

REVIEW REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders and Board of Directors of SE-EDUCATION PUBLIC COMPANY LIMITED

I have reviewed the accompanying balance sheet in which the equity method is applied to investment, as of March 31, 2008, the related statements of income, changes in shareholders' equity and cash flows, in which the equity method is applied to investment, for the three-month period ended March 31, 2008 of SE-EDUCATION PUBLIC COMPANY LIMITED. I have also reviewed the accompanying separate balance sheet in which the cost method is applied to investment, as of March 31, 2008, the separate statements of income, changes in shareholders' equity and cash flows, in which the cost method is applied to investment, for the three-month period ended the same date of SE-EDUCATION PUBLIC COMPANY LIMITED. These financial statements are the responsibility of the Company's management as to their correctness and completeness in the presentation. My responsibility is to report on these financial statements based on my review. The financial statements of one associated company as mentioned in the notes to the financial statements No. 6.3, from which investments were recorded under the equity method, have been audited by another auditor and I have already 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 in which the equity method is applied to investment, is based on the report of the said auditor. As of March 31, 2008, the investment in the said associated company based on equity method was in amount of Baht 59.28 million, equivalent to 3.27% of the total assets in the balance sheet in which the equity method is applied to investment and the participating loss in the associated company was shown and included in the income statement in which the equity method is applied to investment for the three-month period ended March 31, 2008 at Baht 3.11 million, equivalent to 5.88% of the net profit.

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 report of the another auditor 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 in which the equity method is applied to investment and the separate financial statements in which the cost method is applied to investment are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The financial statements in which the equity method is applied to investment and the separate financial statements in which the cost method is applied to investment for the year ended December 31, 2007 of SE-EDUCATION PUBLIC COMPANY LIMITED were audited by another auditor of the same firm who expressed thereon an unqualified opinion but made observation relating to change in the accounting policy for recording of investment in associated companies from the equity method to the cost method in the separate financial statements in which the cost method is applied to investment, in the report dated on February 22, 2008. The balance sheet in which the equity method is applied to investment and the separate balance sheet in which the cost method is applied to investment as of December 31, 2007 which were presented for comparative purpose were a part of the said financial statements.

In addition, the statements of income, changes in shareholders' equity and cash flows in which the equity method is applied to investment, and the separate statements of income, changes in shareholders' equity and cash flows in which the cost method is applied to investment for the three-month period ended March 31, 2007 of SE-EDUCATION PUBLIC COMPANY LIMITED as show was comparison were reviewed by another auditor the same firm whose report dated on May 10, 2007 found that nothing had come to her attention that caused her to believed that the financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles but gave observation relating to the change in the accounting policy for recording of investment in associated companies from the equity method to the cost method in the separate financial statements in which the cost method is applied to investment.

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

(Miss Sansanee Poolsawat)

Certified Public Accountant (Thailand) Registration No. 6977

Bangkok,

May 9, 2008

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of March 31, 2008 and December 31, 2007

(Unit : Thousand Baht)

	Note	Financial statements in which equity method is applied to investment		Separate financial statements in which cost method is applied to investment	
		2008	2007	2008	2007
		Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited
ASSETS					
CURRENT ASSETS					
Cash and cash equivalent items		371,692	298,784	371,692	298,784
Short-term investments-net	3	208,313	208,156	208,313	208,156
Trade accounts and notes receivable-net	4	96,480	92,208	96,480	92,208
Loan to associated company	2.1	5,000	-	5,000	-
Inventories-net	5	443,656	446,503	443,656	446,503
Prepaid expenses		22,907	26,451	22,907	26,451
Other current assets		20,744	20,506	20,744	20,506
TOTAL CURRENT ASSETS		1,168,792	1,092,608	1,168,792	1,092,608
NON-CURRENT ASSETS					
Investments in subsidiary and associated companies-net	6	82,169	85,284	69,532	69,532
Property, plant and equipment-net	7	275,367	271,551	275,367	271,551
Leasehold on buildings-net	8	138,593	141,727	138,593	141,727
Assets pending for sale-net	9	19,200	19,200	19,200	19,200
Land and improvements not used for operation-net	10	33,702	33,718	33,702	33,718
Computer software-net	11	10,663	11,226	10,663	11,226
Copyright and translation advance		20,062	19,424	20,062	19,424
Guarantee for rental and deposit		56,542	55,628	56,542	55,628
Other non-current assets	12	8,491	9,933	8,491	9,933
TOTAL NON-CURRENT ASSETS		644,789	647,691	632,152	631,939
TOTAL ASSETS		1,813,581	1,740,299	1,800,944	1,724,547

