

REVIEW REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

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

I have reviewed the accompanying consolidated and separate balance sheets as of June 30, 2010, the related consolidated and separate statements of income for the three-month and six-month periods ended June 30, 2010, the related consolidated and separate changes in shareholders' equity and cash flows for the six-month period ended June 30, 2010, of SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiary and also of SE-EDUCATION PUBLIC COMPANY LIMITED only. I have also reviewed the statements of income, in which the equity method is applied to investment and the separate statements of income for the three-month and six-month period ended June 30 2009, changes in shareholders' equity and cash flows, in which the equity method is applied to investment and the separate changes in shareholders' equity and cash flows for the six-month period ended of June 30, 2009, also 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. 9, 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 the consolidated statements, is based on the report of the said auditor. As of June 30, 2010, the investment in the said associated company, which was included in the consolidated financial statements and shown by equity method, was in amount of Baht 27.04 million, equivalent to 1.25% of the total assets in the consolidated balance sheet, and the participating profit in the associated company was shown and included in the consolidated statements of income, for the three-month and six-month periods ended June 30, 2010 at Baht 2.76 million, equivalent to 3.83% and 2.30% of the consolidated profit for the period respectively, and the participating profit from investments in associated company was shown and included in the statements of income, in which the equity method is applied to investment, for the three-month and six-month periods ended June 30, 2009 at Baht 1.70 million and Baht 0.12 million, equivalent to 2.97% and 0.11% of the profit for the period, in which the equity method is applied to investment, 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. Accordingly, I do not express an opinion on the reviewed financial statements. Together with the report of 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 related to above, are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I used to audit the consolidated and separate financial statements for the year ended December 31, 2009 of SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiary and also the financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED only in accordance with generally accepted auditing standards and expressed an unqualified opinion as reported thereon dated February 24, 2010. The consolidated and separate balance sheets as of December 31, 2009, are an integral part of the said financial statements, which I 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,

August 9, 2010

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

As of June 30, 2010 and December 31, 2009

(Unit : Thousand Baht)

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
		Unaudited	Audited	Unaudited	Audited
		Limited Review Only		Limited Review Only	
<u>ASSETS</u>					
CURRENT ASSETS					
Cash and cash equivalent items		608,185	544,808	568,618	506,609
Temporary investments-net	5	183,100	188,945	183,100	188,945
Trade accounts receivable-net	6	142,205	98,693	140,659	96,799
Inventories-net	7	384,053	441,346	381,842	438,836
Prepaid expenses		35,531	25,362	34,336	25,362
Damage compensation receivable	8	-	17,793	-	17,793
Other current assets		17,735	22,798	16,028	18,051
TOTAL CURRENT ASSETS		1,370,809	1,339,745	1,324,583	1,292,395
NON-CURRENT ASSETS					
Investments in subsidiary and associated companies-net	9	27,137	26,177	69,532	69,532
Property, plant and equipment-net	10	482,430	485,683	312,259	318,868
Leasehold right on land-net	11	7,876	8,045	-	-
Leasehold right on buildings-net	12	110,325	116,557	110,325	116,557
Land and land improvement not used for operation-net	13	33,554	33,586	33,554	33,586
Intangible assets-net	14	6,223	7,417	5,937	7,107
Copyright and translation fee paid in advance		22,857	24,054	22,857	24,054
Rental guarantee and deposit		79,161	69,324	79,161	69,324
Other non-current assets	15	15,517	14,803	15,482	14,708
TOTAL NON-CURRENT ASSETS		785,080	785,646	649,107	653,736
TOTAL ASSETS		2,155,889	2,125,391	1,973,690	1,946,131

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

As of June 30, 2010 and December 31, 2009

(Unit : Thousand Baht)

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
		Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade accounts payable		1,109,738	1,031,765	1,108,591	1,031,356
Short-term loans from related person	4.1	-	210	-	-
Short-term loans from other person		1,000	1,000	-	-
Income received in advance recognisable within one year	16	36,558	34,656	-	-
Accrued expenses		98,750	106,294	96,476	106,294
Accrued income tax		32,239	31,596	32,239	31,596
Other accounts payable		34,886	46,466	34,886	46,466
Other current liabilities		44,484	44,116	43,514	40,387
TOTAL CURRENT LIABILITIES		1,357,655	1,296,103	1,315,706	1,256,099
NON-CURRENT LIABILITIES					
Income received in advance - not yet recognised -net	16	12,167	16,981	-	-
Long-term loans from related person	4.1	1,400	1,400	-	-
Long-term loans	17	58,000	58,000	-	-
Other non-current liabilities		8,022	9,095	7,876	8,871
TOTAL NON-CURRENT LIABILITIES		79,589	85,476	7,876	8,871
TOTAL LIABILITIES		1,437,244	1,381,579	1,323,582	1,264,970
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital					
328,345,090 ordinary shares @ Baht 1.00 par value each		328,345	328,345	328,345	328,345
Issued and paid-up share capital					
323,921,130 ordinary shares @ Baht 1.00 par value 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	5	(6,382)	(10,537)	(6,382)	(10,537)
Capital surplus from assets revaluation	10	27,585	28,076	27,585	28,076
Discount on capital resulting from change in shareholding ratio in subsidiary	9.2	(6,643)	(6,643)	-	-
Retained earnings	18				
Appropriated					
Legal reserve		35,627	35,627	35,627	35,627
Unappropriated		138,239	169,693	119,936	154,653
TOTAL SHAREHOLDERS' EQUITY OF PARENT COMPANY		661,768	689,558	650,108	681,161
Minority's interest		56,877	54,254	-	-
TOTAL SHAREHOLDERS' EQUITY		718,645	743,812	650,108	681,161
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,155,889	2,125,391	1,973,690	1,946,131

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF INCOME

For the three-month periods ended June 30, 2010 and 2009

(Unit : Thousand Baht)

