

REVIEW REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the 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 June 30, 2008, the related income statements, in which the equity method is applied to investment, for the three-month and six-month periods ended June 30, 2008, and the related statements of changes in shareholders' equity and cash flows, in which the equity method is applied to investment, for the six-month period ended the same date 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 June 30, 2008, the separate income statements, in which the cost method is applied to investment, for the three-month and six-month periods ended June 30, 2008, and the related statements of changes in shareholders' equity and cash flows, in which the cost method is applied to investment, for the six-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. 7.3, from which investments were recorded under the equity method, have been reviewed 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 June 30, 2008, the investment in the said associated company based on equity method was in amount of Baht 59.31 million, equivalent to 3.34% of the total assets in the balance sheet, in which the equity method is applied to investment, and the participating profit (loss) in the associated company was shown and included in the income statements, in which the equity method is applied to investment, for the three-month and six-month periods ended June 30, 2008 at Baht 0.03 million and Baht (3.08) million respectively, equivalent to 0.06% and 2.81% of the net profit respectively.

I conducted my review in accordance with the auditing standards applicable to review engagements. Those standards require that I plan and perform the review to obtain moderate assurance about whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit in accordance with generally accepted auditing standards and, accordingly, I do not express an opinion 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 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 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 income statements, in which the equity method is applied to investment, for the three-month and six-month periods ended June 30, 2007, and the statements of changes in shareholders' equity and cash flows, in which the equity method is applied to investment, for the six-month period ended the same date, and the separate income statements, in which the cost method is applied to investment, for the three-month and six-month periods ended June 30, 2007, and the statements of changes in shareholders' equity and cash flows, in which the cost method is applied to investment, for the six-month period ended the same date of SE-EDUCATION PUBLIC COMPANY LIMITED as shown for comparison purpose, were reviewed by another auditor of the same firm, whose report dated August 9, 2007 found that nothing had come to her attention that caused her to believe 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 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,

August 8, 2008

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of June 30, 2008 and December 31, 2007

(Unit : Thousand Baht)

| | Notes | Financial statements in which the equity method is applied to investment | | Separate financial statements in which the cost method is applied to investment | |
|--|-------|--|-----------|---|-----------|
| | | 2008 | 2007 | 2008 | 2007 |
| | | Unaudited Limited Review Only | Audited | Unaudited Limited Review Only | Audited |
| <u>ASSETS</u> | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalent items | | 305,155 | 298,784 | 305,155 | 298,784 |
| Short-term investments-net | 4 | 184,058 | 207,301 | 184,058 | 207,301 |
| Trade accounts and notes receivable-net | 5 | 123,442 | 92,208 | 123,442 | 92,208 |
| Loan due from associated company | 3.1 | 5,000 | - | 5,000 | - |
| Inventories-net | 6 | 466,706 | 446,503 | 466,706 | 446,503 |
| Prepaid expenses | | 29,571 | 26,451 | 29,571 | 26,451 |
| Other current assets | | 13,371 | 21,376 | 13,371 | 21,376 |
| TOTAL CURRENT ASSETS | | 1,127,303 | 1,092,623 | 1,127,303 | 1,092,623 |
| NON-CURRENT ASSETS | | | | | |
| Investments in subsidiary and associated companies-net | 7 | 83,915 | 85,284 | 69,532 | 69,532 |
| Property, plant and equipment-net | 8 | 292,896 | 271,551 | 292,896 | 271,551 |
| Leasehold on buildings-net | 9 | 135,460 | 141,727 | 135,460 | 141,727 |
| Assets pending for sale-net | 10 | - | 19,200 | - | 19,200 |
| Land and improvements not used for operation-net | 11 | 33,685 | 33,718 | 33,685 | 33,718 |
| Computer software-net | 12 | 9,711 | 11,226 | 9,711 | 11,226 |
| Copyright and translation advance | | 16,766 | 19,424 | 16,766 | 19,424 |
| Guarantee for rental and deposit | | 61,522 | 55,628 | 61,522 | 55,628 |
| Other non-current assets | 13 | 13,400 | 9,933 | 13,400 | 9,933 |
| TOTAL NON-CURRENT ASSETS | | 647,355 | 647,691 | 632,972 | 631,939 |
| TOTAL ASSETS | | 1,774,658 | 1,740,314 | 1,760,275 | 1,724,562 |

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

SE-EDUCATION PUBLIC COMPANY LIMITE

BALANCE SHEETS

As of June 30, 2008 and December 31, 2007

(Unit : Thousand Baht)

