baht (5,571) thousand) (Note 4)	216,196	194,793	216,196	194,793
Trade accounts and notes receivable-net (Note 5)	120,850	89,195	120,850	89,195
Loan due from an associated company (Note 3.1)	-	-	-	-
Inventories-net (Note 6)	314,339	231,005	314,339	231,005
Copyright and translation advance	18,786	17,735	18,786	17,735
Other current assets	38,579	22,461	38,579	22,461
TOTAL CURRENT ASSETS	923,924	845,878	923,924	845,878
NON-CURRENT ASSETS				
Investments in subsidiary and associated companies (Note 7)	87,263	89,331	69,532	69,532
Property, plant and equipment-net (Note 8)	272,937	264,067	272,937	264,067
Leasehold on buildings-net (Note 9)	148,062	154,294	148,062	154,294
Assets pending for sale-net (Note 10)	19,200	19,200	19,200	19,200
Land not used for operation-net (Note 11)	33,751	33,784	33,751	33,784
Guarantee for rental and deposit	51,040	49,666	51,040	49,666
Other non-current assets	19,698	21,277	19,698	21,277
TOTAL NON-CURRENT ASSETS	631,951	631,619	614,220	611,820
TOTAL ASSETS	1,555,875	1,477,497	1,538,144	1,457,698

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of June 30, 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 (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Bank overdrafts	7,689	2,013	7,689	2,013
Trade accounts and notes payable	778,453	649,799	778,453	649,799
Accrued expenses	60,644	72,022	60,644	72,022
Accrued corporate income tax	35,052	46,088	35,052	46,088
Other current liabilities	46,360	37,013	46,360	37,013
TOTAL CURRENT LIABILITIES	928,198	806,935	928,198	806,935
NON-CURRENT LIABILITIES				
Other non-current liabilities	7,161	5,551	7,161	5,551
TOTAL NON-CURRENT LIABILITIES	7,161	5,551	7,161	5,551
TOTAL LIABILITIES	935,359	812,486	935,359	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				
343,359,500 ordinary shares @ Baht 1.00 each	343,359	-	343,359	-
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	30,556	31,047	30,556	31,047
Unrealized gain (loss)-securities available for sale	522	(5,571)	522	(5,571)
Retained earnings				
Appropriated				
Legal reserve	35,627	35,627	35,627	35,627
Treasury stock reserve	(Note 14)	122,641	122,641	122,641
Unappropriated	61,031	121,592	43,300	101,793
<u>Less Treasury stock 19,783,600 share @ Baht 6.20 each</u>	(Note 14)	(122,641)	(122,641)	(122,641)
TOTAL SHAREHOLDERS' EQUITY	620,516	665,011	602,785	645,212
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,555,875	1,477,497	1,538,144	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 June 30, 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	
				(Restated)	
REVENUES FROM OPERATION					
Sales	1,010,914	934,805	1,010,914	934,805	
Other income	10,290	13,420	11,290	14,420	
Participating gain in the associated companies	2,410	2,022	-	-	
TOTAL REVENUES	1,023,614	950,247	1,022,204	949,225	
EXPENSES FROM OPERATION					
Cost of sales	723,029	653,362	723,029	653,362	
Selling and administrative expenses	241,776	224,631	241,776	224,631	
Directors' remuneration	3,226	2,859	3,226	2,859	
TOTAL EXPENSES	968,031	880,852	968,031	880,852	
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX	55,583	69,395	54,173	68,373	
INTEREST EXPENSES	(22)	(11)	(22)	(11)	
CORPORATE INCOME TAX	(19,383)	(19,716)	(19,383)	(19,716)	
NET PROFIT	36,178	49,668	34,768	48,646	
BASIC EARNINGS PER SHARE (Unit : Baht)	(Note 15)	0.11	0.16	0.11	0.16
DILUTED EARNINGS PER SHARE (Unit : Baht)	(Note 15)	0.11	0.15	0.11	0.15