	Notes	Consolidated	Financial statements in which	Separate	
		financial statements	the equity method is applied	financial statements	
		2010	to investment	2010	2009
			2009		
Revenues from sales		1,303,387	1,213,829	1,301,351	1,213,829
Income from educational fee and services		26,498	-	-	-
Total revenues		1,329,885	1,213,829	1,301,351	1,213,829
Cost of sales		(888,604)	(833,130)	(886,953)	(833,130)
Cost of services		(17,491)	-	-	-
Total cost of sales and services		(906,095)	(833,130)	(886,953)	(833,130)
Gross profit		423,790	380,699	414,398	380,699
Interest and dividend income		2,970	1,768	4,770	3,268
Other income		6,936	7,077	6,830	7,077
Profit before expenses		433,696	389,544	425,998	391,044
Selling expenses		(207,750)	(196,927)	(207,750)	(196,927)
Administrative expenses		(121,636)	(108,416)	(117,164)	(108,416)
Executives' and directors' remunerations	21	(9,313)	(8,079)	(8,441)	(8,079)
Total expenses		(338,699)	(313,422)	(333,355)	(313,422)
Participating profit from investments in associated company		2,760	4,772	-	-
Profit before financial cost and income tax		97,757	80,894	92,643	77,622
Financial cost		(1,040)	(8)	(1)	(8)
Profit before income tax		96,717	80,886	92,642	77,614
Income tax	22	(24,603)	(23,721)	(24,603)	(23,721)
Profit for the period		72,114	57,165	68,039	53,893
Appropriation of profit					
Belonging to shareholders' equity of parent company		70,418	57,165	68,039	53,893
Belonging to minority shareholders' equity		1,696	-	-	-
		72,114	57,165	68,039	53,893
Earnings per share of shareholders' equity of parent company (Unit : Baht)		0.22	0.18	0.21	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 AND ITS SUBSIDIARY

STATEMENTS OF INCOME

For the six-month periods ended June 30, 2010 and 2009

(Unit : Thousand Baht)

	Consolidated financial statements	Financial statements in which the equity method is applied to investment	Separate financial statements	
Notes	2010	2009	2010	2009
Revenues from sales	2,455,989	2,289,532	2,453,865	2,289,532
Income from educational fee and services	52,584	-	-	-
Total revenues	2,508,573	2,289,532	2,453,865	2,289,532
Cost of sales	(1,690,331)	(1,564,667)	(1,688,662)	(1,564,667)
Cost of services	(35,815)	-	-	-
Total cost of sales and services	(1,726,146)	(1,564,667)	(1,688,662)	(1,564,667)
Gross profit	782,427	724,865	765,203	724,865
Interest and dividend income	8,213	5,161	9,931	6,661
Other income	18,558	15,389	18,215	15,389
Profit before expenses	809,198	745,415	793,349	746,915
Selling expenses	(411,187)	(382,948)	(411,187)	(382,948)
Administrative expenses	(225,619)	(199,667)	(216,606)	(199,667)
Executives' and directors' remunerations	21 (18,514)	(16,037)	(16,872)	(16,037)
Total expenses	(655,320)	(598,652)	(644,665)	(598,652)
Participating profit from investments in associated company	2,760	3,190	-	-
Profit before financial cost and income tax	156,638	149,953	148,684	148,263
Financial cost	(2,135)	(146)	(67)	(146)
Profit before income tax	154,503	149,807	148,617	148,117
Income tax	22 (34,330)	(41,977)	(34,330)	(41,977)
Profit for the period	120,173	107,830	114,287	106,140
Appropriation of profit				
Belonging to shareholders' equity of parent company	117,550	107,830	114,287	106,140
Belonging to minority shareholders' equity	2,623	-	-	-
	120,173	107,830	114,287	106,140
Earnings per share of shareholders' equity of parent company (Unit : Baht)	0.37	0.33	0.35	0.33
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 AND ITS SUBSIDIARY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six-month periods ended June 30, 2010

Consolidated financial statements

(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	Discount on capital resulting from change in shareholding ratio in subsidiary	Retained earnings		Total shareholders' equity of parent company	Minority's interest	Total
							Appropriated Legal Reserve	Unappropriated			
Balance as of January 1, 2010		323,921	149,421	(10,537)	28,076	(6,643)	35,627	169,693	689,558	54,254	743,812
Unrealized gain on securities available for sale		-	-	4,155	-	-	-	-	4,155	-	4,155
Depreciation-capital surplus from assets revaluation	10	-	-	-	(491)	-	-	-	(491)	-	(491)
Total recognised income (expenses) in shareholders' equity		-	-	4,155	(491)	-	-	-	3,664	-	3,664
Profit for the period		-	-	-	-	-	-	117,550	117,550	2,623	120,173
Total income (expenses) recognised for the period		-	-	4,155	(491)	-	-	117,550	121,214	2,623	123,837
Dividend payment	18	-	-	-	-	-	-	(149,004)	(149,004)	-	(149,004)
Balance as of June 30, 2010		323,921	149,421	(6,382)	27,585	(6,643)	35,627	138,239	661,768	56,877	718,645

Unaudited

Limited Review Only

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six-month periods ended June 30, 2009

Financial statements in which the equity method is applied to investment

(Unit : Thousand Baht)

	Notes	Issued and paid-up share capital	Premiums on share capital	Unrealized gain (loss) on securities available for sale	Capital surplus from assets revaluation	Discount on capital resulting from change in shareholding ratio in associated company	Retained earnings		Total
							Appropriated Legal reserve	Unappropriated	
Balance as of January 1, 2009		323,921	149,421	(21,556)	29,065	(6,764)	35,627	144,235	653,949
Unrealized gain on securities available for sale		-	-	7,639	-	-	-	-	7,639
Depreciation-capital surplus from assets revaluation	10	-	-	-	(490)	-	-	-	(490)
Total recognised income (expenses) in shareholders' equity		-	-	7,639	(490)	-	-	-	7,149
Profit for the period		-	-	-	-	-	-	107,830	107,830
Total income (expenses) recognised for the period		-	-	7,639	(490)	-	-	107,830	114,979
Dividend payment	18	-	-	-	-	-	-	(126,329)	(126,329)
Balance as of June 30, 2009		323,921	149,421	(13,917)	28,575	(6,764)	35,627	125,736	642,599

Unaudited

Limited Review Only

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six-month periods ended June 30, 2010 and 2009

Separate financial statements

(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 Legal reserve	Unappropriated	
Balance as of January 1, 2010		323,921	149,421	(10,537)	28,076	35,627	154,653	681,161
Unrealized gain on securities available for sale		-	-	4,155	-	-	-	4,155
Depreciation-capital surplus from assets revaluation	10	-	-	-	(491)	-	-	(491)
Total recognised income (expenses) in shareholders' equity		-	-	4,155	(491)	-	-	3,664
Profit for the period		-	-	-	-	-	114,287	114,287
Total income (expenses) recognised for the period		-	-	4,155	(491)	-	114,287	117,951
Dividend payments	18	-	-	-	-	-	(149,004)	(149,004)
Balance as of June 30, 2010		323,921	149,421	(6,382)	27,585	35,627	119,936	650,108
Balance as of January 1, 2009		323,921	149,421	(21,556)	29,065	35,627	131,408	647,886
Unrealized gain on securities available for sale		-	-	7,639	-	-	-	7,639
Depreciation-capital surplus from assets revaluation	10	-	-	-	(490)	-	-	(490)
Total recognised income (expenses) in shareholders' equity		-	-	7,639	(490)	-	-	7,149
Profit for the period		-	-	-	-	-	106,140	106,140
Total income (expenses) recognised for the period		-	-	7,639	(490)	-	106,140	113,289
Dividend payments	18	-	-	-	-	-	(126,329)	(126,329)
Balance as of June 30, 2009		323,921	149,421	(13,917)	28,575	35,627	111,219	634,846