| | Notes | Financial statements in which the equity method is applied to investment | | Separate financial statements in which the cost method is applied to investment | |
|--|-------|--|------------------|---|------------------|
| | | 2008 | 2007 | 2008 | 2007 |
| | | Unaudited Limited Review Only | Audited | Unaudited Limited Review Only | Audited |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | | | | |
| CURRENT LIABILITIES | | | | | |
| Trade accounts and notes payable | | 931,227 | 858,781 | 931,227 | 858,781 |
| Accrued expenses | | 81,353 | 95,117 | 81,353 | 95,117 |
| Accrued corporate income tax | | 28,079 | 51,151 | 28,079 | 51,151 |
| Other current liabilities | | 68,212 | 60,572 | 68,212 | 60,572 |
| TOTAL CURRENT LIABILITIES | | 1,108,871 | 1,065,621 | 1,108,871 | 1,065,621 |
| NON-CURRENT LIABILITIES | | | | | |
| Other non-current liabilities | | 7,921 | 7,581 | 7,921 | 7,581 |
| TOTAL NON-CURRENT LIABILITIES | | 7,921 | 7,581 | 7,921 | 7,581 |
| TOTAL LIABILITIES | | 1,116,792 | 1,073,202 | 1,116,792 | 1,073,202 |
| SHAREHOLDERS' EQUITY | | | | | |
| Share capital | 14 | | | | |
| 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 | | 29,564 | 30,057 | 29,564 | 30,057 |
| Unrealized loss on securities available for sale | 4 | (4,881) | (2,757) | (4,881) | (2,757) |
| Retained earnings | 15 | | | | |
| Appropriated | | | | | |
| Legal reserve | | 35,627 | 35,627 | 35,627 | 35,627 |
| Unappropriated | | 124,214 | 130,999 | 109,831 | 115,247 |
| TOTAL SHAREHOLDERS' EQUITY | | 657,866 | 667,112 | 643,483 | 651,360 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 1,774,658 | 1,740,314 | 1,760,275 | 1,724,562 |

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 June 30, 2008 and 2007

(Unit : Thousand Baht)

| | Notes | Financial statements in which the equity method is applied to investment | | Separate financial statements in which the cost method is applied to investment | |
|--|-------|--|-----------|---|-----------|
| | | 2008 | 2007 | 2008 | 2007 |
| Revenues from sales | | 1,094,547 | 1,010,914 | 1,094,547 | 1,010,914 |
| Cost of sales | | (751,864) | (723,029) | (751,864) | (723,029) |
| Gross profit | | 342,683 | 287,885 | 342,683 | 287,885 |
| Other income | | 8,139 | 10,290 | 9,639 | 11,290 |
| Selling and administrative expenses | | (285,830) | (241,776) | (285,830) | (241,776) |
| Directors' remuneration | 16 | (1,549) | (3,226) | (1,549) | (3,226) |
| Interest expenses | | (8) | (22) | (8) | (22) |
| Participating profit from investment in associated companies | | 3,246 | 2,410 | - | - |
| Net profit before corporate income tax | | 66,681 | 55,561 | 64,935 | 54,151 |
| Corporate income tax | | (9,839) | (19,383) | (9,839) | (19,383) |
| Net profit | | 56,842 | 36,178 | 55,096 | 34,768 |
| | | | | | |
| BASIC EARNINGS PER SHARE (Unit : Baht) | 17 | 0.18 | 0.11 | 0.17 | 0.11 |
| DILUTED EARNINGS PER SHARE (Unit : Baht) | 17 | - | 0.11 | - | 0.11 |

Unaudited

Limited Review Only

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

SE-EDUCATION PUBLIC COMPANY LIMITE

INCOME STATEMENTS

For the six-month periods ended June 30, 2008 and 2007

(Unit : Thousand Baht)

| | Notes | Financial statements in which the equity method is applied to investment | | Separate financial statements in which the cost method is applied to investment | |
|---|-------|--|-------------|---|-------------|
| | | 2008 | 2007 | 2008 | 2007 |
| Revenues from sales | | 2,139,253 | 1,878,807 | 2,139,253 | 1,878,807 |
| Cost of sales | | (1,464,645) | (1,317,852) | (1,464,645) | (1,317,852) |
| Gross profit | | 674,608 | 560,955 | 674,608 | 560,955 |
| Other income | | 21,094 | 18,683 | 22,594 | 19,683 |
| Selling and administrative expenses | | (549,514) | (467,032) | (549,514) | (467,032) |
| Directors' remuneration | 16 | (6,586) | (3,785) | (6,586) | (3,785) |
| Interest expenses | | (123) | (179) | (123) | (179) |
| Participating profit (loss) from investment in associated companies | | 131 | (1,068) | - | - |
| Net profit before corporate income tax | | 139,610 | 107,574 | 140,979 | 109,642 |
| Corporate income tax | | (29,783) | (38,705) | (29,783) | (38,705) |
| Net profit | | 109,827 | 68,869 | 111,196 | 70,937 |
| | | | | | |
| BASIC EARNINGS PER SHARE (Unit : Baht) | 17 | 0.34 | 0.21 | 0.34 | 0.22 |
| DILUTED EARNINGS PER SHARE (Unit : Baht) | 17 | - | 0.21 | - | 0.22 |

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 June 30, 2008 and 2007

Financial statements in which the equity method is applied to investment

(Unit : Thousand Baht)

| | Notes | 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 Legal reserve | 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 | | - | - | (493) | - | - | - | - | (493) |
| Unrealized loss-securities available for sale | | - | - | - | (2,124) | - | - | - | (2,124) |
| Unrealized transactions in the income statements | | 323,765 | 149,421 | 29,564 | (4,881) | 35,627 | 130,999 | - | 664,495 |
| Shares purchased by exercising warrants | | | | | | | | | |
| of employees | 14 | 156 | - | - | - | - | - | - | 156 |
| Dividend payment | 15 | - | - | - | - | - | (116,612) | - | (116,612) |
| Net profit for the period | | - | - | - | - | - | 109,827 | - | 109,827 |
| Balance as of June 30, 2008 | | 323,921 | 149,421 | 29,564 | (4,881) | 35,627 | 124,214 | - | 657,866 |
| 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 | | - | - | (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 and employees | 14 | 10,464 | - | - | - | - | - | - | 10,464 |
| Dividend payment | 15 | - | - | - | - | - | (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 |

