

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 September 30, 2008, the related income statements, in which the equity method is applied to investment, for the three-month and nine-month periods ended September 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 nine-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 September 30, 2008, the separate income statements, in which the cost method is applied to investment, for the three-month and nine-month periods ended September 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 nine-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 September 30, 2008, the investment in the said associated company based on equity method was in amount of Baht 58.32 million, equivalent to 3.31% of the total assets in the balance sheet, in which the equity method is applied to investment, and the participating loss from investment 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 nine-month periods ended September 30, 2008 at Baht 0.99 million and Baht 4.07 million respectively, equivalent to 2.13% and 2.60% 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 nine-month periods ended September 30, 2007, and the statements of changes in shareholders' equity and cash flows, in which the equity method is applied to investment, for the nine-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 nine-month periods ended September 30, 2007, and the statements of changes in shareholders' equity and cash flows, in which the cost method is applied to investment, for the nine-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 November 13, 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 made 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,

November 12, 2008

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of September 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		276,536	298,784	276,536	298,784
Short-term investments-net	4	177,378	207,301	177,378	207,301
Trade accounts and notes receivable-net	5	101,646	92,208	101,646	92,208
Loan due from associated company	3.1	16,000	-	16,000	-
Inventories-net	6	470,790	446,503	470,790	446,503
Prepaid expenses		17,351	26,451	17,351	26,451
Other current assets		19,488	21,376	19,488	21,376
TOTAL CURRENT ASSETS		1,079,189	1,092,623	1,079,189	1,092,623
NON-CURRENT ASSETS					
Investments in subsidiary and associated companies-net	7	82,922	85,284	69,532	69,532
Property, plant and equipment-net	8	327,192	271,551	327,192	271,551
Leasehold on buildings-net	9	132,293	141,727	132,293	141,727
Assets pending for sale-net	10	-	19,200	-	19,200
Land and improvements not used for operation-net	11	33,669	33,718	33,669	33,718
Computer software-net	12	8,984	11,226	8,984	11,226
Copyright and translation advance		18,187	19,424	18,187	19,424
Guarantee for rental and deposit		65,190	55,628	65,190	55,628
Other non-current assets	13	13,570	9,933	13,570	9,933
TOTAL NON-CURRENT ASSETS		682,007	647,691	668,617	631,939
TOTAL ASSETS		1,761,196	1,740,314	1,747,806	1,724,562

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

SE-EDUCATION PUBLIC COMPANY LIMITED

BALANCE SHEETS

As of September 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		911,987	858,781	911,987	858,781
Accrued expenses		98,870	95,117	98,870	95,117
Accrued corporate income tax		9,660	51,151	9,660	51,151
Other accounts and notes payable		31,352	27,675	31,352	27,675
Other current liabilities		36,462	32,897	36,462	32,897
TOTAL CURRENT LIABILITIES		1,088,331	1,065,621	1,088,331	1,065,621
NON-CURRENT LIABILITIES					
Other non-current liabilities		8,271	7,581	8,271	7,581
TOTAL NON-CURRENT LIABILITIES		8,271	7,581	8,271	7,581
TOTAL LIABILITIES		1,096,602	1,073,202	1,096,602	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
Unrealized loss on securities available for sale	4	(12,121)	(2,757)	(12,121)	(2,757)
Capital surplus from assets revaluation		29,314	30,057	29,314	30,057
Retained earnings	15				
Appropriated					
Legal reserve		35,627	35,627	35,627	35,627
Unappropriated		138,432	130,999	125,042	115,247
TOTAL SHAREHOLDERS' EQUITY		664,594	667,112	651,204	651,360
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,761,196	1,740,314	1,747,806	1,724,562

