

## **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 March 31, 2009, the related statements of income, changes in shareholders' equity and cash flows, in which the equity method is applied to investment, for the three-month periods ended March 31, 2009 and 2008, of SE-EDUCATION PUBLIC COMPANY LIMITED. I have also reviewed the accompanying separate balance sheet in which the cost method is applied to investment, as of March 31, 2009, the separate statements of income, changes in shareholders' equity and cash flows, in which the cost method is applied to investment, for the three-month periods ended March 31 2009 and 2008, 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 audited by another auditor and I have already received the report of that auditor. My report in part related to the amounts of transactions of the said associated company, which were included in these financial statements in which the equity method is applied to investment, is based on the report of the said auditor. As of March 31, 2009 and December 31, 2008, the investment in the said associated company based on equity method was in amount of Baht 49.41 million and Baht 50.99 million respectively, equivalent to 2.65% and 2.79% respectively of the total assets in the balance sheet in which the equity method is applied to investment and the participating loss in the associated company was shown and included in the income statement in which the equity method is applied to investment for the three-month periods ended March 31, 2009 and 2008 at Baht 1.58 million and Baht 3.11 million respectively, equivalent to 3.12% and 5.88% 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.

I have audited the financial statements in which the equity method is applied to investment and the accompanying separate balance sheet in which the cost method is applied to investment for the year ended December 31, 2008 of SE-EDUCATION PUBLIC COMPANY LIMITED in accordance with generally accepted auditing standards and expressed an unqualified opinion but drawn the observation to the adjustment of the already publicly-issued financial statements for the compliance to the discount tax rate exercised under the Royal Decree No. 475 which the Company adjusted the financial statements for the year 2008 to be re-issued to the public as reported thereon dated February 27, 2009. The comparative balance sheet in which the equity method is applied to investment and the accompanying separate balance sheet in which the cost method is applied to investment as of December 31, 2008, shown herein for comparison purpose, is an integral part of the said financial statements audited and reported thereon. I have not used any other auditing procedure subsequent to the date in the report.

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

(Miss Sansanee Poolsawat)

Certified Public Accountant (Thailand) Registration No. 6977

Bangkok,

May 11, 2009

## SE-EDUCATION PUBLIC COMPANY LIMITED

## BALANCE SHEETS

As of March 31, 2009 and December 31, 2008

(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	
		2009	2008	2009	2008
		Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and cash equivalent items		399,622	336,679	399,622	336,679
Short-term investments-net	4	168,641	167,931	168,641	167,931
Trade accounts and notes receivable-net	5	91,810	81,116	91,810	81,116
Loan due from associated company	3.1	-	11,000	-	11,000
Inventories-net	6	468,814	498,625	468,814	498,625
Prepaid expenses		30,948	23,709	30,948	23,709
Other current assets		18,778	14,434	18,778	14,434
TOTAL CURRENT ASSETS		1,178,613	1,133,494	1,178,613	1,133,494
NON-CURRENT ASSETS					
Investments in subsidiary and associated companies-net	7	74,013	75,595	69,532	69,532
Property, plant and equipment-net	8	343,665	345,221	343,665	345,221
Leasehold on buildings-net	9	126,026	129,125	126,026	129,125
Land and improvement for land not used for operation-net	10	33,636	33,652	33,636	33,652
Intangible assets-net	11	9,334	8,214	9,334	8,214
Copyright and translation advance		23,049	21,711	23,049	21,711
Guarantee for rental and deposit		64,668	63,681	64,668	63,681
Other non-current assets	12	15,022	15,796	15,022	15,796
TOTAL NON-CURRENT ASSETS		689,413	692,995	684,932	686,932
TOTAL ASSETS		1,868,026	1,826,489	1,863,545	1,820,426