**Unaudited
Limited Review Only**

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

CASH FLOW STATEMENTS

For the six-month periods ended June 30, 2010 and 2009

(Unit : Thousand Baht)

	Consolidated	Financial statements in which	Separate	
	financial statements	the equity method is applied to investment	financial statements	financial statements
	2010	2009	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before income tax	154,503	149,807	148,617	148,117
Adjustment to profit for the period for cash-received (payments) from operation				
Doubtful debts and bad debts (return of bad debts)	(173)	(162)	(504)	(162)
Adjustment for accounts receivable reconciliation	(109)	(77)	(109)	(77)
Expense from returned goods estimation	694	1,191	694	1,191
Expense from lost goods	7,359	11,137	7,359	11,137
Expense from allowance for lost, dilapidated and slow-moving goods (reversal)	(1,339)	7,400	(1,441)	7,400
Expense from donated goods and fixed assets	11,609	276	11,609	276
Expense from goods destroyed	-	2,784	-	2,784
Expense from goods damaged by fire incident	2,921	-	2,921	-
Participating profit from investment in associated companies	(2,760)	(3,190)	-	-
Depreciation-fixed assets for operation	52,001	47,699	45,774	47,699
Depreciation-fixed assets not used for operation	32	32	32	32
Loss from sale and written-off fixed assets	482	486	482	486
Amortized leasehold right on land and buildings	6,401	6,232	6,232	6,232
Amortized intangible assets	1,365	1,624	1,341	1,624
Adjustment for accounts payable reconciliation	-	(1,953)	-	(1,953)
Interest expenses	2,135	146	67	146
Interest income	(2,967)	(2,354)	(2,885)	(2,354)
Dividend income	(5,246)	(2,807)	(7,046)	(4,307)
Profit from operation before change in operating assets and liabilities	226,908	218,271	213,143	218,271

Unaudited
Limited Review Only

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

CASH FLOW STATEMENTS

For the six-month periods ended June 30, 2010 and 2009

(Unit : Thousand Baht)

	Consolidated	Financial statements in which	Separate	
	financial statements	the equity method is applied to investment	financial statements	financial statements
	2010	2009	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES (Continued)				
Operating assets (increase) decrease				
Trade accounts receivable	(43,924)	(38,980)	(43,941)	(38,980)
Inventories	36,765	67,777	36,568	67,777
Prepaid expenses	(10,169)	(5,795)	(8,974)	(5,795)
Damage compensation receivable	17,793	-	17,793	-
Other current assets	5,114	1,508	2,091	1,508
Copyright and translation fee paid in advance	1,197	(1,546)	1,197	(1,546)
Rental guarantee and deposit	(9,837)	(1,835)	(9,837)	(1,835)
Other non-current assets	(714)	1,223	(774)	1,223
Operating liabilities increase (decrease)				
Trade accounts payable	77,973	9,017	77,235	9,017
Income received in advance-not yet recognised	(2,912)	-	-	-
Accrued expenses	(7,544)	(7,774)	(9,818)	(7,774)
Other accounts payable	(11,580)	(11,832)	(11,580)	(11,832)
Other current liabilities	291	3,431	3,424	3,431
Other non-current liabilities	(1,073)	160	(995)	160
Cash received from operating activities	278,288	233,625	265,532	233,625
Interest paid	(2,135)	(146)	(67)	(146)
Income tax paid	(33,687)	(26,081)	(33,687)	(26,081)
Net cash provided by operating activities	242,466	207,398	231,778	207,398
CASH FLOW FROM INVESTING ACTIVITIES				
Cash received from sale of temporary investments	10,000	5	10,000	5
Cash received from loan to associated company	-	14,000	-	14,000
Cash paid for loan to associated company	-	(3,000)	-	(3,000)
Interest received	2,916	2,764	2,817	2,764
Dividends received	7,046	2,807	7,046	2,807
Purchase of equipment	(49,052)	(37,317)	(39,843)	(37,317)
Purchase of intangible assets	(171)	(1,889)	(171)	(1,889)
Cash received from sale of equipment	647	4	647	4
Net cash used in investing activities	(28,614)	(22,626)	(19,504)	(22,626)

Unaudited

Limited Review Only

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

CASH FLOW STATEMENTS

For the six-month periods ended June 30, 2010 and 2009

(Unit : Thousand Baht)

	Consolidated	Financial statements in which	Separate	
	financial statements	the equity method is applied to investment	financial statements	financial statements
	2010	2009	2010	2009
CASH FLOW FROM FINANCING ACTIVITIES				
Cash received from short- term loan from other person	(210)	-	-	-
Cash paid for assets payable	(1,261)	(2,116)	(1,261)	(2,116)
Dividend paid	(149,004)	(126,329)	(149,004)	(126,329)
Net cash used in financing activities	<u>(150,475)</u>	<u>(128,445)</u>	<u>(150,265)</u>	<u>(128,445)</u>
Cash and cash equivalent items increase - net	63,377	56,327	62,009	56,327
Cash and cash equivalent items at the beginning of the period	544,808	336,679	506,609	336,679
Cash and cash equivalent items at the end of the period	<u>608,185</u>	<u>393,006</u>	<u>568,618</u>	<u>393,006</u>
Supplemental disclosures to the cash flow statements				
1. Cash and cash equivalent items consist of :				
Cash	18,241	17,948	17,756	17,948
Cash at bank (maturity period not exceeding 3 months)	231,737	164,380	192,655	164,380
Government bond (maturity period not exceeding 3 months)	358,207	210,678	358,207	210,678
Total	<u>608,185</u>	<u>393,006</u>	<u>568,618</u>	<u>393,006</u>
2. Items not effecting cash flow :				
2.1 Recording of unrealized gain on revaluation of securities available for sale to shareholders' equity	4,155	7,639	4,155	7,639
2.2 Purchase of fixed assets which had not yet been paid	1,338	936	964	1,936
2.3 Recording of depreciation-capital surplus from assets revaluation	491	490	491	490
2.4 Accrued dividend receivable from associated company	-	-	-	1,500

Unaudited
Limited Review Only

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO FINANCIAL STATEMENTS****June 30, 2010 and 2009 (Unaudited/Limited Review Only)****and December 31, 2009 (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, with the company registration number 0107536000285. The Company's headquarter is situated at 1858/87-90, Nation Tower Building, 19th Floor, Bangna-Trad Road, Bangna Sub-District, Bangna District, Bangkok, 10260 and its distribution center is situated at 99 Moo 1, Kingkaew Road, Tambon Rajatewa, Bangplee District, Samutprakarn Province, 10540.