Unaudited
Limited Review Only

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

SE-EDUCATION PUBLIC COMPANY LIMITED
INCOME STATEMENTS
For the six-month periods ended on June 30, 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	
				(Restated)	
REVENUES FROM OPERATION					
Sales	1,878,807	1,757,495	1,878,807	1,757,495	
Other income	18,683	23,306	19,683	24,306	
TOTAL REVENUES	<u>1,897,490</u>	<u>1,780,801</u>	<u>1,898,490</u>	<u>1,781,801</u>	
EXPENSES FROM OPERATION					
Cost of sales	1,317,852	1,232,167	1,317,852	1,232,167	
Selling and administrative expenses	467,032	426,538	467,032	426,538	
Directors' remuneration	3,785	3,280	3,785	3,280	
Participating loss from associated companies	1,068	1,077	-	-	
TOTAL EXPENSES	<u>1,789,737</u>	<u>1,663,062</u>	<u>1,788,669</u>	<u>1,661,985</u>	
PROFIT BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX	107,753	117,739	109,821	119,816	
INTEREST EXPENSES	(179)	(171)	(179)	(171)	
CORPORATE INCOME TAX	(38,705)	(34,537)	(38,705)	(34,537)	
NET PROFIT	<u>68,869</u>	<u>83,031</u>	<u>70,937</u>	<u>85,108</u>	
BASIC EARNINGS PER SHARE (Unit : Baht)	(Note 15)	0.21	0.27	0.22	0.27
DILUTED EARNINGS PER SHARE (Unit : Baht)	(Note 15)	0.21	0.26	0.22	0.26

Unaudited
Limited Review Only

SE-EDUCATION PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the six-month periods ended on June 30, 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) on 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	-	-	(491)	-	-	-	-	(491)
Unrealized gain-securities available for sale	-	-	-	6,093	-	-	-	6,093
Unrealized transactions in the income statements	332,895	149,421	30,556	522	158,268	121,592	(122,641)	670,613
Shares purchased by exercising warrants								
of directors, employees (Note 12)	10,464	-	-	-	-	-	-	10,464
Dividend payment (Note 13)	-	-	-	-	-	(129,430)	-	(129,430)
Net profit for the period	-	-	-	-	-	68,869	-	68,869
Balance as of June 30, 2007	343,359	149,421	30,556	522	158,268	61,031	(122,641)	620,516
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, employees (Note 12)	9,219	759	-	-	-	-	-	9,978
Dividend payment (Note 13)	-	-	-	-	-	(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

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, 2007 and 200

Separate financial statements in which cost method is applied to investment

(Unit : Thousand Baht)

		Issued and paid-up Share capital	Premiums on share capital	Capital surplus from assets revaluation	Unrealized gain (loss) on securities available for sale	Retained earnings		Treasury stock	Total
						Appropriated	Unappropriated		
(Restated)									
Balance as of January 1, 2007		332,895	149,421	31,047	(5,571)	158,268	121,592	(122,641)	665,011
Cumulative effect of the change in accounting policy									
on investment in associated companies	(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		-	-	(491)	-	-	-	-	(491)
Unrealized gain-securities available for sale		-	-	-	6,093	-	-	-	6,093
Unrealized transactions in the income statements		332,895	149,421	30,556	522	158,268	101,793	(122,641)	650,814
Shares purchased by exercising warrants									
of directors, employees	(Note 12)	10,464	-	-	-	-	-	-	10,464
Dividend payment	(Note 13)	-	-	-	-	-	(129,430)	-	(129,430)
Net profit for the period		-	-	-	-	-	70,937	-	70,937
Balance as of June 30, 2007		343,359	149,421	30,556	522	158,268	43,300	(122,641)	602,785
Balance as of January 1, 2006		322,136	147,776	17,344	(5,757)	158,268	96,174	(122,641)	613,300
Cumulative effect of the change in accounting policy									
on investment in associated companies	(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		-	-	-	(3,686)	-	-	-	(3,686)
Unrealized transactions in the income statements		322,136	147,776	17,344	(9,443)	158,268	78,864	(122,641)	592,304
Shares purchased by exercising warrants									
of shareholders, directors, employees	(Note 12)	9,219	759	-	-	-	-	-	9,978
Dividend payment	(Note 13)	-	-	-	-	-	(121,422)	-	(121,422)
Net profit for the period		-	-	-	-	-	85,108	-	85,108
Balance as of June 30, 2006		331,355	148,535	17,344	(9,443)	158,268	42,550	(122,641)	565,968