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

SE-EDUCATION PUBLIC COMPANY LIMITE

INCOME STATEMENTS

For the three-month periods ended September 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		1,130,118	988,118	1,130,118	988,118
Cost of sales		(792,863)	(666,793)	(792,863)	(666,793)
Gross profit		337,255	321,325	337,255	321,325
Other income		14,013	17,065	14,013	17,065
Interest and dividend income		5,055	3,328	5,055	3,328
Selling and administrative expenses		(292,431)	(250,911)	(292,431)	(250,911)
Directors' remuneration	16	(1,569)	(692)	(1,569)	(692)
Interest expenses		(14)	(9)	(14)	(9)
Participating loss from investment in associated companies		(993)	(1,254)	-	-
Net profit before corporate income tax		61,316	88,852	62,309	90,106
Corporate income tax	17	(14,706)	(28,465)	(14,706)	(28,465)
Net profit		46,610	60,387	47,603	61,641
BASIC EARNINGS PER SHARE (Unit : Baht)	18	0.14	0.19	0.15	0.19
DILUTED EARNINGS PER SHARE (Unit : Baht)	18	-	0.18	-	0.19

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 nine-month periods ended September 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		3,269,371	2,866,925	3,269,371	2,866,925
Cost of sales		(2,257,508)	(1,984,645)	(2,257,508)	(1,984,645)
Gross profit		1,011,863	882,280	1,011,863	882,280
Other income		26,920	25,983	26,920	25,983
Interest and dividend income		13,242	13,096	14,742	14,096
Selling and administrative expenses		(841,945)	(717,946)	(841,945)	(717,946)
Directors' remuneration	16	(8,155)	(4,477)	(8,155)	(4,477)
Interest expenses		(137)	(188)	(137)	(188)
Participating loss from investment in associated companies		(862)	(2,322)	-	-
Net profit before corporate income tax		200,926	196,426	203,288	199,748
Corporate income tax	17	(44,489)	(67,170)	(44,489)	(67,170)
Net profit		156,437	129,256	158,799	132,578
BASIC EARNINGS PER SHARE (Unit : Baht)	18	0.48	0.40	0.49	0.41
DILUTED EARNINGS PER SHARE (Unit : Baht)	18	-	0.40	-	0.41

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 nine-month periods ended September 30, 2008 and 2007

Financial statements in which the equity method is applied to investmen

(Unit : Thousand Baht)

	Notes	Issued and paid-up share capital	Premiums on share capital	Unrealized gain (loss) on securities available for sale	Capital surplus from assets revaluation	Retained earnings		Treasury stock	Total
						Appropriated	Unappropriated		
Balance as of January 1, 2008		323,765	149,421	(2,757)	30,057	35,627	130,999	-	667,112
Depreciation-capital surplus from assets revaluation		-	-	-	(743)	-	-	-	(743)
Unrealized loss-securities available for sale		-	-	(9,364)	-	-	-	-	(9,364)
Unrealized transactions in the income statements		323,765	149,421	(12,121)	29,314	35,627	130,999	-	657,005
Shares purchased by exercising warrants									
of employees	14	156	-	-	-	-	-	-	156
Dividend payment	15	-	-	-	-	-	(149,004)	-	(149,004)
Net profit for the period		-	-	-	-	-	156,437	-	156,437
Balance as of September 30, 2008		323,921	149,421	(12,121)	29,314	35,627	138,432	-	664,594
Balance as of January 1, 2007		332,895	149,421	(5,571)	31,047	158,268	121,592	(122,641)	665,011
Depreciation-capital surplus from assets revaluation		-	-	-	(740)	-	-	-	(740)
Unrealized gain-securities available for sale		-	-	3,846	-	-	-	-	3,846
Unrealized transactions in the income statements		332,895	149,421	(1,725)	30,307	158,268	121,592	(122,641)	668,117
Shares purchased by exercising warrants									
of directors and employees	14	10,594	-	-	-	-	-	-	10,594
Dividend payment	15	-	-	-	-	-	(161,800)	-	(161,800)
Net profit for the period		-	-	-	-	-	129,256	-	129,256
Effect of reducing paid-up share capital by writing off treasury shares	14	(19,783)	-	-	-	(122,641)	19,783	122,641	-
Balance as of September 30, 2007		323,706	149,421	(1,725)	30,307	35,627	108,831	-	646,167