Nature of the Company's business operation :

1. Sell books and magazines on a retail basis through their own SE-ED book centers.
2. Publish and distribute their own technical books and magazines, as well as distribute the books from other publishers and organizations to nationwide bookshops.
3. Advertising services for magazines published by the Company.
4. Publishing engagement and sell electronic parts and equipment, etc.

2. Basis of financial statement 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 Standard No. 34 (revised 2007) on "Interim Financial Reporting" and has presented items in the balance sheets, the statements of income, changes in shareholders' equity and cash flows in the same format as those presented in the annual financial statements according to Thai Accounting Standard No. 1 (revised 2007) on "Presentation of Financial Statements" and disclosed information in accordance with the pronouncement of the Office of the Securities and Exchange Commission and also the regulations of the Stock Exchange of Thailand.

These financial statements were prepared by using original cost basis except those disclosed otherwise in the accounting policies.

- 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 These interim financial statements present the money currency in Baht and are rounded to reflect the thousands Baht, unless specified otherwise.
- 2.4 Adoption of new accounting standards

The Federation of Accounting Professions has issued FAP's Notification No. 17/2553, which has been published in the Royal Gazette on 26 May 2010, and FAP's Notification No. 34/2553, which is in the process of being published in the Royal Gazette, mandating the use of new accounting standards and financial reporting standard as follows:-

<u>Reference Standard No.</u>	<u>Name</u>	<u>Effective Date</u>
Accounting Framework (Revised 2009)		Immediately
Accounting Standard No. 1 (Revised 2009)	Presentation of Financial Statements	January 1, 2011
Accounting Standard No. 2 (Revised 2009)	Inventories	January 1, 2011
Accounting Standard No. 7 (Revised 2009)	Statement of Cash Flows	January 1, 2011
Accounting Standard No. 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2011
Accounting Standard No. 10 (Revised 2009)	Events after the Reporting Period	January 1, 2011
Accounting Standard No. 11 (Revised 2009)	Construction Contracts	January 1, 2011
Accounting Standard No. 12	Income Taxes	January 1, 2013
Accounting Standard No. 17 (Revised 2009)	Leases	January 1, 2011
Accounting Standard No. 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2013
Accounting Standard No. 23 (Revised 2009)	Borrowing Costs	January 1, 2011
Accounting Standard No. 24 (Revised 2009)	Related Party Disclosures	January 1, 2011
Accounting Standard No. 27 (Revised 2009)	Consolidated and Separate Financial Statements	January 1, 2011
Accounting Standard No. 28 (Revised 2009)	Investments in Associates	January 1, 2011
Accounting Standard No. 29	Financial Reporting in Hyperinflationary Economics	January 1, 2011
Accounting Standard No. 31 (Revised 2009)	Interests in Joint Ventures	January 1, 2011
Accounting Standard No. 33 (Revised 2009)	Earnings per Share	January 1, 2011
Accounting Standard No. 34 (Revised 2009)	Interim Financial Reporting	January 1, 2011
Accounting Standard No. 36 (Revised 2009)	Impairment of Assets	January 1, 2011
Accounting Standard No. 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2011

<u>Reference Standard No.</u>	<u>Name</u>	<u>Effective Date</u>
Accounting Standard No. 38 (Revised 2009)	Intangible Assets	January 1, 2011
Accounting Standard No. 40 (Revised 2009)	Investment Property	January 1, 2011
* Financial Reporting Standards No. 3 (Revised 2009)	Business Combination	January 1, 2011
Financial Reporting Standards No. 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2011
Financial Reporting Standards No. 6	Exploration for and Evaluation of Mineral Resources	January 1, 2011

Remark : * in the process of being published in the Royal Gazette

The management of the Company is evaluating its effect on the financial statements on the accounting period the following accounting standards becomes effective: -

Accounting Standard No. 1 (revised 2009)	Presentation of Financial Statements
Accounting Standard No. 12	Income Taxes
Accounting Standard No. 24 (revised 2009)	Related Party Disclosures

For the application of the remaining accounting standards and financial reporting standards, the management of the Company has evaluated and thought the said Thai Accounting Standards and financial reporting standards would not have material effects on the financial statements for the year in which it is initially applied.

- 2.5 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, 2009.
- 2.6 The interim financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

3. Basis for preparation of the interim consolidated financial statements

In preparation for these interim consolidated financial statements, the financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED (“the parent company”) and Plearn Patt Co., Ltd. (“the subsidiary”) are consolidated. The significant accounting policies and basis of consolidation of the financial statements for the year ended December 31, 2009 is applied for the financial statement preparation currently and there is no change in the structure of the Group Companies during the period.

The Company consolidated the financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED and those of Plearn Patt Co., Ltd., in the preparation of the consolidated financial statements for the 4th quarter of 2009, because the Company's top executive has the controlling power in directing the financial policies and operation of Plearn Patt Co., Ltd. The said company is, therefore, treated as a subsidiary in compliance with the Thai Accounting Standard No. 27 (Revised 2007) on "Consolidated and Separate Financial Statements". The Company commenced to consolidate the financial statements of Plearn Patt Co., Ltd. since October 1, 2009 onwards.

4. Transactions with related parties and person

The Company constitutes accounting transactions incurred with related parties or person such transaction between the Company and subsidiary, associated company, the company's shareholder of the Company and entities which related to the said company. The materially remaining inter-balances and transactions between the Company and related parties or person are as follows:

4.1 Inter-assets and liabilities

		(Unit : Thousand Baht)			
		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>As of</u>		<u>As of</u>	
	<u>Type of relationship</u>	<u>June 30, 2010</u>	<u>December 31, 2009</u>	<u>June 30, 2010</u>	<u>December 31, 2009</u>
<u>Loans to</u>					
Plearn Patt Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	11,000
Increased loan in the period		-	-	-	3,000
Received repayment in the period		-	-	-	(14,000)
Ending balance		-	-	-	-
<u>Trade accounts receivable</u>					
Plearn Patt Co., Ltd.	Subsidiary	-	-	-	44
<u>Leasehold right on land</u>					
Related person	Shareholder/directors of subsidiary	7,876	8,045	-	-
<u>Trade accounts payable</u>					
M AND E Co., Ltd.	Associated company	2,353	2,314	2,353	2,314
GMM Grammy Public Co., Ltd.	Shareholder	4,396	4,711	4,396	4,711
Bliss Publishing Co., Ltd.	Company related to shareholders	5,734	4,860	5,734	4,860
Post Publishing Public Co., Ltd.	Company related to shareholders	7,139	5,709	7,139	5,709
Total		19,622	17,594	19,622	17,594
<u>Short-term loans from</u>					
Related person	Shareholder of subsidiary				
Beginning balance		210	150	-	-
Increased loan in the period		-	60	-	-
Repayment in the period		(210)	-	-	-
Ending balance		-	210	-	-