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' EQUITY

For the six-month periods ended June 30, 2008 and 2007

Separate financial statements in which the cost method is applied to investment

(Unit : Thousand Baht)

| | Notes | 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 Legal reserve | Unappropriated | | |
| 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 | | - | - | (493) | - | - | - | - | (493) |
| Unrealized loss-securities available for sale | | - | - | - | (2,124) | - | - | - | (2,124) |
| Unrealized transactions in the income statements | | 323,765 | 149,421 | 29,564 | (4,881) | 35,627 | 115,247 | - | 648,743 |
| Shares purchased by exercising warrants | | | | | | | | | |
| of employees | 14 | 156 | - | - | - | - | - | - | 156 |
| Dividend payment | 15 | - | - | - | - | - | (116,612) | - | (116,612) |
| Net profit for the period | | - | - | - | - | - | 111,196 | - | 111,196 |
| Balance as of June 30, 2008 | | 323,921 | 149,421 | 29,564 | (4,881) | 35,627 | 109,831 | - | 643,483 |
| 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 | | - | - | (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 and employees | 14 | 10,464 | - | - | - | - | - | - | 10,464 |
| Dividend payment | 15 | - | - | - | - | - | (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 |

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 June 30, 2008 and 2007

(Unit : Thousand Baht)

| | Financial statements in which the equity method is applied to investment | | Separate financial statements in which the cost method is applied to investment | |
|---|--|---------|---|---------|
| | 2008 | 2007 | 2008 | 2007 |
| | CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net profit before corporate income tax | 139,610 | 107,574 | 140,979 | 109,642 |
| Adjustment to net profit for cash-received (payments) from operation | | | | |
| Doubtful debts and bad debts (return of bad debts) | (1,238) | 2,686 | (1,238) | 2,686 |
| Adjustment for account receivable reconciliation | (315) | (9) | (315) | (9) |
| Loss from returned goods estimation (reversal) | (4,761) | 580 | (4,761) | 580 |
| Allowance for lost goods (reversal) | (8,043) | (3,012) | (8,043) | (3,012) |
| Loss from lost goods | 16,514 | 14,903 | 16,514 | 14,903 |
| Loss from dilapidated and slow moving goods | 3,535 | 10,431 | 3,535 | 10,431 |
| Loss from donated goods | 8,094 | 1,329 | 8,094 | 1,329 |
| Loss from goods destroyed | 4,365 | - | 4,365 | - |
| Participating (profit) loss from investment in associated company | (131) | 1,068 | - | - |
| Depreciation-fixed assets for operation | 41,950 | 37,079 | 41,950 | 37,079 |
| Depreciation-fixed assets not used for operation | 33 | 33 | 33 | 33 |
| Loss from sale and written-off fixed assets | 974 | 69 | 974 | 69 |
| Amortized leasehold | 6,267 | 6,232 | 6,267 | 6,232 |
| Computer software amortized | 1,918 | 2,412 | 1,918 | 2,412 |
| Unrealized loss on exchange rate | 2,552 | - | 2,552 | - |
| Interest expenses | 123 | 179 | 123 | 179 |
| Interest income | (4,540) | (7,732) | (4,540) | (7,732) |
| Dividend income | (3,647) | (2,036) | (5,147) | (3,036) |
| Gain from sale of short-term investment | (472) | - | (472) | - |
| Profit from operation before change in operating assets and liabilities | 202,788 | 171,786 | 202,788 | 171,786 |

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 June 30, 2008 and 2007

(Unit : Thousand Baht)

| | Financial statements in which the equity method is applied to investment | | Separate financial statements in which the cost method is applied to investment | |
|---|--|-----------|---|-----------|
| | 2008 | 2007 | 2008 | 2007 |
| | CASH FLOW FROM OPERATING ACTIVITIES (Continued) | | | |
| Operating assets decrease (increase): | | | | |
| Trade accounts and notes receivable | (24,920) | (34,912) | (24,920) | (34,912) |
| Inventories | (44,668) | (106,985) | (44,668) | (106,985) |
| Prepaid expenses | (3,120) | (16,932) | (3,120) | (16,932) |
| Other current assets | 8,904 | 814 | 8,904 | 814 |
| Copyright and translation advance | 2,658 | (1,051) | 2,658 | (1,051) |
| Guarantee for rental and deposit | (5,894) | (1,374) | (5,894) | (1,374) |
| Other non-current assets | (2,967) | 1,579 | (2,967) | 1,579 |
| Operating liabilities increase (decrease): | | | | |
| Trade accounts and notes payable | 69,894 | 128,654 | 69,894 | 128,654 |
| Accrued expenses | (13,764) | (11,378) | (13,764) | (11,378) |
| Other current liability: | 7,640 | 9,347 | 7,640 | 9,347 |
| Other non-current liability: | 340 | 1,610 | 340 | 1,610 |
| Net cash received in operating activities: | 196,891 | 141,158 | 196,891 | 141,158 |
| Paid interest | (123) | (179) | (123) | (179) |
| Paid corporate income tax | (52,855) | (49,741) | (52,855) | (49,741) |
| Net cash provided by in operating activities: | 143,913 | 91,238 | 143,913 | 91,238 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| (Increase)decrease in short-term investment | 21,591 | (15,310) | 21,591 | (15,310) |
| Increase in other investment | (500) | - | (500) | - |
| Loan to associated company | (5,000) | - | (5,000) | - |
| Interest received | 4,510 | 7,732 | 4,510 | 7,732 |
| Dividends received | 4,278 | 3,036 | 4,278 | 3,036 |
| Purchase of equipment | (65,587) | (48,921) | (65,587) | (48,921) |
| Purchase of computer software | (403) | - | (403) | - |
| Cash receipts from sales of assets | 25 | - | 25 | - |
| Cash receipts from sales of assets pending for sale | 20,000 | - | 20,000 | - |
| Net cash used in investing activities: | (21,086) | (53,463) | (21,086) | (53,463) |