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of March 31, 2008 and December 31, 2007

(Unit : Thousand Baht)

	Note	Financial statements in which equity method is applied to investment		Separate financial statements in which cost method is applied to investment	
		2008	2007	2008	2007
		Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade accounts and notes payable		881,550	858,781	881,550	858,781
Accrued expenses		77,473	95,102	77,473	95,102
Accrued corporate income tax		70,080	51,151	70,080	51,151
Other current liabilities		54,579	60,572	54,579	60,572
TOTAL CURRENT LIABILITIES		1,083,682	1,065,606	1,083,682	1,065,606
NON-CURRENT LIABILITIES					
Other non-current liabilities		7,791	7,581	7,791	7,581
TOTAL NON-CURRENT LIABILITIES		7,791	7,581	7,791	7,581
TOTAL LIABILITIES		1,091,473	1,073,187	1,091,473	1,073,187
SHAREHOLDERS' EQUITY					
Share capital	13				
Authorized share capital					
328,345,090 ordinary shares @ Baht 1.00 each		328,345	328,345	328,345	328,345
Issued and paid-up share capital					
323,921,130 ordinary shares @ Baht 1.00 each		323,921	-	323,921	-
323,765,330 ordinary shares @ Baht 1.00 each		-	323,765	-	323,765
Premiums on share capital		149,421	149,421	149,421	149,421
Capital surplus from assets revaluation		29,811	30,057	29,811	30,057
Unrealized loss-securities available for sale	3	(656)	(2,757)	(656)	(2,757)
Retained earnings	14				
Appropriated					
Legal reserve		35,627	35,627	35,627	35,627
Unappropriated		183,984	130,999	171,347	115,247
TOTAL SHAREHOLDERS' EQUITY		722,108	667,112	709,471	651,360
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,813,581	1,740,299	1,800,944	1,724,547

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 March 31, 2008 and 2007

(Unit : Thousand Baht)

		Financial statements in which		Separate financial statements	
		equity method is applied		in which cost method is applied	
		to investment		to investment	
		2008	2007	2008	2007
Revenues from sales		1,044,706	867,893	1,044,706	867,893
Cost of sales		(712,781)	(594,823)	(712,781)	(594,823)
Gross profit		331,925	273,070	331,925	273,070
Other income		12,955	8,456	12,955	8,456
Selling and administrative expenses		(263,684)	(225,319)	(263,684)	(225,319)
Directors' remuneration	15	(5,037)	(559)	(5,037)	(559)
Interest expenses		(115)	(157)	(115)	(157)
Participating loss from investment in associated companies		(3,115)	(3,478)	-	-
Net profit before corporate income tax		72,929	52,013	76,044	55,491
Corporate income tax		(19,944)	(19,322)	(19,944)	(19,322)
Net profit		52,985	32,691	56,100	36,169
BASIC EARNINGS PER SHARE (Unit : Baht)	16	0.16	0.10	0.17	0.11
DILUTED EARNINGS PER SHARE (Unit : Baht)	16	-	0.10	-	0.11

Unaudited

Limited Review Only

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

SE-EDUCATION PUBLIC COMPANY LIMITE
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUIT
For the three-month periods ended March 31, 2008 and 2007
Financial statements in which equity 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	
	Note				Appropriated	Unappropriated			
Balance as of January 1, 2008		323,765	149,421	30,057	(2,757)	35,627	130,999	-	667,112
Depreciation-capital surplus from assets revaluation		-	-	(246)	-	-	-	-	(246)
Unrealized gain-securities available for sale		-	-	-	2,101	-	-	-	2,101
Unrealized transactions in the income statements		323,765	149,421	29,811	(656)	35,627	130,999	-	668,967
Shares purchased by exercising warrants of employees	13	156	-	-	-	-	-	-	156
Net profit for the period		-	-	-	-	-	52,985	-	52,985
Balance as of March 31, 2008		323,921	149,421	29,811	(656)	35,627	183,984	-	722,108
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 assets 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 directors and employees	13	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

Unaudited

Limited Review Only

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

SE-EDUCATION PUBLIC COMPANY LIMITE
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUIT
For the three-month periods ended March 31, 2008 and 2007
Separate financial statements in which cost method is applied to investment

(Unit : Thousand Baht)