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

## SE-EDUCATION PUBLIC COMPANY LIMITED

## BALANCE SHEETS

As of March 31, 2009 and December 31, 2008

(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	
		2009	2008	2009	2008
		Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Trade accounts and notes payable		985,738	972,108	985,738	972,108
Accrued expenses		72,133	97,448	72,133	97,448
Accrued corporate income tax		39,536	22,096	39,536	22,096
Other accounts and notes payable		18,090	36,669	18,090	36,669
Other current liabilities		38,906	35,838	38,906	35,838
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,154,403</b>	<b>1,164,159</b>	<b>1,154,403</b>	<b>1,164,159</b>
<b>NON-CURRENT LIABILITIES</b>					
Other non-current liabilities		8,541	8,381	8,541	8,381
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>8,541</b>	<b>8,381</b>	<b>8,541</b>	<b>8,381</b>
<b>TOTAL LIABILITIES</b>		<b>1,162,944</b>	<b>1,172,540</b>	<b>1,162,944</b>	<b>1,172,540</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	13				
Authorized share capital					
328,345,090 ordinary shares @ Baht 1.00 each		328,345	328,345	328,345	328,345
Issued and paid-up share capital					
323,921,130 ordinary shares @ Baht 1.00 each		323,921	323,921	323,921	323,921
Premiums on share capital		149,421	149,421	149,421	149,421
Unrealized loss on securities available for sale	4	(20,844)	(21,556)	(20,844)	(21,556)
Capital surplus from assets revaluation	8	28,821	29,065	28,821	29,065
Discount on capital resulting from change in shareholding ratio in associated company		(6,764)	(6,764)	-	-
Retained earnings	14				
Appropriated					
Legal reserve		35,627	35,627	35,627	35,627
Unappropriated		194,900	144,235	183,655	131,408
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>705,082</b>	<b>653,949</b>	<b>700,601</b>	<b>647,886</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,868,026</b>	<b>1,826,489</b>	<b>1,863,545</b>	<b>1,820,426</b>

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

## SE-EDUCATION PUBLIC COMPANY LIMITED

## INCOME STATEMENTS

For the three-month periods ended March 31, 2009 and 2008

(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	
		2009	2008	2009	2008
Revenues from sales		1,075,613	1,044,706	1,075,613	1,044,706
Cost of sales		(731,537)	(712,781)	(731,537)	(712,781)
Gross profit		344,076	331,925	344,076	331,925
Other income		9,429	8,844	9,429	8,844
Interest and dividend income		3,393	4,111	3,393	4,111
Profit before expenses		356,898	344,880	356,898	344,880
Selling expenses		(104,468)	(92,096)	(104,468)	(92,096)
Administrative expenses		(169,130)	(161,815)	(169,130)	(161,815)
Managements' and directors' remuneration	17	(12,659)	(14,810)	(12,659)	(14,810)
Total expenses		(286,257)	(268,721)	(286,257)	(268,721)
Participating loss from investment in associated companies		(1,582)	(3,115)	-	-
Profit before financial cost and corporate income tax		69,059	73,044	70,641	76,159
Financial cost		(138)	(115)	(138)	(115)
Net profit before corporate income tax		68,921	72,929	70,503	76,044
Corporate income tax	18	(18,256)	(19,944)	(18,256)	(19,944)
Net profit		50,665	52,985	52,247	56,100
Earnings per share (Unit : Baht)		0.16	0.16	0.16	0.17
Number of ordinary shares (Unit : Thousand shares)		323,921	323,921	323,921	323,921

Unaudited

Limited Review Only

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

**SE-EDUCATION PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the three-month periods ended March 31, 2009 and 2008**

Financial statements in which the equity method is applied to investment

(Unit : Thousand Baht)

	Notes	Issued and	Premiums on	Unrealized gain	Capital surplus	Discount on capital resulting	Retained earnings		Total
		paid-up	share capital	(loss) on securities	from assets	from change in shareholding	Appropriated	Unappropriated	
		share capital		available for sale	revaluation	ratio in associated company			
Balance as of January 1, 2009		323,921	149,421	(21,556)	29,065	(6,764)	35,627	144,235	653,949
Depreciation-capital surplus from assets revaluation		-	-	-	(244)	-	-	-	(244)
Unrealized gain on securities available for sale		-	-	712	-	-	-	-	712
Total recognised income (expenses) in									
shareholders' equity		-	-	712	(244)	-	-	-	468
Net profit for the period		-	-	-	-	-	-	50,665	50,665
Total income (expenses) recognised for the period		-	-	712	(244)	-	-	50,665	51,133
Balance as of March 31, 2009		323,921	149,421	(20,844)	28,821	(6,764)	35,627	194,900	705,082
Balance as of January 1, 2008		323,765	149,421	(2,757)	30,057	(6,764)	35,627	130,999	660,348
Depreciation-capital surplus from assets revaluation		-	-	-	(246)	-	-	-	(246)
Unrealized gain on securities available for sale		-	-	2,101	-	-	-	-	2,101
Total recognised income (expenses) in									
shareholders' equity		-	-	2,101	(246)	-	-	-	1,855
Net profit for the period		-	-	-	-	-	-	52,985	52,985
Total income (expenses) recognised for the period		-	-	2,101	(246)	-	-	52,985	54,840
Shares purchased by exercising warrants									
of employees	13	156	-	-	-	-	-	-	156
Balance as of March 31, 2008		323,921	149,421	(656)	29,811	(6,764)	35,627	183,984	715,344