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 June 30, 2008 and 2007

(Unit : Thousand Baht)

| | Financial statements in which the equity method is applied to investment | | Separate financial statements in which the cost method is applied to investment | |
|---|--|------------------|---|------------------|
| | 2008 | 2007 | 2008 | 2007 |
| | CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Increase in bank overdrafts | - | 5,676 | - | 5,676 |
| Cash receipts from additional warrants exercised to purchase ordinary share | 156 | 10,464 | 156 | 10,464 |
| Dividend paid | (116,612) | (129,430) | (116,612) | (129,430) |
| Net cash used in financing activities: | <u>(116,456)</u> | <u>(113,290)</u> | <u>(116,456)</u> | <u>(113,290)</u> |
| Cash and cash equivalent items increase (decrease) - net | 6,371 | (75,515) | 6,371 | (75,515) |
| 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 | <u>305,155</u> | <u>215,174</u> | <u>305,155</u> | <u>215,174</u> |
| Supplemental disclosures to the cash flow statement | | | | |
| 1. Items not effecting cash flow | | | | |
| 1.1 For the six-month periods ended June 30, 2008 and 2007, the Company recorded unrealized gain(loss) on revaluation of securities available for sale with the shareholders' equity amounting Baht (2.12) million and Baht 6.09 million respectively | | | | |
| 1.2 For the six-month periods ended June 30, 2008 and 2007, the Company wrote-off capital surplus from assets revaluation amounting to the same Baht 0.49 million for both periods | | | | |
| 1.3 For the six-month period ended June 30, 2008, the Company had accrued dividend amounting to Baht 0.87 million | | | | |
| 2. Cash and cash equivalent items consist of | | | | |
| Cash | 14,233 | 16,975 | 14,233 | 16,975 |
| Cash at bank (not exceeding 3-months duration) | 175,934 | 83,199 | 175,934 | 83,199 |
| Government bond (maturity period not exceeding 3 months) | 114,988 | 115,000 | 114,988 | 115,000 |
| Total | <u>305,155</u> | <u>215,174</u> | <u>305,155</u> | <u>215,174</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, 2008 and 2007 (Unaudited/Limited Review Only)
and December 31, 2007 (Audited)

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 equipment, etc.

2. Basis of Financial Statements Preparation and accounting policies

- 2.1 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 Reporting". The Company 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" and disclose information in accordance with the pronouncement of Securities and Exchange Commission and also regulation of the Stock Exchange of Thailand.
- 2.2 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.

2.3 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 for the following Thai Accounting Standards, which have to apply to the financial statements for the accounting period that commences on or after January 1, 2008:-

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

The application of these new and revised accounting standards has no material effect on 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.

2.4 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 six-month period ended June 30, 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 advance from current assets to non-current assets at Baht 19.42 million.

2.5 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.

3. 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:-

3.1 Inter-assets and liabilities

| | | (Unit : Thousand Baht) | |
|---|-----------------------------------|--|--------------------------------|
| | | <u>Financial statements in which the equity method is applied to investment/</u> | |
| | | <u>Separate financial statements in which the cost method is applied to investment</u> | |
| | <u>Type of relation</u> | <u>As of June 30, 2008</u> | <u>As of December 31, 2007</u> |
| <u>Loan due from associated company</u> | | | |
| Pleam 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>Accrued interest income</u> | | | |
| Pleam Patt Co., Ltd. | Associated company | | |
| | | 95 | - |
| | | <u>95</u> | <u>-</u> |
| <u>Trade accounts payable</u> | | | |
| M AND E Co., Ltd. | Associated company | 1,950 | 1,999 |
| GMM Grammy Public Co., Ltd. | Shareholders | 4,798 | 5,192 |
| Bliss Publishing Co., Ltd. | Related company with shareholders | 4,998 | 6,190 |
| Total | | <u>11,746</u> | <u>13,381</u> |

As of June 30, 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.