	Note	Issued and	Premiums on	Capital surplus	Unrealized gain	Retained earnings		Treasury	Total
		paid-up	share capital	from assets	(loss) on securities	Appropriated	Unappropriated	stock	
		share capital		revaluation	available for sale				
Balance as of January 1, 2008		323,765	149,421	30,057	(2,757)	35,627	115,247	-	651,360
Depreciation-capital surplus from assets revaluation		-	-	(246)	-	-	-	-	(246)
Unrealized gain-securities available for sale		-	-	-	2,101	-	-	-	2,101
Unrealized transactions in the income statements		323,765	149,421	29,811	(656)	35,627	115,247	-	653,215
Shares purchased by exercising warrants									
of employees	13	156	-	-	-	-	-	-	156
Net profit for the period		-	-	-	-	-	56,100	-	56,100
Balance as of March 31, 2008		323,921	149,421	29,811	(656)	35,627	171,347	-	709,471
Balance as of January 1, 2007		332,895	149,421	31,047	(5,571)	158,268	101,793	(122,641)	645,212
Depreciation-capital surplus from assets 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	13	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

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 March 31, 2008 and 2007

(Unit : Thousand Baht)

	Financial statements in which equity method is applied to investment		Separate financial statements in which cost method is applied to investment	
	2008	2007	2008	2007
	CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before corporate income tax	72,929	52,013	76,044	55,491
Adjustment to net profit for cash-received (payments) from operation				
Doubtful debts and bad debts	(1,834)	2,865	(1,834)	2,865
Loss from returned goods estimation (reversal)	(4,663)	(60)	(4,663)	(60)
Loss from lost goods	2,723	4,245	2,723	4,245
Loss from dilapidated and slow moving goods (reversal)	(1,333)	6,846	(1,333)	6,846
Loss from goods destroyed	1,355	-	1,355	-
Participating loss from investment in associated companies	3,115	3,478	-	-
Depreciation-fixed assets for operation	20,705	18,207	20,705	18,207
Depreciation-fixed assets not used for operation	16	16	16	16
Loss from written-off fixed assets	3	35	3	35
Amortized leasehold	3,134	3,099	3,134	3,099
Computer software amortized	961	1,195	961	1,195
Interest expenses	115	157	115	157
Interest income	(1,687)	(3,421)	(1,687)	(3,421)
Dividend income	(2,424)	(1,324)	(2,424)	(1,324)
(Gain) loss from sale of short-term investments	(472)	137	(472)	137
Profit from operation before change in operating assets and liabilities	92,643	87,488	92,643	87,488
Operating assets decrease (increase)				
Trade accounts and notes receivable	2,225	(893)	2,225	(893)
Inventories	102	(48,305)	102	(48,305)
Advance expenses	3,544	4,080	3,544	4,080
Other current assets	(304)	(12,517)	(304)	(12,517)
Copyright and translation advance	(638)	241	(638)	241
Guarantee for rental and deposit	(914)	(682)	(914)	(682)
Other non-current assets	1,442	617	1,442	617
Operating liabilities increase (decrease)				
Trade accounts and notes payable	22,769	19,280	22,769	19,280
Accrued expenses	(17,629)	(11,172)	(17,629)	(11,172)
Other current liabilities	(5,993)	3,654	(5,993)	3,654
Other non-current liabilities	210	1,310	210	1,310
Net cash received in operating activities	97,457	43,101	97,457	43,101
Paid interest	(115)	(157)	(115)	(157)
Paid corporate income tax	(1,015)	(909)	(1,015)	(909)
Net cash received in operating activities	96,327	42,035	96,327	42,035

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 March 31, 2008 and 2007

(Unit : Thousand Baht)

	Financial statements in which equity method is applied to investment		Separate financial statements in which cost method is applied to investment	
	2008	2007	2008	2007
	CASH FLOW FROM INVESTING ACTIVITIES			
Cash received form sale of short-term investments	2,416	14,999	2,416	14,999
Loan to associated company	(5,000)	-	(5,000)	-
Interest received	1,753	3,421	1,753	3,421
Dividends received	2,424	1,324	2,424	1,324
Purchase of equipment	(24,770)	(20,787)	(24,770)	(20,787)
Purchase of computer software	(398)	(30)	(398)	(30)
Net cash used in investing activities	(23,575)	(1,073)	(23,575)	(1,073)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase (Decrease) in bank overdrafts	-	(2,013)	-	(2,013)
Cash receipts from additional warrants exercised to purchase ordinary shares	156	9,640	156	9,640
Net cash received in financing activities	156	7,627	156	7,627
Cash and cash equivalent items increase (decrease) - net	72,908	48,589	72,908	48,589
Cash and cash equivalent items at the beginning of the period	298,784	290,689	298,784	290,689
Cash and cash equivalent items at the end of the period	371,692	339,278	371,692	339,278

Supplemental disclosures to the cash flow statements

1. Items not effecting cash flow

- 2.1 For the three-month periods ended March 31, 2008 and 2007, the Company adjusted unrealizable gain on revaluation of securities available for sale with the shareholders' equity amounting Baht 2.10 million and Baht 0.93 million respectively.
- 2.2 For the three-month periods ended March 31, 2008 and 2007, the Company wrote-off capital surplus from assets revaluation amounting to Baht 0.25 million and Baht 0.24 million respectively.
- 2.3 For the three-month periods ended March 31, 2007, the Company reclassified government bond which was due for redemption within three months amounting to Baht 35.00 million from previously short-term investments to cash equivalent.