**Unaudited**  
**Limited Review Only**

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

**SE-EDUCATION PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**For the three-month periods ended March 31, 2009 and 2008**

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	Unrealized gain (loss) on securities available for sale	Capital surplus from assets revaluation	Retained earnings		Total
						Appropriated	Unappropriated	
Balance as of January 1, 2009		323,921	149,421	(21,556)	29,065	35,627	131,408	647,886
Depreciation-capital surplus from assets revaluation		-	-	-	(244)	-	-	(244)
Unrealized gain on securities available for sale		-	-	712	-	-	-	712
Total recognised income (expenses) in shareholders' equity		-	-	712	(244)	-	-	468
Net profit for the period		-	-	-	-	-	52,247	52,247
Total income (expenses) recognised for the period		-	-	712	(244)	-	52,247	52,715
Balance as of March 31, 2009		323,921	149,421	(20,844)	28,821	35,627	183,655	700,601
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		-	-	-	(246)	-	-	(246)
Unrealized gain on securities available for sale		-	-	2,101	-	-	-	2,101
Total recognised income (expenses) in shareholders' equity		-	-	2,101	(246)	-	-	1,855
Net profit for the period		-	-	-	-	-	56,100	56,100
Total income (expenses) recognised for the period		-	-	2,101	(246)	-	56,100	57,955
Shares purchased by exercising warrants of employees	13	156	-	-	-	-	-	156
Balance as of March 31, 2008		323,921	149,421	(656)	29,811	35,627	171,347	709,471

**Unaudited**

**Limited Review Only**

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

**SE-EDUCATION PUBLIC COMPANY LIMITED**  
**CASH FLOW STATEMENTS**  
**For the three-month periods ended March 31, 2009 and 2008**

(Unit : Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements in which the cost method is applied	
	to investment		to investment	
	2009	2008	2009	2008
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before corporate income tax	68,921	72,929	70,503	76,044
Adjustment to net profit for cash-received (payments) from operation				
Doubtful debts and bad debts (return of bad debts)	1,028	(1,834)	1,028	(1,834)
Loss from returned goods estimation (reversal)	133	(4,663)	133	(4,663)
Loss from lost goods	6,465	8,122	6,465	8,122
Loss from allowance for lost, dilapidated and slow-moving goods (reversal)	(2,796)	(4,066)	(2,796)	(4,066)
Loss from donated goods	276	57	276	57
Loss from goods destroyed	2,784	1,355	2,784	1,355
Participating loss from investment in associated company	1,582	3,115	-	-
Depreciation-fixed assets for operation	23,620	20,705	23,620	20,705
Depreciation-fixed assets not used for operation	16	16	16	16
Loss from written-off fixed assets	26	3	26	3
Amortized leasehold	3,099	3,134	3,099	3,134
Amortized intangible assets	769	961	769	961
Adjustment for account payable reconciliation	(1,908)	-	(1,908)	-
Interest expenses	138	115	138	115
Interest income	(1,742)	(1,687)	(1,742)	(1,687)
Dividend income	(1,651)	(2,424)	(1,651)	(2,424)
Gain from sale of short-term investments	-	(472)	-	(472)
Profit from operation before change in operating assets and liabilities	100,760	95,366	100,760	95,366
Operating assets (increase) decrease				
Trade accounts and notes receivable	(11,855)	2,225	(11,855)	2,225
Inventories	23,082	(2,621)	23,082	(2,621)
Advance expenses	(7,239)	3,544	(7,239)	3,544
Other current assets	(4,403)	(304)	(4,403)	(304)
Copyright and translation advance	(1,338)	(638)	(1,338)	(638)
Guarantee for rental and deposit	(987)	(914)	(987)	(914)
Other non-current assets	774	1,442	774	1,442
Operating liabilities increase (decrease)				
Trade accounts and notes payable	15,538	22,769	15,538	22,769
Accrued expenses	(25,315)	734	(25,315)	734
Other accounts and notes payable	(18,579)	(6,085)	(18,579)	(6,085)
Other current liabilities	1,007	(21,312)	1,007	(21,312)
Other non-current liabilities	160	210	160	210
Net cash received in operating activities	71,605	94,416	71,605	94,416
Paid interest expenses	(138)	(115)	(138)	(115)
Paid corporate income tax	(816)	(1,015)	(816)	(1,015)
Net cash received from operating activities	70,651	93,286	70,651	93,286