3.2 Inter-revenues and expenses

(Unit : Thousand Baht)

| | | <u>Financial statements in which the equity method is applied to investment/</u> | | |
|-------------------------------|-----------------------------------|--|-------------|--------------------------------|
| | | <u>Separate financial statements in which the cost method is applied to investment</u> | | |
| <u>Type of relation</u> | | <u>For the six-month periods</u> | | <u>Policy of</u> |
| | | <u>ended June 30,</u> | | <u>inter-price setting</u> |
| | | <u>2008</u> | <u>2007</u> | |
| <u>Purchased goods values</u> | | | | |
| M AND E Co., Ltd. | Associated company | 607 | 950 | Market price |
| GMM Grammy Public Co., Ltd. | Shareholders | 4,337 | 658 | Market price |
| Bliss Publishing Co., Ltd. | Related company with shareholders | 10,613 | 6,431 | Market price |
| <u>Interest income</u> | | | | |
| Pleam Patt Co., Ltd. | Associated company | 95 | - | Interest rate of MOR per annum |

4. Short-term investments-net

Consisted of :-

(Unit : Thousand Baht)

| | | <u>Financial statements in which the</u> | | <u>equity method is applied to investment/</u> | |
|--|--|---|-------------------|--|-------------------|
| | | <u>Separate financial statements in which the</u> | | <u>cost method is applied to investment</u> | |
| | | <u>As of June 30, 2008</u> | | <u>As of December 31, 2007</u> | |
| | | <u>Cost</u> | <u>Fair value</u> | <u>Cost</u> | <u>Fair value</u> |
| Securities available-for-sale | | | | | |
| <u>Equity Instruments</u> | | | | | |
| Ordinary shares | | - | - | 31,119 | 31,831 |
| Unit trusts | | | | | |
| Asset Plus Fixed Income Dividend Fund | | 20,038 | 20,602 | 20,038 | 20,320 |
| Asset Plus Fixed Income Dividend Fund 2 | | 89,800 | 88,684 | 89,800 | 89,372 |
| One Fas Prosperity Fund | | 30,000 | 29,134 | - | - |
| Bangkok Commercial Property Fund | | 19,101 | 15,758 | 19,101 | 16,618 |
| Vayupak Fund 1 | | 30,000 | 29,880 | 30,000 | 29,160 |
| <u>Debt Instruments</u> | | | | | |
| Government bond (exceeding 3-month maturity period) | | - | - | 20,000 | 20,000 |
| Total | | 188,939 | 184,058 | 210,058 | 207,301 |
| <u>Less</u> Unrealized loss on securities available for sale | | (4,881) | - | (2,757) | - |
| Net | | 184,058 | 184,058 | 207,301 | 207,301 |

For the six-month period ended June 30, 2008 and for the year ended December 31, 2007, the Company received return from the above investments in amounts of Baht 3.65 million and Baht 4.51 million respectively.

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 the equity method is applied to investment/ Separate financial statements in which the cost method is applied to investment</u> | |
| | <u>As of June 30, 2008</u> | <u>As of December 31, 2007</u> |
| Trade accounts receivable | | |
| Within credit term | 42,814 | 48,259 |
| Over credit term less than 6 months | 69,251 | 44,386 |
| Over credit term more than 6 months to 12 months | 10,862 | 1,869 |
| Over credit term more than 12 months | 23,169 | 21,997 |
| Total trade accounts receivable | 146,096 | 116,511 |
| Notes receivable | 8,437 | 12,787 |
| Total trade accounts and notes receivable | 154,533 | 129,298 |
| <u>Less</u> Allowance for doubtful debts | (24,514) | (25,752) |
| Allowance for returned goods | (6,577) | (11,338) |
| Net | 123,442 | 92,208 |

As of June 30, 2008 and December 31, 2007, for the trade accounts receivable that were over credit term for more than 12 months, 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.

6. Inventories-net

Consisted of:-

(Unit : Thousand Baht)

| | <u>Financial statements in which the equity method is applied to investment/</u> | |
|---|--|--------------------------------|
| | <u>As of June 30, 2008</u> | <u>As of December 31, 2007</u> |
| Raw materials | 26,428 | 27,201 |
| Work in process | 17,744 | 9,863 |
| Finished goods | 504,753 | 496,166 |
| Total | 548,925 | 533,230 |
| <u>Less</u> Allowance for lost goods | (20,185) | (28,228) |
| Allowance for dilapidated and slow moving goods | (62,034) | (58,499) |
| Net | 466,706 | 446,503 |

In the first quarter of 2008, the Company changed 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 the year 2008 by Baht 1.73 million. This arrangement is made to suit the current situation.

7. Investments in subsidiary and associated companies-net

Consisted of:-

(Unit : Thousand Baht)

| | <u>Nature of business</u> | <u>Country of Incorporation</u> | <u>Paid-up share capital</u> | <u>Percentage of share holdings</u> | <u>Cost</u> | <u>As of June 30, 2008</u> | | <u>Dividend</u> |
|--|---|---------------------------------|------------------------------|-------------------------------------|-------------|----------------------------|--------------------|-----------------|
| | | | | | | <u>Investments</u> | | |
| | | | | | | <u>Equity Method</u> | <u>Cost Method</u> | |
| <u>Subsidiary company</u> | | | | | | | | |
| SE-ED Book Center Co., Ltd. | Business consulting firm | Thailand | 100 | 99.93 | 100 | 100 | 100 | - |
| <u>Associated companies</u> | | | | | | | | |
| M AND E Co., Ltd. | Printing office company, produces technical magazines and engineering manuals | Thailand | 400 | 25.00 | 100 | 24,503 | 100 | 1,500 |
| Pleam Patt Co., Ltd. | Institute of private education-Pleam Pattana School | Thailand | 169,350 | 49.01 | 83,000 | 59,312 | 83,000 | - |
| Total investment | | | | | 83,200 | 83,915 | 83,200 | 1,500 |
| <u>Less</u> Allowance for revaluation of investments | | | | | - | - | (13,668) | - |
| Net | | | | | 83,200 | 83,915 | 69,532 | 1,500 |