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, 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
				(Restated)
CASH FLOW FROM OPERATING ACTIVITIES				
Net profit	68,869	83,031	70,937	85,108
Adjustment to net profit for cash-received (payments) from operation				
Realized gain on disposal of securities available for sale	-	(1,170)	-	(1,170)
Doubtful debts and bad debts (return of bad debts)	2,686	(290)	2,686	(290)
Adjustment for clearing of trade accounts receivable	(9)	-	(9)	-
Loss from returned goods estimation	580	2,299	580	2,299
Allowance for lost goods (reversal)	(3,012)	1,591	(3,012)	1,591
Loss from lost goods	14,903	21,709	14,903	21,709
Loss from dilapidated and slow moving goods	10,431	772	10,431	772
Loss from goods destroyed	-	392	-	392
Loss from goods donation	1,329	-	1,329	-
Depreciation-assets for operation	39,491	38,600	39,491	38,600
Depreciation-assets not used for operation	33	32	33	32
Leasehold written-off	6,232	6,232	6,232	6,232
Participating loss from associated companies	1,068	1,077	-	-
Dividend received from investment in associated company	-	-	(1,000)	(1,000)
Loss from written-off assets	69	1,871	69	1,871
Profit from operation before change in operating assets and liabilities	142,670	156,146	142,670	156,146
(Increase) Decrease in trade accounts and notes receivable	(34,912)	6,996	(34,912)	6,996
(Increase) Decrease in inventories	(106,985)	(15,158)	(106,985)	(15,158)
(Increase) Decrease in copyright and translation advance	(1,051)	(3,063)	(1,051)	(3,063)
(Increase) Decrease in other current assets	(16,118)	(13,196)	(16,118)	(13,196)
(Increase) Decrease in guarantee for rental and deposit	(1,374)	(2,273)	(1,374)	(2,273)
(Increase) Decrease in other non-current assets	1,579	(7,202)	1,579	(7,202)
Increase (Decrease) in trade accounts and notes payable	128,654	(17,737)	128,654	(17,737)
Increase (Decrease) in accrued expenses	(11,378)	(618)	(11,378)	(618)
Increase (Decrease) in accrued corporate income tax	(11,036)	(7,513)	(11,036)	(7,513)
Increase (Decrease) in other current liabilities	9,347	38,336	9,347	38,336
Increase (Decrease) in other non-current liabilities	1,610	455	1,610	455
Net cash received (used) in operating activities	101,006	135,173	101,006	135,173

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, 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
				(Restated)
CASH FLOW FROM INVESTING ACTIVITIES				
(Increase) Decrease in short-term investment	(15,310)	20,000	(15,310)	20,000
(Increase) Decrease in loan due from an associated company	-	9,000	-	9,000
Additional investment in an associated company	-	(45,000)	-	(45,000)
Purchase of assets	(48,921)	(35,599)	(48,921)	(35,599)
Dividend receipt from investment in associated company	1,000	1,000	1,000	1,000
Net cash received (used) in investing activities	<u>(63,231)</u>	<u>(50,599)</u>	<u>(63,231)</u>	<u>(50,599)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Increase (Decrease) in bank overdrafts	5,676	(42,211)	5,676	(42,211)
Cash receipts from additional warrants exercised to purchase ordinary shares	10,464	9,978	10,464	9,978
Dividend payment	<u>(129,430)</u>	<u>(121,422)</u>	<u>(129,430)</u>	<u>(121,422)</u>
Net cash received (used) in financing activities	<u>(113,290)</u>	<u>(153,655)</u>	<u>(113,290)</u>	<u>(153,655)</u>
Cash and cash equivalent items increase (decrease) - net	(75,515)	(69,081)	(75,515)	(69,081)
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	<u>215,174</u>	<u>246,995</u>	<u>215,174</u>	<u>246,995</u>
Supplemental disclosures to the cash flow statements				
1. Cash paid during the period:				
Interest paid	179	171	179	171
Corporate income tax	49,741	42,050	49,741	42,050
2. Items not effecting cash flow				
2.1 For the six-month periods ended on June 30, 2007 and 2006, the Company adjusted unrealizable (gain) loss on revaluation of securities available for sale with the shareholders' equity amounting Baht (6.09) million and Baht 3.69 million respectively.				
2.2 For the six-month periods ended on June 30, 2007, the company written-off the depreciation-assets for operation with capital surplus amounting Baht 0.49 million.				
3. Cash and cash equivalent items consist of :				
Cash	16,975	12,514	16,975	12,514
Cash at bank (not exceeding 3-months duration)	83,199	234,481	83,199	234,481
Government bond (maturity period not exceeding 3 months)	<u>115,000</u>	-	<u>115,000</u>	-
Total	<u>215,174</u>	<u>246,995</u>	<u>215,174</u>	<u>246,995</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, 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 and the change in the accounting policy as mentioned in the note to the financial statement No. 2.