**Unaudited**  
**Limited Review Only**

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



**SE-EDUCATION PUBLIC COMPANY LIMITED**  
**CASH FLOW STATEMENTS**  
**For the three-month periods ended March 31, 2009 and 2008**

(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	
	2009	2008	2009	2008
	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Cash received form sale of short-term investments	2	37,245	2	37,245
Cash paid to purchase short-term investments	-	(34,829)	-	(34,829)
Cash received (paid) from loan due from associated company	11,000	(5,000)	11,000	(5,000)
Interest received	1,801	1,753	1,801	1,753
Dividends received	1,651	2,424	1,651	2,424
Purchase of equipment	(18,157)	(19,557)	(18,157)	(19,557)
Purchase of intangible assets	(1,889)	(398)	(1,889)	(398)
Net cash used in investing activities	<u>(5,592)</u>	<u>(18,362)</u>	<u>(5,592)</u>	<u>(18,362)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Cash paid for accounts payable-assets	(2,116)	(2,172)	(2,116)	(2,172)
Cash receipts from additional warrants exercised to purchase ordinary shares	-	156	-	156
Net cash used in financing activities	<u>(2,116)</u>	<u>(2,016)</u>	<u>(2,116)</u>	<u>(2,016)</u>
Cash and cash equivalent items increase (decrease)-net	62,943	72,908	62,943	72,908
Cash and cash equivalent items at the beginning of the period	336,679	298,784	336,679	298,784
Cash and cash equivalent items at the end of the period	<u>399,622</u>	<u>371,692</u>	<u>399,622</u>	<u>371,692</u>
<b>Supplemental disclosures to the cash flow statements</b>				
1. Cash and cash equivalent items consist of :				
Cash	20,231	14,180	20,231	14,180
Cash at bank (maturity period not exceeding 3-months)	193,838	192,512	193,838	192,512
Government bond (maturity period not exceeding 3 months)	185,553	165,000	185,553	165,000
Total	<u>399,622</u>	<u>371,692</u>	<u>399,622</u>	<u>371,692</u>
2. Items not effecting cash flow				
2.1 Recorded unrealized gain on revaluation of securities available				
for sale to shareholders' equity	(712)	(2,101)	(712)	(2,101)
2.2 Purchase of assets which had not yet been paid				
	4,177	5,213	4,177	5,213
2.3 Amortized capital surplus from assets revaluation				
	244	246	244	246

**Unaudited**  
**Limited Review Only**

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

**SE-EDUCATION PUBLIC COMPANY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2009 and 2008 (Unaudited/Limited Review Only)**  
**and December 31, 2008 (Audited)**

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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, with the company registration number 0107536000285. The Company's head quarter is situated at 1858/87-90 Nation Tower Building, 19<sup>th</sup> Floor, Bangna-Trad Road, Bangna, Bangkok 10260 and its 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 the generally accepted accounting principles in Thailand. The Company selected to present the interim financial statements in the condensed format as determined in the Thai Accounting Standards No. 41 (revised 2007) on "Interim Financial Reporting" and has presented the balance sheets, the statements of income, changes in shareholders' equity and cash flows in the same format as that used in the annual financial statements according to Thai Accounting Standards 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 These interim financial statements have been prepared to provide additional information from the latest presented annual financial statements; therefore, the interim financial statements emphasized on providing the information on the new activities, events and situations so the information presented is not redundant with the information already presented. These interim financial statements should be read in conjunction with the latest annual financial statements.