(Unit : Thousand Baht)

| | <u>Nature of business</u> | <u>Country of Incorporation</u> | <u>Paid-up share capital</u> | <u>Percentage of share holdings</u> | <u>Cost</u> | <u>As of December 31, 2007</u> | | <u>Dividend</u> |
|--|---|---------------------------------|------------------------------|-------------------------------------|-------------|--------------------------------|--------------------|-----------------|
| | | | | | | <u>Investments</u> | | |
| | | | | | | <u>Equity Method</u> | <u>Cost Method</u> | |
| <u>Subsidiary company</u> | | | | | | | | |
| SE-ED Book Center Co., Ltd. | Business consulting firm | Thailand | 100 | 99.93 | 100 | 100 | 100 | - |
| <u>Associated companies</u> | | | | | | | | |
| M AND E Co., Ltd. | Printing office company, produces technical magazines and engineering manuals | Thailand | 400 | 25.00 | 100 | 22,790 | 100 | 1,000 |
| Pleam Patt Co., Ltd. | Institute of private education-Pleam Pattana School | Thailand | 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 |

7.1 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.

7.2 For the investments in the M AND E Co., Ltd., which is an associated company, the Company 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 and six-month periods ended June 30, 2008 and 2007, the Company recognized participating result from operation for the year ended December 31, 2007 and 2006 of the associated company, of which financial statements were audited by another auditor. The Company consequently recorded participating profit from investment in such associated company in the income statements, in which equity method is applied to investment, for the three-month and six-month periods ended June 30, 2008 for the same amount of Baht 3.21 million in both periods equivalent to 5.65% and 2.93% of net profit shown in the financial statements, in which the equity method is applied to investment, and for the three-month and six-month periods ended June 30, 2007 for the same amount of Baht 3.89 million in both periods equivalent to 10.76% and 5.65% of net profit shown in the financial statements, in which the equity method is applied to investment, and as of June 30, 2008, the Company had investment in that associated company for the amount of Baht 24.50 million equivalent to 1.38% of total assets in the financial statements, in which the equity method is applied to investment.

However, the Company did not recognized the equity participation from the result of operation of M AND E Co., Ltd., for the three-month and six-month periods ended June 30, 2008 and 2007 because the said associate company did not prepare the quarterly financial statements and the result of operation of the said associated company has no material effect 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, of which 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 the 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.
- 7.3 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 and six-month periods ended June 30, 2008, the Company recognized participation in profit (loss) from operation in that associated company as presented in the income statements, in which the equity method is applied to investment, for the amount of Baht 0.03 million and Baht (3.08) million respectively equivalent to 0.06% and 2.81% of net profit shown in the financial statements, in which the equity method is applied to investment, respectively, and for the three-month and six-month periods ended June 30, 2007, the Company recognized participation in loss from operation in that associated company as presented in the income statements, in which the equity method is applied to investment, for the amount of Baht 1.48 million and Baht 4.96 million respectively equivalent to 4.09% and 7.20% of net profit 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 and the financial statements for the three-month periods ended June 30, 2008 and 2007, which were audited and reviewed by other auditors respectively, and as of June 30, 2008, the Company had investment in that associated company for the amount of Baht 59.31 million equivalent to 3.34% of total assets in the financial statements, in which the 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 the financial statements for the nine-month periods ended December 31, 2007, 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.

8. Property, plant and equipment-net

For the six-month period ended June 30, 2008, the movements are as follows :-

| | (Unit : Thousand Baht) |
|---|--|
| | <u>Financial statements in which the equity method is applied to investment/</u> |
| | <u>Separate financial statements in which the cost method is applied to investment</u> |
| Net book value at the beginning of the period | 271,551 |
| Purchases in the period | 65,587 |
| Transfer in | 9,138 |
| Sales in the period | (15,069) |
| Amortized in the period | (125) |
| Transfer out | (9,138) |
| Depreciation-shown in the income statement | (41,950) |
| Depreciation-capital surplus from assets revaluation (Presented under shareholders' equity item) | (493) |
| Accumulated depreciation of disposed assets | 13,395 |
| Net book value at the end of the period | <u>292,896</u> |

As of June 30, 2008 and December 31, 2007, building decoration built on lease contract and leasehold right of the Company with book value in amount of Baht 81.70 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. 19.2.

As of June 30, 2008 and December 31, 2007, the Company has fixed assets which were fully depreciated at the cost value of Baht 299.54 million and Baht 281.58 million respectively, which some of these asset were still in use.

As the Company chose cost method for accounting and when there is an increase in asset revaluation, only net value of increased book value will be recorded to related assets account along side with capital surplus from assets revaluation account. For the three-month and six-month periods ended June 30, 2008, 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 0.49 million respectively. If the Company chooses to account for depreciation on capital surplus through the income statement, the net profit for the three-month and six-month periods ended June 30, 2008 will be shown at amounts less by of Baht 0.25 million and Baht 0.49 million respectively. For the three-month and six-month periods ended June 30, 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 0.49 million respectively. If the Company chooses to account for depreciation on capital surplus through the income statement, the net profit for the three-month and six-month periods ended June 30, 2007 will be shown at amounts less by Baht 0.25 million and Baht 0.49 million respectively, but has no effect significantly on earnings per share.