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 36.18 million and Baht 68.87 million respectively for the three-month and the six-month periods ended on June 30, 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 34.77 million and Baht 70.94 million respectively. 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 and the six-month periods ended on June 30, 2006 increased (decrease) by Baht (1.02) million and Baht 2.08 million respectively. This is because the separate financial statements did not include any participating gain (loss) from investment in associated companies at Baht 1.08 million and recognized the dividend income received from the associated company at Baht 1.00 million.
- 2) The effects from the restating to other items on the separate financial statements in which cost method is applied to investment, for the six-month periods ended on June 30, 2007 and 2006, such as investment in associated companies on the balance sheets decreased by Baht 17.73 million and Baht 15.23 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>Type of relation</u>	<u>Financial statements in which equity method is applied to investment/ Separate financial statements in which cost method is applied to investment</u>	
		<u>As of June 30, 2007</u>	<u>As of December 31, 2006</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	1,755	1,780
GMM Grammy Public Co., Ltd.	Shareholders	3,349	-
Bliss Publishing Co., Ltd.	Related company with shareholders	3,188	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>Financial statements in which equity method is applied to investment/ Separate financial statements in which cost method is applied to investment</u>		<u>Policy of inter-price setting</u>
		<u>For the six-month periods</u>		
		<u>ended on June 30</u>		
		<u>2007</u>	<u>2006</u>	
<u>Purchase goods values</u>				
M AND E Co., Ltd.	Associated company	950	721	Market price
GMM Grammy Public Co., Ltd.	Shareholders	658	2	Market price
Bliss Publishing Co., Ltd.	Related company with shareholders	6,431	6,501	Market price

4. Short-term investment-net

Consisted of :-

(Unit : Thousand Baht)

	<u>Financial statements in which</u> <u>equity method is applied to investment/</u> <u>Separate financial statements in which</u> <u>cost method is applied to investment</u>	
	<u>As of June 30, 2007</u>	<u>As of December 31, 2006</u>
Securities available-for-sale		
- Investment in Private Fund	140,841	116,284
- Investment in Mutual Fund	45,355	43,509
- Government bond (exceeding 3-month maturity period)	30,000	35,000
Total	216,196	194,793

5. Trade accounts and notes receivable-net

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

(Unit : Thousand Baht)

	<u>Financial statements in which</u> <u>equity method is applied to investment/</u> <u>Separate financial statements in which</u> <u>cost method is applied to investment</u>	
	<u>As of June 30, 2007</u>	<u>As of December 31, 2006</u>
Trade accounts receivable		
Within credit term	72,968	25,345
Over credit term less than 6 months	33,314	49,684
Over credit term more than 6 months to 12 months	11,421	12,795
Over credit term more than 12 months	21,827	24,550
Total	139,530	112,374
Notes receivable	15,597	7,832
<u>Less</u> Allowance for doubtful debts	(28,127)	(25,441)
Allowance for returned goods	(6,150)	(5,570)
Net	120,850	89,195

As at June 30, 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 on 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>Financial statements in which equity method is applied to investment/ Separate financial statements cost method is applied to investment</u>	
	<u>As of June 30, 2007</u>	<u>As of December 31, 2006</u>
Raw material	21,780	17,911
Work in process	8,908	9,805
Finished good	366,506	278,725
Total	397,194	306,441
<u>Less</u> Allowance for lost goods	(24,476)	(27,488)
Allowance for dilapidated and slow moving goods	(58,379)	(47,948)
Net	314,339	231,005

7. Investments in subsidiary and associated companies

Consisted of:-

(Unit: Thousand Baht)

	<u>Nature of business</u>	<u>Paid-up share capital</u>	<u>Percentage of share holdings</u>	<u>Cost</u>	<u>As of June 30, 2007</u>		<u>Dividend</u>
					<u>Investments</u>	<u>Cost 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	22,790	1,000
Pleam Patt Co., Ltd.	Institute of private education - Pleam Pattana School	169,350	48.82%	83,000	83,000	64,373	-
<u>Less</u> Allowance for revaluation of investments					(13,668)	-	
Total					69,532	87,263	1,000

(Unit: Thousand Baht)