2.3 The 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, 2008. The Federation of Accounting Professions has issued the Federation of Accounting Professions announcement no. 86/2551 on the Thai Accounting Standards by announcing to apply the following new Thai Accounting Standard :-

No. 36 (Revised 2007) on Assets Impairment

No. 54 (Revised 2007) on Non-Current Assets held for Sale and Discontinued Operations

The above Thai Accounting Standards are applicable to the financial statements for the accounting periods that commence in or after January 1, 2009 onwards. The Company has commenced to use material them and found out that not effects fall on the Company's financial statements.

2.4 For the income statement in which the equity method is applied to investment and the separate income statement in which the cost method is applied to investment for the three-month period ended March 31, 2008, the items therein have been regrouped for presentation in the format pursuant to the announcement of Department of Business Development dated January 30, 2009 on Specification of Condensed items shown in the financial statements B.E. 2552 (A.D. 2009).

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>As of</u>	
		<u>March 31, 2009</u>	<u>December 31, 2008</u>
<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>Loan due from associated company</u>			
Plearn Patt Co., Ltd.	Associated company		
Beginning balance		11,000	-
Increased in the period		3,000	16,000
Received in the period		(14,000)	(5,000)
Ending balance		-	11,000

(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

	<u>Type of relation</u>	<u>As of</u>	
		<u>March 31, 2009</u>	<u>December 31, 2008</u>
<u>Accrued interest income</u>			
Plearn Patt Co., Ltd.	Associated company	-	211
		-	211
<u>Trade accounts payable</u>			
M AND E Co., Ltd.	Associated company	1,949	2,023
GMM Grammy Public Co., Ltd.	Shareholders	9,991	8,870
Bliss Publishing Co., Ltd.	Related company with shareholders	3,441	5,231
Total		15,381	16,124

As of December 31, 2008, the whole amount of loan due from an associated company was in the form of promissory note with a maturity period of 1 year. The interest rate is the rate of credit interest of a commercial bank at MOR per annum. The objective of the loan is for the associated company to use for construction and working capital for the school. In the first quarter of 2009, the Company received the payment for outstanding loan in full.

### 3.2 Inter-revenues and expenses

(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

	<u>Type of relation</u>	<u>For the three-month periods</u>		<u>Policy of</u> <u>inter-price setting</u>
		<u>ended March 31,</u>		
		<u>2009</u>	<u>2008</u>	
<u>Purchased goods values (Return)</u>				
M AND E Co., Ltd.	Associated company	13	-	Market price
GMM Grammy Public Co., Ltd.	Shareholders	3,789	1,500	Market price
Bliss Publishing Co., Ltd.	Related company with shareholders	1,203	(1,237)	Market price
<u>Interest income</u>				
Plearn Patt Co., Ltd.	Associated company	114	74	Interest rate of MOR per annum

4. Short-term investments-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>March 31, 2009</u>		<u>December 31, 2008</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Securities available-for-sale :-				
<u>Equity Instruments</u>				
Unit trusts				
One Fas Prosperity Fund	30,000	16,887	30,000	16,822
Bangkok Commercial Property Fund	19,101	14,612	19,101	14,325
Vayupak Fund 1	30,000	27,780	30,000	27,900
<u>Debt Instruments</u>				
Asset Plus Fixed Income Dividend Fund 2	110,384	109,362	110,386	108,884
Total	189,485	168,641	189,487	167,931
<u>Less</u> Unrealized loss on securities available for sale	(20,844)	-	(21,556)	-
Net	168,641	168,641	167,931	167,931

For the three-month period ended March 31, 2009 and for the year ended December 31, 2008, the Company received return from the above investments in amounts of Baht 1.65 million and Baht 10.35 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>March 31, 2009</u>	<u>December 31, 2008</u>
Trade accounts receivable		
Within credit term	39,630	39,616
Over credit term less than 6 months	45,626	38,438
Over credit term more than 6 months to 12 months	7,524	2,048
Over credit term more than 12 months	19,569	21,058
Total trade accounts receivable	112,349	101,160
Notes receivable	6,972	7,528
Total trade accounts and notes receivable	119,321	108,688
<u>Less</u> Allowance for doubtful debts	(22,600)	(22,794)
Allowance for returned goods	(4,911)	(4,778)
Net	91,810	81,116

As of March 31, 2009 and December 31, 2008, the trade accounts receivable that were over due for more than 12 months, in amount of Baht 19.57 million and Baht 21.06 million respectively, the Baht 18.15 million portion, the same amount for the both periods, are those that have already provided with full allowance since the year 1998. The Company has already filed lawsuit against a debtor and on February 5, 2007, the Central Bankruptcy Court ordered for the Company to receive a 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 anticipated a non-payment for the whole amount.