(Unit : Thousand Baht)

	<u>Type of relationship</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>As of</u>		<u>As of</u>	
		<u>June 30, 2010</u>	<u>December 31, 2009</u>	<u>June 30, 2010</u>	<u>December 31, 2009</u>
<u>Long-term loans from</u>					
Related person	Shareholder of subsidiary				
Beginning balance		500	500	-	-
Increased loan in the period		-	-	-	-
Repayment in the period		-	-	-	-
Ending balance		500	500	-	-
Related person	Director of subsidiary				
Beginning balance		900	900	-	-
Increased loan in the period		-	-	-	-
Repayment in the period		-	-	-	-
Ending balance		900	900	-	-
Total		1,400	1,400	-	-

In the years 2009, loan to a subsidiary 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 subsidiary to use for construction and working capital for the school. On February 10, 2009, the Company has already received the full payment for the outstanding amount.

In the year 2010 and 2009, short-term loan is a loan from shareholder of subsidiary with objective to use it as working capital in that subsidiary. Interest is chargeable at the average interest rate for the deposit charged by the 5 major commercial banks plus 3.00% per annum but there has been no agreement made between them.

In the year 2010 and 2009, long-term loans are loans from shareholder and director of subsidiary with the objective to use it as working capital in that subsidiary in the form of promissory notes with the term of three years and interest is chargeable at 6.00% per annum.

4.2 Inter-revenues and expenses

(Unit : Thousand Baht)

	Type of relationship	Financial statements in which the equity method is applied to			Policy of inter-price setting
		Consolidated	Separate	investment/ Separate	
		financial statements	financial statements	financial statements	
		For the six-month periods ended June 30,		For the six-month periods ended June 30,	
		2010	2010	2009	
<u>Sales of goods values</u>					
Pleam Patt Co., Ltd.	Subsidiary	-	171	-	Market price
<u>Purchase of goods values</u>					
M AND E Co., Ltd.	Associated company	2,506	2,506	39	Market price
GMM Grammy Public Co., Ltd.	Shareholder	4,473	4,473	5,130	Market price
Bliss Publishing Co., Ltd.	Company related to shareholders	10,106	10,106	7,152	Market price
Post Publishing Public Co., Ltd.	Company related to shareholders	15,185	15,185	-	Market price
		32,270	32,270	12,321	
<u>Interest income</u>					
Pleam Patt Co., Ltd.	Subsidiary	-	-	114	Interest rate at MOR per annum
<u>Leased land</u>					
Related person	Shareholder/director of subsidiary	496	-	-	Mutually agreed agreement
<u>Amortized land leasehold right</u>					
Related person	Shareholder/director of subsidiary	169	-	-	Mutually agreed agreement
<u>Interest expenses</u>					
Related person	Shareholder/director of subsidiary	24	-	-	5-6% per annum

5. Temporary investments-net

Consisted of: -

(Unit : Thousand Baht)

	Consolidated /Separate financial statements							
	As of							
	June 30, 2010				December 31, 2009			
	Cost	Fair value	Dividends		Cost	Fair value	Dividends	
			for the six-month period	Accumulated dividends received			for the year	Accumulated dividends received
Securities available for sale :-								
<u>Equity instruments</u>								
Unit trusts								
One Fas Prosperity Fund	30,000	24,605	1,162	4,142	30,000	22,108	2,979	2,980
Bangkok Commercial Property Fund	19,101	17,764	678	7,129	19,101	17,191	1,337	6,451
Vayupak Fund 1	30,000	31,230	1,050	11,100	30,000	30,450	1,350	10,050
<u>Debt instruments</u>								
Asset Plus Fixed Income Dividend Fund 2	110,381	109,501	2,356	11,142	110,381	109,196	2,978	8,786
Total	189,482	183,100	5,246	33,513	189,482	178,945	8,644	28,267
<u>Less</u> Unrealized loss on securities available for sale	(6,382)	-	-	-	(10,537)	-	-	-
Net	183,100	183,100	5,246	33,513	178,945	178,945	8,644	28,267
Fixed deposit with 7 months maturity	-	-	-	-	10,000	10,000	-	-
Total temporary investments-net	183,100	183,100	5,246	33,513	188,945	188,945	8,644	28,267

6. Trade accounts receivable-net

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

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As of</u>		<u>As of</u>	
	<u>June 30, 2010</u>	<u>December 31, 2009</u>	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Trade accounts receivable				
Within credit term	83,056	51,289	82,939	51,284
Over credit term less than 6 months	30,603	48,003	29,872	46,874
Over credit term more than 6 months to 12 months	31,878	2,310	31,428	1,892
Over credit term more than 12 months	26,073	25,975	24,824	24,963
Total trade accounts receivable	171,610	127,577	169,063	125,013
<u>Less</u> Allowance for doubtful debts	(23,477)	(23,650)	(22,476)	(22,980)
Allowance for returned goods	(5,928)	(5,234)	(5,928)	(5,234)
Net	142,205	98,693	140,659	96,799

As of June 30, 2010 and December 31, 2009, a part of the trade accounts receivable that were overdue for more than 12 months, in the consolidated and separate financial statements, at the amount of Baht 18.15 million, the same amount for the both periods, represented a receivable that has already been provided with full allowance since the year 1998 and the Company has already filed lawsuit against this debtor. On February 5, 2007 the Central Bankruptcy Court gave order for the Company to receive payment from the asset pool of the debtor. The receiver informed that all assets of the said debtor had already been auctioned off with cash value of approximately Baht 2.00 million and the money received could not be adequately payable by average to creditors at present and furthermore, there are still requests from a number of other creditors to be considered. The Company, therefore, anticipates that there would not be any full repayment.

Normally, the Company and its subsidiary give credit terms to their customer for the period of 30-90 days.