	<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>As of December 31, 2006</u>		<u>Dividend</u>
					<u>Investments</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 six-month periods ended on June 30, 2007 and 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. However, the Company received the financial statements for the year ended on December 31, 2006 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 three-month and the six-month periods ended on June 30, 2007 for the amount of Baht 3.89 million, the same amount for both period, equivalent to 10.76% and 5.65% of net profit respectively and as of June 30, 2007 and December 31, 2006, investment in that associated company for the amount of Baht 22.79 million and Baht 19.90 million equivalent to 1.46% 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 and the six-month periods ended on June 30, 2007 and 2006 of Pleam 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 of June 30, 2007 and December 31, 2006 investment in that associated company was recorded under the equity method for the amount of Baht 64.37 million and Baht 69.33 million respectively, equivalent to 4.14% 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 were Baht 4.96 million and Baht 4.57 million equivalent to 7.20% and 5.50% of net profit respectively.

8. Property, plant and equipment - net

For the six-month period ended on June 30, 2007 the movements are as follows :-

	(Unit : Thousand Baht)
	<u>Financial statements in which</u>
	<u>equity method is applied to investment/</u>
	<u>Separate financial statements in which</u>
	<u>cost method is applied to investment</u>
Net book value at the beginning of the period	264,067
Purchases in the period	48,921
Transfer in	992
Disposal in the period	(91)
Transfer out	(992)
Depreciation in the income statement	(39,491)
Depreciation-capital surplus from assets revaluation (Presented under shareholders' equity item)	(491)
Accumulated depreciation of disposed assets	22
Net book value at the end of the period	<u><u>272,937</u></u>

As of June 30, 2007 and December 31, 2006, the Company has fixed asset which were fully depreciated at the cost value of Baht 244.45 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 six-month periods ended on June 30, 2007 and 2006, these leasehold rights were amortized to expenses by the amount of Baht 6.23 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 six-month period ended on June 30, 2007 the movements are as follows :-

	(Unit : Thousand Baht)
	<u>Financial statements in which equity method is applied to investment/</u>
	<u>Separate financial statements in which cost method is applied to investment</u>
Net book value at the beginning of the period	33,784
Depreciation in the period	(33)
Net book value at the end of the period	<u><u>33,751</u></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 six-month period ended on June 30, 2007:

1. Directors and employees had exercised their rights to purchase ordinary shares in number of 10,464,530 units. Thus the Company had increased the issued and paid-up share capital by the total of Baht 10.46 million. The Company registered the change in paid-up share capital on April 26, 2007.
2. The remaining balance of exercisable warrants
 - 2.1 Warrants with full conversion right to purchase ordinary shares for directors, employee and sub-agents but not yet exercised amounted to 381,770 units
 - 2.2 Warrants without conversion right to purchase ordinary shares for existing shareholders amounted to 296,880 units (these warrants forfeited their exercisable rights on December 15, 2006)
 - 2.3 Warrants to purchase ordinary shares for directors, employee and sub-agents not yet appropriated amounted to 4,090,410 units.

13. Dividend payment and legal reserve

Consist of:

			<u>Year 2007 operating result</u>				
	<u>Resolutions of the Company's Board meeting</u>	<u>Meeting date</u>	<u>Dividends</u>	<u>Dividends</u>	<u>Dividend Paid</u>	<u>Legal reserve</u>	
			<u>payment date</u>	<u>Per share</u>	<u>Totaling</u>	<u>% of</u>	<u>Amount</u>
				<u>(Baht)</u>	<u>(Million Baht)</u>	<u>Net profit</u>	<u>(Million Baht)</u>
Quarter 1	2/2007	10/05/2007	08/06/2007	0.10	32.36	-	-
			<u>Year 2006 operating result</u>				
	<u>Resolutions of the Company's Board meeting</u>	<u>Meeting date</u>	<u>Dividends</u>	<u>Dividends</u>	<u>Dividend Paid</u>	<u>Legal reserve</u>	
			<u>payment date</u>	<u>Per share</u>	<u>Totaling</u>	<u>% of</u>	<u>Amount</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	-	-
Quarter 2	3/2006	11/08/2006	11/09/2006	0.10	31.16	-	-
Quarter 3	4/2006	10/11/2006	08/12/2006	0.10	31.19	-	-
Quarter 4	1/2007	25/04/2007	23/05/2007	0.30	97.07	-	-
		Total		0.60	190.55		-

<u>Year 2005 operating result</u>							
	<u>Resolutions of the Company's Board/ Shareholder meeting</u>	<u>Meeting date</u>	<u>Dividends payment date</u>	<u>Dividends</u>	<u>Dividend Paid</u>	<u>Legal reserve</u>	
				<u>Per share (Baht)</u>	<u>Totaling (Million Baht)</u>	<u>% of Net profit</u>	<u>Amount (Million Baht)</u>
Quarter 1	2/2005	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