3. Cash and cash equivalent items consist of :

Cash	14,180	15,014	14,180	15,014
Cash at bank (not exceeding 3-months duration)	192,512	99,264	192,512	99,264
Government bond (maturity period not exceeding 3 months)	165,000	225,000	165,000	225,000
Total	371,692	339,278	371,692	339,278

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, 2008 and 2007 (Unaudited/Limited Review Only)
and December 31, 2007 (Audited)

1. General information and basis of financial statements

1.1 General information

SE-EDUCATION PUBLIC COMPANY LIMITED (the Company) was registered for establishment as a limited company on July 29, 1974 and was converted to a public company limited on April 29, 1993, registration number 0107536000285. The Company is situated at 1858/87-90 Nation Tower Building, 19th Floor, Bangna-Trad Road, Bangna, Bangkok 10260. Distribution center is situated at 99 Moo 1, Kingkaew Road, Rajatewa, Bangplee, Samutprakarn 10540.

Major areas of business :

1. Sell books and magazines on a retail basis through their own SE-ED book centers and Book Variety.
 2. Publish and distribute their own technical books and magazines, as well as distribute books from other publishers and organizations to nationwide bookshops.
 3. Advertising services magazines published by SE-ED.
 4. Publishing engagement and sell electronic parts and equipments.
- 1.2 These interim financial statements are prepared in accordance with generally accepted accounting principles used in Thailand presented in condensed form as specified by Thai Accounting Standard No. 41 (revised 2007) on "Interim Financial Statements". The Company chose to present interim financial statements in condensed form but has presented items in the balance sheet, the statements of income, changes in shareholders' equity and cash flows in the same format as that used for the annual financial statements in accordance to Thai Accounting Standard No. 35 (revised 2007) on "Presentation of Financial Statements".
- 1.3 The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicated information previously reported. These interim financial statements should, therefore, be read in conjunction with the latest annual financial statements.
- 1.4 Significant accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2007. As the Federation of Accounting Professions has issued the Federation of Accounting Professions announcement Nos. 9/2550, 38/2550 and 62/2550 (already announced in the Royal Gazettes) on "Thai Accounting Standards" requiring the use of new accounting standards and those revised in 2007 (with the detail listed below), the Company has already applied to the financial statements for the year 2008 which has no effect significantly on the financial statements of the year 2007 which are presented for comparative purpose.

No.25 (Revised 2007) Cash Flow Statements	No.39 (Revised 2007) Accounting Policies, Changes in Accounting Estimates and Errors
No.29 (Revised 2007) Rental Contracts	No.41 (Revised 2007) Interim Financial Statements
No.31 (Revised 2007) Inventories	No.43 (Revised 2007) Business Combinations
No.33 (Revised 2007) Costs of Borrowing	No.49 (Revised 2007) Construction Contracts
No.35 (Revised 2007) Presentation of Financial Statements	No.51 Intangible Asset

1.5 Accounting items in the financial statements for the year ended December 31, 2007 have been reclassified to facilitate the comparison with the financial statements for the three-month period ended March 31, 2008. Reclassification was mostly made to property, plant and equipment to become computer software at amount of Baht 11.23 million, assets under construction to become current assets at Baht 5.86 million and copyright and translation paid in advance from current assets to non-current assets at Baht 19.42 million.

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

2. Inter transactions with related entities

The Company constitutes accounting transactions incurred with related entities, comprising of the same group of shareholders or common directors. The material remaining balance and inter-transactions between the Company and related entities are as follows:-

2.1 Inter-assets and liabilities

		(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>	
		<u>As of March 31, 2008</u>	<u>As of December 31, 2007</u>
<u>Type of relation</u>			
<u>Loan due from associated company</u>			
Plearn Patt Co., Ltd.	Associated company		
Beginning balance		-	-
Increased in the period		5,000	-
Received in the period		-	-
Ending balance		<u>5,000</u>	<u>-</u>
<u>Trade accounts payable</u>			
M AND E Co., Ltd.	Associated company	1,999	1,999
GMM Grammy Public Co., Ltd.	Shareholders	4,760	5,192
Bliss Publishing Co., Ltd.	Related company with shareholders	5,840	6,190

As of March 31, 2008, the whole amount of loan due from an associated company 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 MOR. The objective of the loan is for the associated company to use for construction and working capital for the school.