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>March 31, 2009</u>	<u>December 31, 2008</u>
Raw materials	33,335	38,709
Work in process	11,844	10,572
Finished goods	508,938	537,443
Total	554,117	586,724
<u>Less</u> Allowance for lost goods	(17,658)	(19,908)
Allowance for dilapidated and slow-moving goods	(67,645)	(68,191)
Net	468,814	498,625

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>As of March 31, 2009</u>		<u>Dividend</u>
					<u>Investments</u>	<u>Equity Method</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	-
<u>Associated companies</u>							
M AND E Co., Ltd.	Printing office company, produces technical magazines and engineering manuals	Thailand	400	25.00	24,502	100	-
Plearn Patt Co., Ltd.	Institute of private education-Plearn Pattana School	Thailand	169,350	49.01	49,411	83,000	-
Total investment					74,013	83,200	-
<u>Less</u> Allowance for revaluation of investments-Plearn Patt Co., Ltd.					-	(13,668)	-
Net					74,013	69,532	-

(Unit : Thousand Baht)

	Nature of business	Country of Incorporation	Paid-up share capital	Percentage of share holdings	Financial statements in which the equity method is applied to investment/ Separate financial statements in which the cost method is applied to investment		
					As of December 31, 2008		Dividend
					Investments Equity Method	Investments Cost Method	
<u>Subsidiary company</u>							
SE-ED Book Center Co., Ltd.	Business consulting firm	Thailand	100	99.93	100	100	-
<u>Associated companies</u>							
M AND E Co., Ltd.	Printing office company, produces technical magazines and engineering manuals	Thailand	400	25.00	24,502	100	1,500
Plearn Patt Co., Ltd.	Institute of private education-Plearn Pattana School	Thailand	169,350	49.01	50,993	83,000	-
Total investment					75,595	83,200	1,500
<u>Less</u> Allowance for revaluation of investments-Plearn Patt Co., Ltd.					-	(13,668)	-
Net					75,595	69,532	1,500

## Summarized financial information of the associated companies

M AND E Co., Ltd. (Accounting period : December 31)

(Unit : Thousand Baht)

	<u>As of December 31, 2007</u>	<u>For the year ended December 31, 2007</u>
Total assets	108,045	
Total liabilities	4,034	
Total revenue		41,199
Net profit		12,851

Plearn Patt Co., Ltd. (Accounting period : March 31)

(Unit : Thousand Baht)

	<u>As of</u>		<u>For the three-month period ended March 31,</u>	
	<u>March 31, 2009</u>	<u>December 31, 2008</u>	<u>2009</u>	<u>2008</u>
	Total assets	215,957	187,413	
Total liabilities	115,139	83,367		
Total revenue			21,448	17,006
Net loss			(3,228)	(6,372)

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 result operation of that associated company in the financial statements in which the equity method is applied to investment, as follows:-