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

SE-EDUCATION PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine-month periods ended September 30, 2008 and 2007

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

(Unit : Thousand Baht)

	Notes	Issued and	Premiums on	Unrealized gain	Capital surplus	Retained earnings		Treasury stock	Total
		paid-up	share capital	(loss) on securities	from assets	Appropriated	Unappropriated		
		share capital		available for sale	revaluation				
Balance as of January 1, 2008		323,765	149,421	(2,757)	30,057	35,627	115,247	-	651,360
Depreciation-capital surplus from assets revaluation		-	-	-	(743)	-	-	-	(743)
Unrealized loss-securities available for sale		-	-	(9,364)	-	-	-	-	(9,364)
Unrealized transactions in the income statements		323,765	149,421	(12,121)	29,314	35,627	115,247	-	641,253
Shares purchased by exercising warrants									
of employees	14	156	-	-	-	-	-	-	156
Dividend payment	15	-	-	-	-	-	(149,004)	-	(149,004)
Net profit for the period		-	-	-	-	-	158,799	-	158,799
Balance as of September 30, 2008		323,921	149,421	(12,121)	29,314	35,627	125,042	-	651,204
Balance as of January 1, 2007		332,895	149,421	(5,571)	31,047	158,268	101,793	(122,641)	645,212
Depreciation-capital surplus from assets revaluation		-	-	-	(740)	-	-	-	(740)
Unrealized gain-securities available for sale		-	-	3,846	-	-	-	-	3,846
Unrealized transactions in the income statements		332,895	149,421	(1,725)	30,307	158,268	101,793	(122,641)	648,318
Shares purchased by exercising warrants									
of directors and employees	14	10,594	-	-	-	-	-	-	10,594
Dividend payment	15	-	-	-	-	-	(161,800)	-	(161,800)
Net profit for the period		-	-	-	-	-	132,578	-	132,578
Effect of reducing paid-up share capital by									
writing off treasury shares	14	(19,783)	-	-	-	(122,641)	19,783	122,641	-
Balance as of September 30, 2007		323,706	149,421	(1,725)	30,307	35,627	92,354	-	629,690

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 nine-month periods ended September 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	200,926	196,426	203,288	199,748
Adjustment to net profit for cash-received (payments) from operatio				
Doubtful debts and bad debts (return of bad debts)	(1,770)	1,196	(1,770)	1,196
Adjustment for account receivable reconciliatio	(200)	(9)	(200)	(9)
Loss from returned goods estimation (reversal	(5,884)	(844)	(5,884)	(844)
Loss from lost goods	11,746	20,489	11,746	20,489
Loss from dilapidated and slow moving goods	11,676	15,096	11,676	15,096
Loss from donated goods	15,389	5,308	15,389	5,308
Loss from goods destroyed	4,365	-	4,365	-
Participating loss from investment in associated companie	862	2,322	-	-
Depreciation-fixed assets for operation	64,734	56,756	64,734	56,756
Depreciation-fixed assets not used for operatio	49	49	49	49
Loss from sale and written-off fixed assets	1,015	69	1,015	69
Amortized leasehold	9,434	9,400	9,434	9,400
Computer software amortized	2,687	3,495	2,687	3,495
Adjustment for account payable reconciliatio	-	(2,101)	-	(2,101)
Interest expenses	137	188	137	188
Interest income	(6,414)	(9,695)	(6,414)	(9,695)
Dividend income	(6,828)	(3,401)	(8,328)	(4,401)
Income from compensation from renuvated in branch are	(5,261)	-	(5,261)	-
Gain from sale of short-term investment	(1,038)	(6,808)	(1,038)	(6,808)
Profit from operation before change in operating assets and liabilitie	295,625	287,936	295,625	287,936