9. 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 and six-month periods ended June 30, 2008, these leasehold rights were amortized to expenses by the amounts of Baht 3.13 million and Baht 6.27 million respectively, and for the three-month and six-month periods ended June 30, 2007, these leasehold rights were amortized to expenses by the amounts of Baht 3.13 million and Baht 6.23 million respectively.

10. Assets pending for sale-net

As of December 31, 2007, this amount consisted of:-

| | (Unit : Thousand Baht) |
|--------------------------------------|--|
| | <u>Financial statements in which the equity method is applied to investment/</u> |
| | <u>Separate financial statements in which the cost method is applied to investment</u> |
| Book Value | 38,913 |
| <u>Less</u> Allowance for impairment | (19,713) |
| Net | <u><u>19,200</u></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. In the first quarter of 2008, the Company had received deposit from buyer in amount of Baht 2.00 million and in the 2nd quarter of 2008, the Company received the remaining amount and transferred the ownerships on the building title.

11. Land and improvements not used for operation-net

For the six-month period ended June 30, 2008 the movements are as follows :-

| | (Unit : Thousand Baht) |
|---|--|
| | <u>Financial statements in which the equity method is applied to investment/</u> |
| | <u>Separate financial statements in which the cost method is applied to investment</u> |
| Net book value at the beginning of the period | 33,718 |
| Depreciation in the period | (33) |
| Net book value at the end of the period | <u><u>33,685</u></u> |

12. Computer software-net

For the six-month period ended June 30, 2008 the movements are as follows :-

| | (Unit : Thousand Baht) |
|---|--|
| | <u>Financial statements in which the equity method is applied to investment/</u> |
| | <u>Separate financial statements in which the cost method is applied to investment</u> |
| Net book value at the beginning of the period | 11,226 |
| Purchases in the period | 403 |
| Amortization | (1,918) |
| Net book value at the end of the period | <u><u>9,711</u></u> |

13. Other non-current assets

As of June 30, 2008 and December 31, 2007, part of other non-current assets amounting to Baht 8.47 million and Baht 8.25 million respectively was a bank deposit being pledged as collateral for book distribution agents and the utilities system usage.

14. Share capital

14.1 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 six-month periods ended June 30, 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 10,464,530 units respectively. Thus, the Company had increased the issued and paid-up share capital by the total of Baht 0.16 million and Baht 10.46 million respectively. The Company gradually registered the change in paid-up share capital and the latest registration was on January 22, 2008 and April 26, 2007 respectively.
2. The remaining balances of exercisable warrants as of June 30, 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 1,206,380 units.
 - 2.2 Warrants to purchase ordinary shares for directors, employee and sub-agents not yet appropriated amounted to 4,090,410 units.

14.2 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.

15. Retained earningsDividend payment and legal reserve

Consisted of:

| | | <u>Year 2008 operating result</u> | | | | | |
|-----------|---------------------------|-----------------------------------|---------------------|------------------|-----------------------|----------------------|-----------------------|
| | <u>Resolutions of the</u> | <u>Meeting date</u> | <u>Dividends</u> | <u>Dividends</u> | <u>Dividend paid</u> | <u>Legal reserve</u> | |
| | <u>Company's Board</u> | | <u>payment date</u> | <u>per share</u> | <u>totaling</u> | <u>% of</u> | <u>Amount</u> |
| | <u>meeting</u> | | | <u>(Baht)</u> | <u>(Million Baht)</u> | <u>Net profit</u> | <u>(Million Baht)</u> |
| Quarter 1 | 2/2008 | 12/05/2008 | 06/06/2008 | 0.10 | 32.39 | - | - |
| | | Total | | 0.10 | 32.39 | | - |

| | | <u>Year 2007 operating result</u> | | | | | |
|-----------|----------------------------|-----------------------------------|---------------------|------------------|-----------------------|----------------------|-----------------------|
| | <u>Resolutions of the</u> | <u>Meeting date</u> | <u>Dividends</u> | <u>Dividends</u> | <u>Dividend paid</u> | <u>Legal reserve</u> | |
| | <u>Company's Board/</u> | | <u>payment date</u> | <u>per share</u> | <u>totaling</u> | <u>% of</u> | <u>Amount</u> |
| | <u>Shareholder meeting</u> | | | <u>(Baht)</u> | <u>(Million Baht)</u> | <u>Net profit</u> | <u>(Million Baht)</u> |
| Quarter 1 | 2/2007 | 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 | - | - |
| Quarter 4 | 1/2008 | 29/04/2008 | 28/05/2008 | 0.26 | 84.22 | - | - |
| | | Total | | 0.56 | 181.33 | | - |

| | | <u>Year 2006 operating result</u> | | | | | |
|-----------|----------------------------|-----------------------------------|---------------------|------------------|-----------------------|----------------------|-----------------------|
| | <u>Resolutions of the</u> | | <u>Dividends</u> | <u>Dividends</u> | <u>Dividend paid</u> | <u>Legal reserve</u> | |
| | <u>Company's Board/</u> | <u>Meeting date</u> | <u>payment date</u> | <u>per share</u> | <u>totaling</u> | <u>% of</u> | <u>Amount</u> |
| | <u>Shareholder meeting</u> | | | <u>(Baht)</u> | <u>(Million Baht)</u> | <u>Net profit</u> | <u>(Million Baht)</u> |
| Quarter 1 | 2/2006 | 10/05/2006 | 09/06/2006 | 0.10 | 31.13 | - | - |
| 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 3 | 1/2007 | 25/04/2007 | 23/05/2007 | 0.30 | 97.07 | - | - |
| | | Total | | 0.60 | 190.55 | | - |

16. Directors' remuneration

In accordance to the minutes of the Board of directors' meeting No. 1/2008 held on February 22, 2008, it unanimously agreed to authorize remunerations (as rewards) to board of 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) to directors as follow :-

- Remuneration (rewards) to directors out of operating result of year 2007 in amount of Baht 3.42 million.
- Remuneration (rewards) to directors out of operating result for the first quarter of 2008 (recorded as accrued remuneration) in amount of Baht 1 million.