- 1) For the three-month periods ended March 31, 2009 and 2008, the Company did not recognized participating profit or loss from result operation of the associated company, since the associated company did not prepare the quarterly financial statements. As of March 31, 2009, the Company had investment in the said associated company amounting to Baht 24.50 million equivalent 1.31% of total assets shown in the financial statements in which the equity method is applied to investment. However, the participating profit or loss from result operation was not significant to the financial statements of the Company.
  - 2) For the year ended December 31, 2008, the Company recognized participating profit or loss from result operation for the year ended December 31, 2007, of the associated company, whose financial statements were audited by another auditor. The Company consequently recorded participating profit from investment in such associated company in the income statement in which the equity method is applied to investment, for the year ended December 31, 2008, (recorded in the second quarter of year 2008) for the amount of Baht 3.21 million equivalent to 1.65% of net profit shown in the financial statements in which the equity method is applied to investment, and as of December 31, 2008, the Company had investment in that associated company for the amount of Baht 24.50 million equivalent to 1.34% 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 profit or loss from result operation in the financial statements, in which the equity method is applied to investment, as follows:-
- 1) For the three-month periods ended March 31, 2009 and 2008, the Company recognized participation loss from investment in that associated company as presented in the income statement in which the equity method is applied to investment for the amount of Baht 1.58 million and Baht 3.11 million respectively equivalent to 3.12% and 5.88% of net profits shown in the financial statements in which the equity method is applied to investment respectively from the financial statements for the years ended March 31, 2009 and 2008, which were audited by another auditor. This recognition was especially made for the operation of the three-month periods ended March 31, 2009 and 2008. As of March 31, 2009, the Company had investments in the said associated company amounting to Baht 49.41 million equivalent 2.65% of total assets shown in the financial statements in which the equity method is applied to investment.
  - 2) For the year ended December 31, 2008, the Company recognized participation loss from investment in that associated company as presented in the income statement in which the equity method is applied to investment for the amount of Baht 4.63 million equivalent to 2.38% 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, 2008 and the financial statements for the nine-month period ended December 31, 2008, which were audited and reviewed by other auditors respectively. As of December 31, 2008, the Company had investment in that associated company for the amount of Baht 50.99 million equivalent to 2.79% 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 three-month period ended March 31, 2009, the movements are 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>
Net book value at the beginning of the period	345,221
Purchases	22,334
Transfer in	32,290
Written-off	(914)
Transfer out	(32,290)
Depreciation-shown in the income statement	(23,620)
Depreciation-capital surplus from assets revaluation (Presented under shareholders' equity item)	(244)
Accumulated depreciation of written-off assets	888
Net book value at the end of the period	<u>343,665</u>

As of March 31, 2009 and December 31, 2008, building decoration built on lease and leasehold right contracts of the Company with book value in amount of Baht 100.11 million and Baht 97.74 million respectively. Once the lease contracts expire, most of these assets would automatically be owned by the lessor or dismantle the decoration to return the property at its original state according to the condition stipulated in the contracts as mentioned in the notes to financial statements No. 20.2.

As of March 31, 2009 and December 31, 2008, the Company has fixed assets which were fully depreciated at the cost value of Baht 332.02 million and Baht 318.51 million respectively, which some of these assets were still in use.

As the Company chose to apply the 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 periods ended March 31, 2009 and 2008, the depreciation of capital surplus being charged to capital surplus from assets revaluation account appeared under the shareholders' equity for the amounts of Baht 0.24 million and Baht 0.25 million respectively. If the Company chooses to account for depreciation on capital surplus through the income statement, the net profit for the three-month periods ended March 31, 2009 and 2008, will be shown at amounts less by of Baht 0.24 million and Baht 0.25 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 periods ended March 31, 2009 and 2008, these leasehold rights were amortized to expenses by the amounts of Baht 3.10 million and Baht 3.13 million respectively.

10. Land and improvements not used for operation-net

For the three-month period ended March 31, 2009 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	33,652
Depreciation in the period	(16)
Net book value at the end of the period	<u>33,636</u>

11. Intangible assets-net

For the three-month period ended March 31, 2009 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	8,214
Purchases in the period	1,889
Amortization in the period	(769)
Net book value at the end of the period	<u>9,334</u>

## 12. Other non-current assets

Other non-current assets have included the investment with guarantee obligation for electricity usage, area lease and book agents as follow: -

- As of March 31, 2009 and December 31, 2008, fixed deposit with 12-month maturity period bearing the interest rate of 2.375% per annum in amount of Baht 8.47 million has been pledged as collateral in amount of Baht 4.63 million for both periods.
- As of March 31, 2009 and December 31, 2008, savings bond with 7-year maturity period bearing the interest rate of 5.10% per annum in amount of Baht 2.00 million has been pledged as collateral in amount of Baht 2.00 million and Baht 1.70 million respectively.

## 13. Share capital

In accordance with the resolution of the annual general shareholders' meeting No. 1/2001 held on April 30, 2001, it was resolved to issue warrants to purchase ordinary shares for the directors, employees and sub-agents in number of 31,648,000 units at the price of Baht 1.00 per unit, dividing into 5 versions. The period of exercising for each version of right is 1 year apart. The warrants' right can be exercised every 3 month and the last date to exercise the right is January 14, 2008. The right of each version can be exercised to purchase ordinary shares in the proportion of 10%, 10%, 10%, 30% and 40% of the entire number of rights received respectively.