In the period, the movement in transactions of allowance for doubtful debts is as follows: -

(Unit : Thousand Baht)

	<u>Consolidated</u>	<u>Separate</u>
	<u>financial statements</u>	<u>financial statements</u>
Balance as of January 1, 2010	(23,650)	(22,980)
<u>Add</u> Allowance for doubtful debts	(1,656)	(1,325)
<u>Less</u> Reversal of allowance for doubtful debts	1,829	1,829
Balance as of June 30, 2010	(23,477)	(22,476)

7. Inventories-net

Consisted of: -

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As of</u>		<u>As of</u>	
	<u>June 30, 2010</u>	<u>December 31, 2009</u>	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Raw materials	23,255	25,836	23,255	25,836
Work in process	5,557	4,856	5,557	4,856
Finished goods	449,819	506,571	447,506	504,061
Total	478,631	537,263	476,318	534,753
<u>Less</u> Allowance for lost goods	(13,537)	(18,316)	(13,537)	(18,316)
Allowance for dilapidated and slow-moving goods	(81,041)	(77,601)	(80,939)	(77,601)
Net	384,053	441,346	381,842	438,836

In the first quarter of 2010, the Company changed a policy for estimating allowance for lost goods from a former rate at 1.00% of each branch sales to a rate of 0.55% of each branch sales, resulting in a decrease of allowance for goods loss for the six-month period ended June 30, 2010 by Baht 9.27 million. This arrangement is made to suit the current situation.

8. Damage compensation receivable

As of December 31, 2009, the whole amount represented damage compensation receivable because of fire raging in the vicinity of a branch of SE-ED Book Center in July 2009 and event of temporary warehouse flood, which caused the damage to the parts of goods and fixed assets. The Company has already received the damage compensation for the said amount from the insurance company in full in February 2010.

9. 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 shareholdings</u>	<u>Consolidated and separate financial statements</u>		
					<u>As of June 30, 2010</u>		
					<u>Investments</u>	<u>Dividend</u>	<u>For the six-month</u>
			<u>Equity Method</u>	<u>Cost Method</u>			
<u>Subsidiaries</u>							
SE-ED Book Center Co., Ltd.	Business consulting	Thailand	100	99.93	100	100	-
Plearn Patt Co., Ltd.	Institute of private education-Plearn Pattana School	Thailand	170,000	48.82	-	83,000	-
<u>Associated company</u>							
M AND E Co., Ltd.	Printing office, production of technical magazines and engineering manuals	Thailand	400	25.00	27,037	100	1,800
Total investments					27,137	83,200	1,800
<u>Less</u> Allowance for revaluation of investment-Plearn Patt Co., Ltd.					-	(13,668)	-
Net					27,137	69,532	1,800

(Unit : Thousand Baht)

Consolidated and separate financial statementsAs of December 31, 2009

	<u>Nature of business</u>	<u>Country of</u>	<u>Paid-up</u>	<u>Percentage of</u>	<u>Investments</u>		<u>Dividend</u>	
					<u>Incorporation</u>	<u>share capital</u>		<u>shareholdings</u>
<u>Subsidiaries</u>								
	SE-ED Book Center Co., Ltd.	Business consulting	Thailand	100	99.93	100	100	-
	Pleam Patt Co., Ltd.	Institute of private education-Pleam Pattana School	Thailand	170,000	48.82	-	83,000	-
<u>Associated company</u>								
	M AND E Co., Ltd.	Printing office, production of technical magazines and engineering manuals	Thailand	400	25.00	26,077	100	1,500
	Total investments					26,177	83,200	1,500
	<u>Less</u> Allowance for revaluation of investment - Pleam Patt Co., Ltd.					-	(13,668)	-
	Net					26,177	69,532	1,500

Summarized financial information of the subsidiary and associated companies

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

(Unit : Thousand Baht)

For the six-monthAs ofperiods ended June 30,

	<u>June 30, 2010</u>	<u>December 31, 2009</u>	<u>2010</u>	<u>2009</u>
Total assets	224,594	222,072		
Total liabilities	113,661	116,652		
Total revenue			55,305	47,818
Profit for the period			4,925	235

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

(Unit : Thousand Baht)

For the year endedAs ofDecember 31,

	<u>December 31, 2009</u>	<u>December 31, 2008</u>	<u>2009</u>	<u>2008</u>
Total assets	118,752	114,219		
Total liabilities	3,404	3,910		
Total revenue			35,591	39,750
Profit for the period			11,040	12,298

9.1 For the investment in Plearn Patt Co., Ltd.

As of June 30, 2010 and December 31, 2009, the Company consolidated the financial statements of Plearn Patt Co., Ltd. as specified in notes to financial statements No. 3.

In the year 2009, the Company recognized participating result from operation in the consolidated financial statements as follows :-

- 1) In the year 2009, the Company recognized participation in loss from investment in associated company as presented in the related consolidated statements of income for the amount of Baht 0.26 million or equivalent to 0.12% of profit for the year shown in the consolidated financial statements, from the financial statements for the year ended March 31, 2009 (This recognition was especially made for the operation of the three-month period ended March 31, 2009.) and the financial statements for the six-month period ended September 30, 2009 of the associated company, which were audited and reviewed by another auditors respectively.
- 2) As of December 31, 2009, the Company adjusted the discount on capital incurred from the decreased change in the shareholding ratio in subsidiary at Baht 0.12 million; therefore, resulted in the increase in the investment and there was the discount from the decrease from the change in the shareholding ratio in subsidiary in the shareholders' equity by the same amount. Consequently, the shareholding proportion in subsidiary has decreased by 0.19%.

9.2 For the investments in M AND E Co., Ltd., which is an associated company, the Company recognized participating result from operation of that associated company in the consolidated and in which the equity method is applied to investment financial statements as follows:-

- 1) For the three-month and six-month periods ended June 30, 2010 and 2009, the Company recognized participating profit or loss from result operation for the year ended December 31, 2009 and 2008 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 statement of income, in which the equity method is applied to the investment, for the three-month and six-month periods ended June 30, 2010 at the same amount of Baht 2.76 million, both periods, equivalent 3.83% and 2.30% of the profit for the periods in the consolidate financial statements respectively and for the three-month and six-month periods ended June 30, 2009 at the same amount of Baht 3.07 million, both periods, equivalent 5.38% and 2.85% of the profit for the periods in the financial statements, in which the equity method is applied to the investment respectively. As of June 30, 2010, the Company had investment in that associated company for the amount of Baht 27.04 million, equivalent to 1.25% of total assets in the consolidated financial statements.

- 2) For the year ended December 31, 2009, the Company recognized participating profit or loss from result operation for the year ended December 31, 2008, 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 consolidated statements of income, for the year ended December 31, 2009, (recorded in the second quarter of year 2009) for the amount of Baht 3.07 million equivalent to 1.41% of profit for the year shown in the consolidated financial statements, and as of December 31, 2009, the Company had investment in that associated company for the amount of Baht 26.08 million equivalent to 1.23% of total assets in the consolidated financial statements.