2.2 Inter-revenues and expenses

(Unit : Thousand Baht)

		<u>Financial statements in which equity method is applied to investment/ Separate financial statements in which cost method is applied to investment</u>		
		<u>For the three-month periods</u>		<u>Policy of</u>
<u>Type of relation</u>		<u>ended March 31</u>		<u>inter-price setting</u>
		<u>2008</u>	<u>2007</u>	
<u>Purchase goods values</u>				
M AND E Co., Ltd.	Associated company	311	521	Market price
GMM Grammy Public Co., Ltd.	Shareholders	2,283	280	Market price
Bliss Publishing Co., Ltd.	Related company with shareholders	3,970	3,119	Market price

3. Short-term investment-net

Consisted of :-

(Unit : Thousand Baht)

		<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 March 31, 2008</u>	<u>As of December 31, 2007</u>
Securities available-for-sale			
-	Investment in Private Fund	139,868	141,812
-	Investment in Mutual Fund	49,101	49,101
-	Government bond (exceeding 3-month maturity period)	20,000	20,000
	Total	208,969	210,913
<u>Less</u>	Unrealized loss from fair value adjustment	(656)	(2,757)
	Net	208,313	208,156

4. Trade accounts and notes receivable-net

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

	(Unit : Thousand Baht)	
	<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 March 31, 2008</u>	<u>As of December 31, 2007</u>
Trade accounts receivable		
Within credit term	59,717	48,259
Over credit term less than 6 months	37,383	44,386
Over credit term more than 6 months to 12 months	1,766	1,869
Over credit term more than 12 months	25,028	21,997
Total trade accounts receivable	123,894	116,511
Notes receivable	3,179	12,787
Total trade accounts and notes receivable	127,073	129,298
<u>Less</u> Allowance for doubtful debts	(23,918)	(25,752)
Allowance for returned goods	(6,675)	(11,338)
Net	96,480	92,208

As of March 31, 2008 and December 31, 2007, 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 is still no need to reverse the already made allowance for doubtful debt.

5. Inventories-net

Consisted of:-

(Unit : Thousand Baht)

	<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 March 31, 2008</u>	<u>As of December 31, 2007</u>
Raw material	28,151	27,201
Work in process	13,902	9,863
Finished good	484,264	496,166
Total	526,317	533,230
<u>Less</u> Allowance for lost goods	(22,829)	(28,228)
Allowance for dilapidated and slow moving goods	(59,832)	(58,499)
Net	443,656	446,503

In 2008, the company change a policy for estimating allowance for lost goods from a former rate at 1.20% of each branch sales to a rate of 1.00% of each branch sales, resulting in a decrease of allowance for goods loss in 1st quarter of 2008 by Baht 1.73 million. This arrangement is made to suit the current situation.

6. Investments in subsidiary and associated companies-net

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 March 31, 2008</u>		<u>Dividend</u>
					<u>Investments</u>		
					<u>Equity Method</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	22,790	100	-
Pleam Patt Co., Ltd.	Institute of private education-Pleam Pattana School	169,350	49.01	83,000	59,279	83,000	-
Total investment				83,200	82,169	83,200	-
<u>Less</u> Allowance for revaluation of investments				-	-	(13,668)	-
Net				83,200	82,169	69,532	-

(Unit : Thousand Baht)

		<u>As of December 31, 2007</u>					
	<u>Nature of business</u>	<u>Paid-up</u> <u>share capital</u>	<u>Percentage of</u> <u>share holdings</u>	<u>Cost</u>	<u>Investments</u>		<u>Dividend</u>
					<u>Equity Method</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	22,790	100	1,000
Pleam Patt Co., Ltd.	Institute of private education-Pleam Pattana School	169,350	49.01	83,000	62,394	83,000	-
Total investment				83,200	85,284	83,200	1,000
<u>Less</u> Allowance for revaluation of investments				-	-	(13,668)	-
Net				83,200	85,284	69,532	1,000

6.1 For the investments in the SE-ED Book Center Co., Ltd., which is a subsidiary company, the Company did not prepare consolidated financial statements, since the financial statements of the subsidiary company did not materially effect the Company's financial statements.