The exercise of warrants' right for the three-month period ended March 31, 2008. Directors and employees had exercised their rights to purchase ordinary shares in number of 155,800 units. Thus, the Company had increased the issued and paid-up share capital by the total of Baht 0.16 million. The Company registered the change in paid-up share capital and the registration was on January 22, 2008. These warrants forfeited their exercisable rights on January 14, 2008.

## 14. 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	-	-	
Quarter 3	4/2008	12/11/2008	11/12/2008	0.10	32.39	-	-	
		Total		0.30	97.17		-	



17. Managements' and directors' remuneration

- 17.1 For the three-month periods ended March 31, 2009 and 2008, the managements' and directors' remuneration included the compensation paid to the directors in amount of Baht 1.58 million Baht 5.04 million respectively. The amounts paid are benefits paid to the directors of the Company in accordance to Section 90 of Public Company Act which not include salaries and related benefits paid to the executive directors of the Company.
- 17.2 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 (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 three-month period ended March 31, 2008 recognized remuneration (rewards) to directors, which a part of the compensation paid to the directors as mentioned in No. 17.1, 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 year 2008 recorded as accrued remuneration in amount of Baht 1.00 million.

18. Corporate income tax

For the three-month periods ended March 31, 2009 and 2008, the Company calculated their corporate income tax at 25% and 30% respectively of the net book profit after adding back the adjustment allowed by the Revenue Code. The Company calculated the corporate income tax at 30% in the first to the third quarter of the year 2008. Afterwards, 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; therefore, the Company exercised the right to use the discount tax rate under the said Royal Decree for the fourth quarter of the year 2008 and the financial statements for the year 2008.

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 March 31, 2009 and December 31, 2008, the Company also holds contingent liabilities as follows :-

(Unit : Thousand Baht)

	<u>As of March 31, 2009</u>			<u>As of December 31, 2008</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	4,847	44,153	49,000	4,847	44,153
Letters of credit	4,000	-	4,000	4,000	-	4,000
Overdrafts	30,000	-	30,000	30,000	-	30,000
Short-term loan	50,000	-	50,000	50,000	-	50,000

As of March 31, 2009 and December 31, 2008, a part of letter of guarantee for the amount of Baht 4.63 million for the both periods are guaranteed by the 12-month fixed deposit accounts as mentioned in the notes to financial statements No. 12.

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 286 branches. The leased period ranged from 1 to 10 years. For the year 2009 and 2008, the total rental fee and public utility service fee that the Company has to pay are approximately Baht 407.77 million and Baht 374.66 million per annum respectively, 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 November 24, 2008, the Company has entered into lease agreement for land and warehouse to be constructed in the area with close proximity to the previous warehouse with the former lessor at fees calculated per square meters for the area leased for the contractual period of 12 years 9 months. The lease fees are ranged from Baht 1.78 million to Baht 2.64 million per annum. 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 return by the lessor when the leasing term ends.

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 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. For the year 2009 and 2008, the payment of service is approximately per annum Baht 3.84 million and Baht 3.36 million respectively and once the rent contract expired the lessor has the right to repossess the printing machines from the lessee immediately.

#### 21. Financial instruments

As of March 31, 2009, management policies on financial risk, interest rate risk, exchange rate, credit risk and fair value are in the same nature as in the financial statements for the year ended December 31, 2008.

#### 22. Subsequent events

In accordance to the minutes of the Board of Directors' Meeting No.1/2009 dated February 20, 2009, and the minutes of the annual general shareholders' meeting No. 1/2009 held on April 29, 2009, it was resolved to approve the dividend payment for the operating performance of the year 2008 at the rate of Baht 0.59 per share, for the total amount of 323,921,130 shares from net profit portion from financial statements in which the equity method is applied to investment calculated by which is not exempt from corporate income tax. However, the Company already paid some interim dividend for three quarters at Baht 0.10 per share in each quarters totaling Baht 0.30 per share. Thus, the additional dividend of this period will be Baht 0.29 per share, for the total amount of 323,921,130 shares aggregating to Baht 93.94 million. The remaining dividends are scheduled to be paid on May 28, 2009.

#### 23. Approval of financial statements

These financial statements have been approved for issuance by SE-EDUCATION PUBLIC COMPANY LIMITED's board of directors on May 11, 2009.

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