- 9.3 The Company has not presented the consolidated financial statements of the Company and SE-ED Book Center Co., Ltd., which is a subsidiary, since the value of investment in the subsidiary does not materially affect the Company's financial statements.

10. Property, plant and equipment-net

For the six-month period ended June 30, 2010 the movements are as follows :-

	(Unit : Thousand Baht)	
	<u>Consolidated</u>	<u>Separate</u>
	<u>financial statements</u>	<u>financial statements</u>
Net-book value at the beginning of the period	485,683	318,868
Purchases	50,390	40,807
Transfer in	18,523	10,712
Sale / Written-off	(19,727)	(19,727)
Transfer out	(18,523)	(10,712)
Depreciation-shown in the statement of income	(52,001)	(45,774)
Depreciation-capital surplus from assets revaluation (Presented under shareholders' equity item)	(491)	(491)
Accumulated depreciation of Sale / written-off assets	18,576	18,576
Net-book value at the end of the period	482,430	312,259

As of June 30, 2010 and December 31, 2009, building decoration built on lease and leasehold right contracts, in separate financial statements, with book value in amount of Baht 93.11 million and Baht 95.37 million respectively. Most of these assets would automatically be owned by the lessor once the lease contracts expire 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. 24.2.

As of June 30, 2010 and December 31, 2009, the subsidiary have the land improvement, building and building improvement on leasehold right contracts in the consolidated financial statements at the book value in amount of Baht 158.67 million and Baht 159.07 million respectively as mentioned in the notes to financial statements No. 11.

As of June 30, 2010 and December 31, 2009, assets which were fully depreciated in the consolidated financial statements, had cost value of Baht 405.05 million and Baht 391.24 million respectively and the separate financial statements such assets had cost values of Baht 394.07 million and Baht 381.68 million respectively. Parts of these assets are 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. If the Company chooses to account for the depreciation on capital surplus from the asset revaluation through the statements of income, the details of the effects would be as follows: -

	(Unit : Million Baht)			
	<u>Consolidated and separate financial statements</u>			
	<u>For the three-month</u>		<u>For the six-month</u>	
	<u>periods ended June 30,</u>		<u>periods ended June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Depreciation and Written Off Recognised under Shareholders' Equity	0.25	0.25	0.49	0.49
<u>If the above Depreciation and Written Off Recognised in the income statements,</u>				
<u>it would effect to:</u>				
Profit for the period decrease	0.25	0.25	0.49	0.49

On October 5, 2006, the Company arranged for independent appraiser to appraise value of land and construction using cost approach which means estimation of current cost in replacement of construction with new one, less by depreciation over the useful life and plus with market value of land. Which were appraised by increased amount of Baht 36.00 million and the Company has accounted this capital surplus in the caption of shareholders' equity.

From April 1, 2010 onward, the subsidiary has changed the approximate useful life of the land improvement, building and building improvement from 20-28.5 years to 24 years to better suit the remaining contractual term of the lease agreements for the land improvement, building and building improvement and the change is prospectively applied which resulted in the consolidated financial statements shown the increase in the profit for the three-month and six-month periods at the same amount of Baht 0.81 million, both periods.

11. Leasehold rights on land-net

The leasehold rights on land for the whole amount is the fee for obtaining the benefit from the land by constructing building on the land belonged to the subsidiary which made two lease contracts with the lessors who are shareholder of the subsidiary in amount of Baht 10.00 million for the period of 30 years on the land area of approximately 20 rais to be used for educational business place. The contracts stipulate that, during the contractual period, the lessor promises not to sell the leased land to anyone without consent from the subsidiary and, if the lessor has the most need without finding other alternative, the lessor promises that he or she will give a priority to offer to sell to the subsidiary first at arm-length price and if the subsidiary does not respond to the offer within 60 days since the offer date, the lessor is entitled to sell the leased land to outsider who will be obliged to bind himself or herself to conditions in these lease contracts.

In the consolidated financial statements for the three-month and six-month periods ended June 30, 2010 leasehold right was amortized as expense in amount of Baht 0.09 million and Baht 0.17 million respectively.

12. Leasehold rights on buildings-net

The whole amount of the leasehold on buildings represented leased areas in leading shopping centers of the Company in order to open 13 branches of SE-ED Book Center. Most of these leasehold rights were for the periods of approximately 15-30 years. For the three-month and six-month periods ended June 30, 2010 these leasehold rights were amortized to expenses by the amounts of Baht 3.10 million and Baht 6.23 million respectively. For the three-month and six-month periods ended June 30, 2009 these leasehold rights were amortized to expenses by the amounts of Baht 3.13 million and Baht 6.23 million respectively.

13. Land and land improvement not used for operation-net

For the six-month period ended June 30, 2010 the movements are as follows :-

	(Unit : Thousand Baht)
	<u>Consolidated and separate financial statements</u>
Net book value at the beginning of the period	33,586
Depreciation in the period	<u>(32)</u>
Net book value at the end of the period	<u><u>33,554</u></u>

On October 3, 2006, the Company arranged for independent appraiser to appraise value of land and land improvement not used for operation using market comparison approach which means that the land value will be determined significantly according to current market condition. The newly appraised value was Baht 33.80 million.

14. Intangible assets-net

Intangible assets represented patent right expense for software usage and for the six-month period ended June 30, 2010 there were movements as follows :-

	(Unit : Thousand Baht)	
	<u>Consolidated</u>	<u>Separate</u>
	<u>financial statements</u>	<u>financial statements</u>
Net book value at the beginning of the period	7,417	7,107
Purchases in the period	171	171
Amortization in the period	(1,365)	(1,341)
Net book value at the end of the period	6,223	5,937

15. Other non-current assets

Other non-current assets of the Company included the investments with guarantee obligations for electricity usage, area lease and book agents as follows: -

- As of June 30, 2010 and December 31, 2009, part of fixed deposits, with 12-month maturity period bearing the interest rates of 1.00%-1.50% per annum in amounts of Baht 8.76 million and Baht 8.67 million respectively were pledged as collaterals for the amounts of Baht 4.79 million and Baht 4.56 million respectively.
- As of June 30, 2010 and December 31, 2009, part of savings bonds with 7 year maturity period bearing the interest rates of 4.25%-5.10% per annum in amounts of Baht 3.00 million were pledged as collaterals for the same amounts of Baht 2.10 million for the both periods.