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 nine-month periods ended September 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	(1,584)	(12,093)	(1,584)	(12,093)
Inventories	(67,463)	(111,193)	(67,463)	(111,193)
Prepaid expenses	9,100	(5,366)	9,100	(5,366)
Other current assets	8,416	(1,559)	8,416	(1,559)
Copyright and translation advance	1,237	(1,518)	1,237	(1,518)
Guarantee for rental and deposits	(9,562)	(4,078)	(9,562)	(4,078)
Other non-current assets	(3,137)	3,577	(3,137)	3,577
Operating liabilities increase (decrease)				
Trade accounts and notes payable	53,206	103,262	53,206	103,262
Accrued expenses	3,753	7,576	3,753	7,576
Other accounts and notes payable	3,677	2,105	3,677	2,105
Other current liabilities:	1,208	5,722	1,208	5,722
Other non-current liabilities:	690	1,790	690	1,790
Net cash received in operating activities:	295,166	276,161	295,166	276,161
Paid interest	(137)	(188)	(137)	(188)
Paid corporate income tax	(85,980)	(85,870)	(85,980)	(85,870)
Net cash provided by operating activities:	209,049	190,103	209,049	190,103
CASH FLOW FROM INVESTING ACTIVITIES				
(Increase)decrease in short-term investment	21,597	(12,049)	21,597	(12,049)
Increase in other investments	(500)	-	(500)	-
Loan to associated company	(16,000)	-	(16,000)	-
Interest received	6,205	9,695	6,205	9,695
Dividends received	7,270	4,401	7,270	4,401
Purchase of equipment	(118,968)	(68,409)	(118,968)	(68,409)
Purchase of computer software	(445)	-	(445)	-
Cash receipts from sales of assets:	564	-	564	-
Cash receipts from sales of assets pending for sale	20,000	-	20,000	-
Net cash used in investing activities:	(80,277)	(66,362)	(80,277)	(66,362)

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 nine-month periods ended September 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	-	3,647	-	3,647
Cash paid accounts payable-assets	(2,172)	(3,343)	(2,172)	(3,343)
Cash receipts from additional warrants exercised to purchase ordinary share	156	10,594	156	10,594
Dividend paid	(149,004)	(161,800)	(149,004)	(161,800)
Net cash used in financing activities:	<u>(151,020)</u>	<u>(150,902)</u>	<u>(151,020)</u>	<u>(150,902)</u>
Cash and cash equivalent items decrease - net	(22,248)	(27,161)	(22,248)	(27,161)
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>276,536</u>	<u>263,528</u>	<u>276,536</u>	<u>263,528</u>
Supplemental disclosures to the cash flow statement				
1. Cash and cash equivalent items consist of				
Cash	20,309	16,900	20,309	16,900
Cash at bank (not exceeding 3-months duration)	141,278	126,628	141,278	126,628
Government bond (maturity period not exceeding 3 months)	114,949	120,000	114,949	120,000
Total	<u>276,536</u>	<u>263,528</u>	<u>276,536</u>	<u>263,528</u>
2. Items not effecting cash flow				
2.1 Recorded unrealized (gain)loss on revaluation of securities available for sale to shareholders' equity				
	9,364	(3,846)	9,364	(3,846)
2.2 Purchase of assets which had not yet been paid.				
	4,529	3,387	4,529	3,387
2.3 Amortized capital surplus from assets revaluation				
	743	740	743	740
2.4 Decreased the authorized and paid-up share capital by writing off treasury shares with retained earnings				
	-	19,783	-	19,783
2.5 Writing off treasury shares with retained earnings				
	-	122,641	-	122,641

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****September 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 as of December 31, 2007 have been reclassified to facilitate the comparison with the financial statements as of September 30, 2008. Reclassification was mostly computer software which recorded to property, plant and equipment to become computer software at amount of Baht 11.23 million, computer spare part which recorded assets under construction to become other current assets at Baht 5.86 million and copyright and translation advance from current assets to other 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 inter-remaining balance and transactions between the Company and related entities are as follows:-

3.1 Inter-assets and liabilities

(Unit : Thousand Baht)