14. 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 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 bought back 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. 016/2005 dated February 4, 2005, required public limited companies that buy back treasury shares should have retained earnings not less than the amount of the buy back shares remain in the account. In the event the retained earning is used to pay dividends, the retained earning after the dividend payment should not be less than the buy back shares. This is to be in accordance with the announcement of the Judicial Council, which deliberated the issue of treasury share schemes under Section 66/1(2) of the Public Limited Companies Act B.E. 2535.

As of June 30, 2007, the Company had buy back treasury shares of 19.78 million shares equal to 5.76% 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 scheduled period for the sale is from March 19, 2007 to September 11, 2007.

15. Basic and diluted earnings per share

Financial statements in which equity method is applied

For the three-month periods ended on June 30,

	<u>Net profit</u>		<u>Weighted average number</u>		<u>Earnings per share</u>	
	<u>2007</u>	<u>2006</u>	<u>of ordinary share</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	36,178	49,668	323,367	311,258	0.11	0.16
Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised						
4,472,180 units						
(Second quarter of year 2006 : 16,773,395 units)	-	-	3,917	14,578	-	-
Diluted earnings per share						
Net profit of ordinary shareholders						
assuming the conversion into ordinary shares	36,178	49,668	327,284	325,836	0.11	0.15

Separate financial statements in which cost method is applied

For the three-month periods ended on June 30,

	<u>Net profit</u>		<u>Weighted average number</u>		<u>Earnings per share</u>	
	<u>2007</u>	<u>2006</u>	<u>of ordinary share</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	34,768	48,646	323,367	311,258	0.11	0.16
Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised						
4,472,180 units						
(Second quarter of year 2006 : 16,773,395 units)	-	-	3,917	14,578	-	-
Diluted earnings per share						
Net profit of ordinary shareholders						
assuming the conversion into ordinary shares	34,768	48,646	327,284	325,836	0.11	0.15

Financial statements in which equity method is applied

For the six-month periods ended on June 30,

	<u>Net profit</u>		<u>Weighted average number</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	68,869	83,031	321,730	309,645	0.21	0.27
Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised						
4,472,180 units						
(Second quarter of year 2006 : 16,773,395 units)	-	-	3,889	14,365	-	-
Diluted earnings per share						
Net profit of ordinary shareholders						
assuming the conversion into ordinary shares	68,869	83,031	325,619	324,010	0.21	0.26

Separate financial statements in which cost method is applied

For the six-month periods ended on June 30,

	<u>Net profit</u>		<u>Weighted average number</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	70,937	85,108	321,730	309,645	0.22	0.27
Effect of diluted equivalent ordinary shares						
The balance of warrants able to be exercised						
4,472,180 units						
(Second quarter of year 2006 : 16,773,395 units)	-	-	3,889	14,365	-	-
Diluted earnings per share						
Net profit of ordinary shareholders						
assuming the conversion into ordinary shares	70,937	85,108	325,619	324,010	0.22	0.26

For the three-month and the six-month periods ended on June 30, 2007 and 2006, the diluted earnings per share was calculated by including the ordinary shares which the company may have to issue, even the condition or the determined event has not yet incurred, with consideration of the effect of the exercisable warrants but not yet been exercised.

16. 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.

17. Subsequent events

On July 16, 2007, directors and employees had exercised their rights to purchase ordinary shares in number of 129,860 units resulted in the issued and paid-up share capital of the Company increased by Baht 0.13 million. The Company registered the change in paid-up share capital on July 27, 2007.

18. 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.

18.1 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.

18.2 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.

18.3 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.

19. Obligations and contingent liabilities

19.1 As of June 30, 2007 and December 31, 2006, the Company also holds contingent liabilities as follows :-

(Unit : Thousand Baht)

	<u>As of June 30, 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	49,000	6,772	42,228	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 June 30, 2007, letter of guarantee for the amount of Baht 5.71 million, which a part of fixed deposit accounts has been pledged as collaterals.

19.2 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 220 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 306.08 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, 2009 with the contractual value of Baht 46.37 million.

20. Approval of Financial Statements

These financial statements have been approved by SE-EDUCATION PUBLIC COMPANY LIMITED's board of directors on August 9, 2007.