6.2 For the investments in the M AND E Co., Ltd., which is an associated company, the Company has recognized participating profit or loss from operation of that associated company in the financial statements in which the equity method is applied to investment as follows:-

- 1) For the three-month periods ended March 31, 2008 and 2007, the Company did not recognized participating result from operation of the associated company, since the associated company did not prepare the quarterly financial statements. As of March 31, 2008, the Company had investment in the said associated company amounting to Baht 22.79 million equivalent 1.26% of total assets shown in the financial statements in which equity method was applied to investment. However, the participating profit or loss from operation was not significant to the financial statements of the Company.
- 2) For the year ended December 31, 2007, the Company recognized participating result from operation for the year ended December 31, 2006, of the associated company, whose financial statements were audited by another auditor. The Company consequently recorded participating profit from investment in such associated company in the income statement in which equity method is applied to investment, for the year ended December 31, 2007, (recorded in the second quarter of year 2007) for the amount of Baht 3.89 million equivalent to 2.12% of net profit shown in the financial statements in which the equity method is applied to investment, and as of December 31, 2007, the Company had investment in that associated company for the amount of Baht 22.79 million equivalent to 1.31% of total assets in the financial statements in which the equity method is applied to investment.

6.3 For the investments in the Plearn Patt Co., Ltd., which is an associated company, the Company made recognition of participating result from operation in the financial statements in which the equity method is applied to investment as follows:-

- 1) For the three-month periods ended March 31, 2008 and 2007, the Company recognized 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 amount of Baht 3.11 million and Baht 3.48 million respectively equivalent to 5.88% and 10.64% of net profits shown in the financial statements in which the equity method is applied to investment respectively from the financial statements for the years ended March 31, 2008 and 2007, which were audited by another auditor. This recognition was especially made for the operation of the three-month periods ended March 31, 2008 and 2007. As of March 31, 2008, the Company had investments in the said associated company amounting to Baht 59.28 million equivalent 3.27% of total assets shown in the financial statements in which equity method is applied to investment.
- 2) For the year ended December 31, 2007, the Company recognized 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 amount of Baht 6.94 million equivalent to 3.78% of net profit shown in the financial statements in which the equity method is applied to investment from the financial statements for the years ended March 31, 2007 and 2006 and the interim financial statements for the nine-month periods ended December 31, 2007 and 2006, which were audited and reviewed by other auditors respectively. As of December 31, 2007, the Company had investment in that associated company for the amount of Baht 62.39 million equivalent to 3.59% of total assets shown in the financial statements in which the equity method is applied to investment.

7. Property, plant and equipment - net

For the three-month period ended March 31, 2008, the movements are as follows :-

(Unit : Thousand Baht)

	<u>Financial statements in which equity method is applied to investment/ Separate financial statements in which cost method is applied to investment</u>
Net book value at the beginning of the period	271,551
Purchases in the period	24,770
Transfer in	5,463
Amortized in the period	(11)
Transfer out	(5,463)
Depreciation-shown in the income statement	(20,705)
Depreciation-capital surplus from assets revaluation (Presented under shareholders' equity item)	(246)
Accumulated depreciation of disposed assets	8
Net book value at the end of the period	<u><u>275,367</u></u>

As of March 31, 2008 and December 31, 2007, improvements on building built on leasehold of the Company with book value in amount of Baht 82.03 million and Baht 75.53 million respectively. Most of these assets would automatically be owned by the lessor once the lease contracts expire as mentioned in the notes to financial statements No. 18.2.

As of March 31, 2008 and December 31, 2007, the Company has fixed assets which were fully depreciated at the cost value of Baht 293.71 million and Baht 281.58 million respectively, which some of these asset were still in used.

As the Company chose cost method for accounting and when there is an increase in asset revaluation, only net value of increase book value will be recorded to related assets account along side with capital surplus from assets revaluation account. For the three-month periods ended March 31, 2008 and 2007, there appeared depreciation of capital surplus being charged to capital surplus from assets revaluation account under the shareholders' equity for the amounts of Baht 0.25 million and Baht 0.24 million respectively. If the Company chooses to account for depreciation on capital surplus through the income statement, the net profit for three-month periods ended March 31, 2008 and 2007 will be shown at less amount of Baht 0.25 million and Baht 0.24 million respectively, but has no effect significantly on earnings per share.

8. Leasehold on buildings-net

The whole amount of the leasehold on buildings represented leased 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 periods ended March 31, 2008 and 2007, these leasehold rights were amortized to expenses by the amount of Baht 3.13 million and Baht 3.10 million respectively.