	<u>Type of relation</u>	<u>Financial statements in which the equity method is applied to investment/</u>	
		<u>As of September 30, 2008</u>	<u>As of December 31, 2007</u>
<u>Loan due from associated company</u>			
Plearn Patt Co., Ltd.	Associated company		
Beginning balance		-	-
Increased in the period		16,000	-
Received in the period		-	-
Ending balance		<u>16,000</u>	<u>-</u>
<u>Accrued interest income</u>			
Plearn Patt Co., Ltd.	Associated company		
		193	-
		<u>193</u>	<u>-</u>
<u>Trade accounts payable</u>			
M AND E Co., Ltd.	Associated company	2,022	1,999
GMM Grammy Public Co., Ltd.	Shareholders	5,702	5,192
Bliss Publishing Co., Ltd.	Related company with shareholders	3,641	6,190
Total		<u>11,365</u>	<u>13,381</u>

As of September 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 per annum. 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 nine-month periods</u>		<u>Policy of inter-price setting</u>
		<u>ended September 30,</u>		
		<u>2008</u>	<u>2007</u>	
<u>Purchased goods values</u>				
M AND E Co., Ltd.	Associated company	1,594	696	Market price
GMM Grammy Public Co., Ltd.	Shareholders	6,524	2,047	Market price
Bliss Publishing Co., Ltd.	Related company with shareholders	10,964	9,027	Market price
<u>Interest income</u>				
Pleam Patt Co., Ltd.	Associated company	288	-	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 September 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					
One Fas Prosperity Fund		30,000	23,119	-	-
Bangkok Commercial Property Fund		19,101	15,854	19,101	16,618
Vayupak Fund 1		30,000	28,950	30,000	29,160
<u>Debt Instruments</u>					
Government bond (exceeding 3-month maturity period)		-	-	20,000	20,000
Asset Plus Fixed Income Dividend Fund		-	-	20,038	20,320
Asset Plus Fixed Income Dividend Fund 2		110,398	109,455	89,800	89,372
Total		189,499	177,378	210,058	207,301
<u>Less</u> Unrealized loss on securities available for sale		(12,121)	-	(2,757)	-
Net		177,378	177,378	207,301	207,301

For the nine-month period ended September 30, 2008 and for the year ended December 31, 2007, the Company received return from the above investments in amounts of Baht 7.87 million and Baht 14.79 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</u>	
	<u>September 30, 2008</u>	<u>December 31, 2007</u>
Trade accounts receivable		
Within credit term	54,604	48,259
Over credit term less than 6 months	47,759	44,386
Over credit term more than 6 months to 12 months	881	1,869
Over credit term more than 12 months	22,083	21,997
Total trade accounts receivable	125,327	116,511
Notes receivable	5,755	12,787
Total trade accounts and notes receivable	131,082	129,298
<u>Less</u> Allowance for doubtful debts	(23,982)	(25,752)
Allowance for returned goods	(5,454)	(11,338)
Net	101,646	92,208