Remuneration (rewards) to directors for the three-month and six-month periods ended June 30, 2008 in amount of Baht 1.00 million and Baht 5.42 million respectively.

17. Basic and diluted earnings per share

For the three-month and the six-month periods ended June 30, 2008, the Company has not calculated the diluted earnings per share, since rights to exercise warrants have expired on January 14, 2008.

For the three-month and the six-month periods ended June 30, 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 as follows :-

| | <u>Financial statements in which the equity method is applied to investment</u> | | | <u>Separate financial statements in which the cost method is applied to investment</u> | | |
|--|---|--|---------------------------|--|--|---------------------------|
| | <u>For the three-month periods ended June 30, 2007</u> | | | <u>For the three-month periods ended June 30, 2007</u> | | |
| | <u>Net profit</u> | <u>Weighted average number of ordinary share</u> | <u>Earnings per share</u> | <u>Net profit</u> | <u>Weighted average number of ordinary share</u> | <u>Earnings per share</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 | 36,178 | 323,367 | 0.11 | 34,768 | 323,367 | 0.11 |
| Effect of diluted equivalent ordinary shares : | | | | | | |
| Assuming the conversion of warrants for | | | | | | |
| the director, employees and security sub-agent | - | 3,917 | - | - | 3,917 | - |
| Diluted earnings per share | 36,178 | 327,284 | 0.11 | 34,768 | 327,284 | 0.11 |

| | <u>Financial statements in which the equity method is applied to investment</u> | | | <u>Separate financial statements in which the cost method is applied to investment</u> | | |
|--|---|--|---------------------------|--|--|---------------------------|
| | <u>For the six-month periods ended June 30, 2007</u> | | | <u>For the six-month periods ended June 30, 2007</u> | | |
| | <u>Net profit</u> | <u>Weighted average number of ordinary share</u> | <u>Earnings per share</u> | <u>Net profit</u> | <u>Weighted average number of ordinary share</u> | <u>Earnings per share</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 | 68,869 | 321,730 | 0.21 | 70,937 | 321,730 | 0.22 |
| Effect of diluted equivalent ordinary shares : | | | | | | |
| Assuming the conversion of warrants for | | | | | | |
| the director, employees and security sub-agent | - | 3,889 | - | - | 3,889 | - |
| Diluted earnings per share | 68,869 | 325,619 | 0.21 | 70,937 | 325,619 | 0.22 |

18. 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.

19. Obligations and contingent liabilities

19.1 As of June 30, 2008 and December 31, 2007, the Company also holds contingent liabilities as follows :-

(Unit : Thousand Baht)

| | <u>As of June 30, 2008</u> | | | <u>As of June 30, 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 | 5,926 | 43,074 | 49,000 | 5,752 | 43,248 |
| 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 June 30, 2008 and December 31, 2007, a part of letter of guarantee for the amount of Baht 5.71 million and Baht 5.19 million respectively, which 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 273 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 357.32 million per annum, most of which are calculated from percentage of sales amount.

The Company has entered into lease agreement for a warehouse (Kingkaew Road) with a company and 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. Furthermore, on March 26, 2008, the Company made written confirmation in approval of conditions in proposal letter to lease a new warehouse to be built in area close to the former warehouse with the former lessor at fees calculated per square meters for the area leased for the period of 13 years at Baht 1.46 million per year during the first and second years, Baht 1.62 million for the third year and for the fourth year and every three years after that the fee will be increased by 10%. The annual leasing fee must be paid in advance. In the second quarter of 2008, the Company paid a deposit of Baht 1.60 million, which will be repaid by the lessor when the leasing term ends. In addition, the Company has right to cancel the agreement if the lessor could not hand over the completed warehouse building within 12 months of the date agreed by both parties.

19.3 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, 2009. 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.

19.4 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.

19.5 The Company entered into a purchase/sale agreement for goods custody and transportation system with a company for the contractual amount of Baht 25.15 million. The date of agreement is June 16, 2008 with the following terms of payment :-

- 1st installment : payment of 40% of goods value under agreement within 15 days after receipt of goods purchase order.
- 2nd installment : payment of 50% of goods value under agreement after completion of goods transportation to work site.
- 3rd installment : payment of 10% of goods value under agreement after completion of goods delivery and installation.

As of June 30, 2008, the Company has full amount of obligation remained.

20. Financial instruments

As of June 30, 2008, management policies on financial risk, interest rate risk, credit risk and fair value are in the same nature as in the financial statements for the year ended December 31, 2007.

Risk on exchange rates

As of June 30, 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> |
| 249 | 16,429 | 16,737 |

21. Approval of Financial Statements

These financial statements have been approved for issuance by SE-EDUCATION PUBLIC COMPANY LIMITED's board of directors on August 8, 2008.