9. Assets pending for sales-net

As of March 31, 2008 and December 31, 2007, this amount consisted of:-

	(Unit : Thousand Baht)
	<u>Financial statements in which equity method is applied to investment/ Separate financial statements in which cost method is applied to investment</u>
Book Value	38,913
<u>Less</u> Allowance for impairment	(19,713)
Net	<u>19,200</u>

The whole amount of represented commercial buildings pending for sales off on March 19, 2008, the Company made sale/purchase contracts for 5 units of four-floor commercial building in amount of Baht 20.00 million. As of March 31, 2008, the Company had received deposit from buyer in amount of Baht 2.00 million and had already received the remaining as well as transferred ownership rights on April 30, 2008.

10. Land and improvements not used for operation-net

For the three-month period ended March 31, 2008 the movements are as follows :-

	(Unit : Thousand Baht)
	<u>Financial statements in which equity method is applied to investment/ Separate financial statements in which cost method is applied to investment</u>
Net book value at the beginning of the period	33,718
Depreciation in the period	(16)
Net book value at the end of the period	<u>33,702</u>

11. Computer software-net

For the three-month period ended March 31, 2008 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	11,226
Purchases in the period	398
Amortization	(961)
Net book value at the end of the period	<u>10,663</u>

12. Other non-current assets

As of March 31, 2008 and December 31, 2007, part of other non-current assets amounting to Baht 8.25 million the same amount for both periods was a bank deposit being pledged as collateral for book distribution agents and the utilities system usage.

13. Share capital

13.1 In accordance with the resolution of the annual general shareholders' meeting No. 1/2001 held on April 30, 2001, it was resolved to issue warrants to purchase ordinary shares for the directors, employees and sub-agents in number of 31,648,000 units at the price of Baht 1.00 per unit, dividing into 5 versions. The period of exercising for 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.

The exercise of warrants' right for the three-month periods ended March 31, 2008 and 2007 (these warrants forfeited their exercisable rights on January 14, 2008) :-

1. Directors and employees had exercised their rights to purchase ordinary shares in number of 155,800 units and 9,639,920 units respectively. Thus the Company had increased the issued and paid-up share capital by the total of Baht 0.16 million and Baht 9.64 million respectively. The Company gradually registered the change in paid-up share capital and the latest registration was on January 22, 2008 and January 26, 2007 respectively.

2. The remaining balances of exercisable warrants as of March 31, 2008 and 2007 are as follows :-
- 2.1 Warrants with full conversion right to purchase ordinary shares for directors, employees and sub-agents but not yet exercised amounting to 36,540 units and 1,206,380 units respectively.
- 2.2 Warrants to purchase ordinary shares for directors, employee and sub-agents not yet appropriated amounted to 4,090,410 units, the same amount for both periods.

13.2 In accordance to the minutes of the board of directors' meeting No. 4/2007 held on September 19, 2007, the resolutions approved the write off the Company's treasury shares; therefore, reducing its paid-up capital by 19.78 million shares; thus, decreased the issued and paid-up share capital by the total of Baht 19.78 million. The Company registered the decrease in paid-up share capital with the Ministry of Commerce on September 28, 2007.

14. Retained earnings

14.1 Dividend payment and legal reserve

Consisted of:

			<u>Year 2007 operating result</u>				
	<u>Resolutions of the Company's Board 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	2/2007	10/05/2007	08/06/2007	0.10	32.36	-	-
Quarter 2	3/2007	09/08/2007	06/09/2007	0.10	32.37	-	-
Quarter 3	5/2007	13/11/2007	11/12/2007	0.10	32.38	-	-
		Total		0.30	97.11		-

			<u>Year 2006 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	2/2006	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		-

14.2 Treasury stock reserve

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.

As of December 31, 2006, the Company had buy back treasury shares of 19.78 million shares equal to 5.94% 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.

However, under the Ministerial Regulation concerning treasury stock, the Company has to dispose of all of its repurchased shares within 3 years of completing the repurchase of shares. The period for the Company to dispose of the repurchased shares thus ended on September 11, 2007, but the Company could not dispose any of the said shares. To comply with the above regulation, the board of directors' meeting No. 4/2007 held on September 19, 2007; therefore, passed resolutions to write off the Company's treasury shares, reducing its paid-up capital by 19.78 million shares, or Baht 19.78 million and the Company registered the decrease in paid-up share capital with the Ministry of Commerce on September 28, 2007 as follow :-

	<u>Authorized share capital</u>	<u>Issued and paid-up share capital</u>
	<u>Thousand Baht</u>	<u>Thousand Baht</u>
Former	348,129	343,489
Decreased to	328,345	323,706

15. Directors' remunerations

In accordance to the minutes of the board of directors' meeting No. 1/2008 held on February 22, 2008, it unanimously agreed to authorise remunerations (as rewards) to directors, audit committee members for the year 2007 in the amount not more than Baht 3.42 million and for the year 2008 not more than Baht 4.00 million. This proposal was approved by the annual general shareholders' meeting No. 1/2008 held on April 29, 2008. This resulted in the financial statements for the first quarter of year 2008 recognized remuneration (rewards) for the year 2007 in amount of Baht 3.42 million and for the first quarter of year 2008 in amount of Baht 1.00 million.