As of September 30, 2008 and December 31, 2007, the majority of trade accounts receivable, that were over due for more than 12 months, are those that have already provided with full allowance since the year 1998. The Company has already filed lawsuit against one of 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 default repayment) from the asset pool of that debtor. At present, the case is in the process of execution for debt collection by the receiver. The Company, therefore, has 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>Separate financial statements in which the cost method is applied to investment</u>	
	<u>As of</u>	
	<u>September 30, 2008</u>	<u>December 31, 2007</u>
Raw materials	36,545	27,201
Work in process	10,219	9,863
Finished goods	511,288	496,166
Total	558,052	533,230
<u>Less</u> Allowance for lost goods	(17,087)	(28,228)
Allowance for dilapidated and slow moving goods	(70,175)	(58,499)
Net	470,790	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 lost goods 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 September 30, 2008</u>		
						<u>Investments</u>		<u>Dividend</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	58,319	83,000	-
Total investment					83,200	82,922	83,200	1,500
<u>Less</u> Allowance for revaluation of investments					-	-	(13,668)	-
Net					83,200	82,922	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>Investments</u>		<u>Dividend</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 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 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 nine-month periods ended September, 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 nine-month period ended September 30, 2008 for the amount of Baht 3.21 million equivalent to 2.05% of net profit shown in the financial statements, in which the equity method is applied to investment, and for the nine-month period ended September 30, 2007 for the amount of Baht 3.89 million equivalent to 3.01% of net profit shown in the financial statements, in which the equity method is applied to investment, and as of September 30, 2008, the Company had investment in that associated company for the amount of Baht 24.50 million equivalent to 1.39% 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 nine-month periods ended September 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 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 nine-month periods ended September 30, 2008, 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 0.99 million and Baht 4.07 million respectively equivalent to 2.13% and 2.60% of net profit shown in the financial statements, in which the equity method is applied to investment, respectively, and for the three-month and nine-month periods ended September 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 1.25 million and Baht 6.21 million respectively equivalent to 2.07% and 4.80% 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 six-month periods ended September 30, 2008 and 2007 of the associated company, which were audited and reviewed by other auditors respectively, and as of September 30, 2008, the Company had investment in that associated company, show in the financial statements, in which the equity method is applied to investment, for the amount of Baht 58.32 million equivalent to 3.31% of total assets in the balance sheets, 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 of the associated company, 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 3.58% 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 nine-month period ended September 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	123,497
Transfer in	23,965
Sales in the period	(26,252)
Written-off in the period	(5,186)
Transfer out	(23,965)
Depreciation-shown in the income statement	(64,734)
Depreciation-capital surplus from assets revaluation (Presented under shareholders' equity item)	(743)
Accumulated depreciation of disposed and written-off assets	29,059
Net book value at the end of the period	<u>327,192</u>

As of September 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 93.76 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. 20.2.

As of September 30, 2008 and December 31, 2007, the Company has fixed assets which were fully depreciated at the cost value of Baht 300.27 million and Baht 281.58 million respectively, which some of these assets 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 nine-month periods ended September 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 0.74 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 nine-month periods ended September 30, 2008 will be shown at amounts less by of Baht 0.25 million and Baht 0.74 million respectively. For the three-month and nine-month periods ended September 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 0.74 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 nine-month periods ended September 30, 2007 will be shown at amounts less by Baht 0.25 million and Baht 0.74 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 nine-month periods ended September 30, 2008, these leasehold rights were amortized to expenses by the amounts of Baht 3.17 million and Baht 9.43 million respectively, and for the three-month and nine-month periods ended September 30, 2007, these leasehold rights were amortized to expenses by the amounts of Baht 3.17 million and Baht 9.40 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 on assets	(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 and received deposit from buyer in amount of Baht 2.00 million. In the 2nd quarter of 2008, the Company has received the remaining amount and transferred the ownerships on the building title.

11. Land and improvements not used for operation-net

For the nine-month period ended September 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	(49)
Net book value at the end of the period	<u>33,669</u>

12. Computer software-net

For the nine-month period ended September 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	445
Amortization	(2,687)
Net book value at the end of the period	<u>8,984</u>

13. Other non-current assets

As of September 30, 2008 and December 31, 2007, major part of other non-current assets amounting to Baht 8.47 million and Baht 8.25 million respectively were bank deposits being pledged as collateral for book distribution agents, rental area 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 nine-month periods ended September 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 10,594,390 units respectively. Thus, the Company had increased the issued and paid-up share capital by the total of Baht 0.16 million and Baht 10.59 million respectively. The Company gradually registered the change in paid-up share capital and the latest registration was on January 22, 2008 and July 27, 2007 respectively.
2. The remaining balances of exercisable warrants as of September 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 251,910 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 authorized share capital and paid-up share capital with the Ministry of Commerce on September 28, 2007.

15. Retained earnings

Dividend payment and legal reserve

Consisted of:

	<u>Resolutions of the Company's Board meeting</u>	<u>Meeting date</u>	<u>Year 2008 operating result</u>				<u>Legal reserve</u>	
			<u>Dividends payment date</u>	<u>Dividends per share</u>	<u>Dividend paid totaling</u>	<u>% of Net profit</u>	<u>Amount</u>	
				<u>(Baht)</u>	<u>(Million Baht)</u>		<u>(Million Baht)</u>	
Quarter 1	2/2008	12/05/2008	06/06/2008	0.10	32.39	-	-	
Quarter 2	3/2008	08/08/2008	05/09/2008	0.10	32.39	-	-	
		Total		0.20	64.78		-	

Year 2007 operating result

	<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		-

Year 2006 operating result

	<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	2/2006	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		-

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 1.00 million.