16. Basic and diluted earnings per share

	<u>Financial statements in which equity method is applied</u>			<u>Separate financial statements in which cost method is</u>		
	<u>to investment</u>			<u>applied to investment</u>		
	<u>For the three-month periods ended March 31,</u>			<u>For the three-month periods ended March 31,</u>		
	<u>Net profit</u>	<u>Weighted average</u>	<u>Earnings</u>	<u>Net profit</u>	<u>Weighted average</u>	<u>Earnings</u>
	<u>number of ordinary share</u>	<u>per share</u>		<u>number of ordinary share</u>	<u>per share</u>	
	<u>2007</u>	<u>2007</u>	<u>2007</u>	<u>2007</u>	<u>2007</u>	
	<u>'000 Baht</u>	<u>'000 Shares</u>	<u>Baht</u>	<u>'000 Baht</u>	<u>'000 Shares</u>	<u>Baht</u>
Basic earnings per share	32,691	320,073	0.10	36,169	320,073	0.11
Effect of diluted equivalent ordinary shares :						
Assuming the conversion of warrants for						
the director and employees	-	4,570	-	-	4,570	-
Diluted earnings per share	32,691	324,643	0.10	36,169	324,643	0.11

For the three-month period ended March 31, 2007, 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 which have not yet been exercised.

17. 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.

18. Obligations and contingent liabilities

18.1 As of March 31, 2008 and December 31, 2007, the Company also holds contingent liabilities as follows :-

(Unit : Thousand Baht)

	<u>As of March 31, 2008</u>			<u>As of December 31, 2007</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	5,873	43,127	49,000	5,752	40,412
Letters of credit	4,000	-	4,000	4,000	-	4,000
Overdrafts	30,000	-	30,000	30,000	-	30,000
Short-term loan	50,000	-	50,000	50,000	-	50,000

As of March 31, 2008 and December 31, 2007, letter of guarantee for the amount of Baht 5.47 million and Baht 5.19 million respectively, 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 258 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 357.18 million per annum.

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 and rental fees are of Baht 16.04 million per annum.

18.3 The Company entered into agent appointment agreement with a foreign company for the contractual period of 3 years commencing from January 1, 2007 to December 31, 2010. The Company has to provide support for promoting sales of marketing of the sale agent at 2.5% of the total book purchased and the Company shall arrange for the office area and services to support the marketing activities. The actual cost incurred can be deducted as expense for supporting the sale agent.

18.4 Copyright contracts

The Company entered contracts allowing the use of copyrights with the owners of various successful works for the contractual period of 3 years with option to extend for another 3 years automatically, and payment of consideration at the percentage of number of books published or sold.

19. Financial instruments

As of March 31, 2008, the Company has a forward contract with a commercial bank to hedge against exchange rate risk from debt repayment denominated in foreign currency. The Company has not recorded such financial liability in the financial statements. The due date for payment of the forward contract already committed has outstanding period of not greater than 6 months with the following details :-

<u>Amount fixed in the contract</u>	<u>Amount earned in the contract</u>	<u>Fair value</u>
<u>'000 GBP</u>	<u>'000 Baht</u>	<u>'000 Baht</u>
50	3,163	3,159

20. Subsequent events

In accordance to the minutes of the annual general shareholders' meeting No. 1/2008 held on April 29, 2008, it was unanimously resolved to authorise payment of dividends from the result of the operation since January 1, 2007 to December 31, 2007 at Baht 0.56 per share aggregating to Baht 181.32 million. The Company had already paid the interim dividend for three quarters at Baht 0.10 per share in each quarters totaling Baht 0.30 per share. As the interim dividends already paid amounted to Baht 97.10 million; thus, the remaining dividends to be paid is Baht 0.26 per share aggregating to Baht 84.22 million. The remaining dividends are scheduled to be paid on May 28, 2008.

21. Approval of Financial Statements

These financial statements have been approved for issuance by SE-EDUCATION PUBLIC COMPANY LIMITED's board of directors on May 9, 2008.