Remuneration (rewards) to directors for the three-month and nine-month periods ended September 30, 2008 in amount of Baht 1.00 million and Baht 6.42 million respectively.

17. Corporate income tax

In accordance to the royal decree No.475 dated August 6, 2008 issued under the Revenue Code to reduce corporate income tax rate from 30% to 25% of net profit for the listed companies under the law on securities and securities market for the portion not exceeding Baht 300 million for the 3 consecutive accounting periods commencing from the first accounting period which commences on or after January 1, 2008, for the three-month and the nine-month periods ended September 30, 2008, the Company has, however, still calculated the corporate income tax with tax rate at 30% of net book profit after adding back allowances and various expenses not allowable for tax calculation purpose as calculated in the previous years, because the Company is in the process for discussion with the Revenue Department about the compliance with the condition to exercise the right for discount on the tax rate.

18. Basic and diluted earnings per share

For the three-month and the nine-month periods ended September 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 nine-month periods ended September 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 :-

	Financial statements in which the equity method is applied to investment			Separate financial statements in which the cost method is applied to investment		
	For the three-month period ended September 30, 2007			For the three-month period ended September 30, 2007		
	<u>Weighted average</u>		<u>Earnings</u>	<u>Weighted average</u>		<u>Earnings</u>
	<u>Net profit</u>	<u>number of ordinary share</u>	<u>per share</u>	<u>Net profit</u>	<u>number of ordinary share</u>	<u>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	60,387	323,644	0.19	61,641	323,644	0.19
Effect of diluted equivalent ordinary shares :						
Assuming the conversion of warrants for						
the director, employees and security sub-agent	-	3,839	-	-	3,839	-
Diluted earnings per share	60,387	327,483	0.18	61,641	327,483	0.19

	Financial statements in which the equity method is applied to investment			Separate financial statements in which the cost method is applied to investment		
	For the nine-month period ended September 30, 2007			For the nine-month period ended September 30, 2007		
	<u>Weighted average</u>		<u>Earnings</u>	<u>Weighted average</u>		<u>Earnings</u>
	<u>Net profit</u>	<u>number of ordinary share</u>	<u>per share</u>	<u>Net profit</u>	<u>number of ordinary share</u>	<u>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	129,256	322,375	0.40	132,578	322,375	0.41
Effect of diluted equivalent ordinary shares :						
Assuming the conversion of warrants for						
the director, employees and security sub-agent	-	3,799	-	-	3,799	-
Diluted earnings per share	129,256	326,174	0.40	132,578	326,174	0.41

19. 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.

20. Obligations and contingent liabilities

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

(Unit : Thousand Baht)

	<u>As of September 30, 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	5,957	43,043	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 September 30, 2008 and December 31, 2007, a part of letter of guarantee for the amount of Baht 5.74 million and Baht 5.19 million respectively, which fixed deposit accounts has been pledged as collaterals.

20.2 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 283 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 367.65 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.

20.3 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 and marketing of the sale agent at 2.50% 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.

20.4 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.

20.5 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 September 30, 2008, the outstanding balance of this obligation at Baht 15.09 million.

20.6 The Company entered into contracts to rent printing machines with a company for the period of one year. When the term of the contracts ended, not any party informed to cancel it in writing, thus the contracts are regarded as binding for another year. The rate for printing service is calculated by printing volume. The payment of service is approximately Baht 3.35 million per annum and once the term ended the owner party can take away the printing machines from the rentee immediately.

21. Financial instruments

As of September 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 September 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>
368	23,235	22,529

22. Approval of financial statements

These financial statements have been approved for issuance by SE-EDUCATION PUBLIC COMPANY LIMITED's board of directors on November 12, 2008.