16. Income received in advance-not yet recognised-net

The subsidiary's income received in advance is that incurred from collecting initial entrance fee and education supporting fees from guardians in advance, which can be classified as follows: -

- 16.1 The initial entrance fee income is that income is collected from students first time when making enrolment.
- 16.2 Educational supporting fee is that mostly received under education supporting fee payment in advance project, which makes arrangement for interested person to acknowledge in writing to join the project for the period of 3-6 years so that to obtain discounts of 7% per year as specified in the project. According to terms of the project, if such person does not continue his or her education until completing agreed level, it is held that such privilege of special discount is foregone and educational supporting fee at normal rate becomes chargeable pursuant to actual occurred time and the subsidiary will return the remaining fee.

Consisted of:-

	(Unit : Thousand Baht)	
	<u>Consolidated financial statements</u>	
	<u>As of</u>	
	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Income received in advance-not yet recognised	48,725	51,637
<u>Less</u> Income received in advance recognisable within one year	(36,558)	(34,656)
Net	<u>12,167</u>	<u>16,981</u>

And its movements for the six-month period ended June 30, 2010 are as follows: -

	(Unit : Thousand Baht)		
	<u>The initial</u>	<u>Education</u>	<u>Total</u>
	<u>entrance fee</u>	<u>supporting fee</u>	
Income received in advance-not yet recognized-net at the beginning of the period	9,937	41,700	51,637
<u>Plus</u> Increase during the period	3,538	44,856	48,394
<u>Less</u> Income recognition during the period	(5,745)	(45,561)	(51,306)
Income received in advance-not yet recognized -net at the end of the period	<u>7,730</u>	<u>40,995</u>	<u>48,725</u>

17. Long-term loans

As of June 30, 2010 and December 31, 2009, long-term loans are loans of the subsidiary obtained from the guardians of students under educational loans project of Plearn Patt Co., Ltd. (a subsidiary) to be used for building construction and working capital within the said subsidiary with proper loan agreements made among them for the periods of 3-7 years bearing the interest rates of 5.80%-7.50% per annum.

18. Retained earnings

Dividends payment and legal reserve

	<u>Resolutions of the</u>	<u>Meeting date</u>	<u>Year 2010's operating result</u>		<u>Total</u>	<u>Legal reserve</u>	
			<u>Dividends</u>	<u>Dividends</u>		<u>dividends paid</u>	<u>% of</u>
	<u>Company's Board's</u>		<u>payment date</u>	<u>per share</u>	<u>(Million Baht)</u>	<u>Profit for the</u>	<u>(Million Baht)</u>
	<u>meeting no.</u>			<u>(Baht)</u>		<u>period</u>	
Quarter 1	2/2010	12/05/2010	11/06/2010	0.10	32.39	-	-

Year 2009's operating result

	<u>Resolutions of the Company's Board's/ Shareholders' meeting no.</u>	<u>Meeting date</u>	<u>Dividends payment date</u>	<u>Dividends per share (Baht)</u>	<u>Total dividends paid (Million Baht)</u>	<u>Legal reserve % of Profit for the period</u>	<u>Amount (Million Baht)</u>
Quarter 1	3/2009	11/05/2009	09/06/2009	0.10	32.39	-	-
Quarter 2	4/2009	14/08/2009	11/09/2009	0.10	32.39	-	-
Quarter 3	6/2009	12/11/2009	11/12/2009	0.10	32.39	-	-
Quarter 4	1/2010	29/04/2010	27/05/2010	0.36	116.61	-	-
	Total			0.66	213.78		-

Year 2008's operating result

	<u>Resolutions of the Company's Board's/ Shareholders' meeting no.</u>	<u>Meeting date</u>	<u>Dividends payment date</u>	<u>Dividends per share (Baht)</u>	<u>Total dividends paid (Million Baht)</u>	<u>Legal reserve % of Profit for the period</u>	<u>Amount (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	-	-
Quarter 4	1/2009	29/04/2009	28/05/2009	0.29	93.94	-	-
	Total			0.59	191.11		-

19. Capital management

The primary objectives of the Company's, its subsidiary's and associated company's capital management are to maintain their ability to continue as a going concern and to maintain an appropriate capital structure.

20. Nature of expenses

The nature of expenses consisted of: -

(Unit : Thousand Baht)

	<u>Consolidated financial statements/</u>			
	<u>Financial statements in which the equity method is</u>			
	<u>applied to investment</u>			
	<u>For the three-month periods</u>		<u>For the six-month periods</u>	
	<u>ended June 30,</u>			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Employees' salaries, wages and other benefits	140,432	114,920	276,275	226,654
Executives' and directors' remunerations	9,313	8,079	18,514	16,037
Depreciation and amortization	29,518	28,084	59,799	55,587
Rent, service fee and utility expenses	115,110	107,430	226,284	211,077
Operational expenses	39,664	32,245	76,591	61,274
Accounting estimated expenses	12,405	15,536	11,891	19,132
Variable cost depending on sale volume	19,467	18,807	37,905	31,418
Production expenses	28,609	40,043	48,213	68,690
Other costs in school business operation	5,243	-	8,785	-
Purchase of goods and raw material used	814,313	732,013	1,561,158	1,396,822
Movement in finished goods and work-in-process	30,720	49,395	56,051	76,628
Interest Expenses	1,040	8	2,135	146
Total	1,245,834	1,146,560	2,383,601	2,163,465

(Unit : Thousand Baht)

	<u>Separate financial statements</u>			
	<u>For the three-month periods</u>		<u>For the six-month periods</u>	
	<u>ended June 30,</u>			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Employees' salaries, wages and other benefits	126,797	114,920	248,853	226,654
Executives' and directors' remunerations	8,441	8,079	16,872	16,037
Depreciation and amortization	26,724	28,084	53,379	55,587
Rent, service fee and utility expenses	114,211	107,430	224,396	211,077
Operational expenses	38,915	32,245	74,939	61,274
Accounting estimated expenses	12,111	15,536	11,561	19,132
Variable cost depending on sale volume	19,467	18,807	37,905	31,418
Production expenses	28,609	40,043	48,213	68,690
Purchase of goods and raw material used	814,313	732,013	1,561,355	1,396,822
Movement in finished goods and work-in-process	30,720	49,395	55,854	76,628
Interest Expenses	1	8	67	146
Total	1,220,309	1,146,560	2,333,394	2,163,465

21. Executives' and directors' remunerations

Executives' and directors' remunerations included a portion paid to the Company's directors as benefits paid to directors under Section 90 of the Limited Public Company Act which excluded salaries and related fringe benefits paid to directors who are executives of the Company as follows :-

	(Unit : Million Baht)	
	<u>Consolidated and Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>
For the three-month periods ended June 30,	1.18	1.33
For the six-month periods ended June 30,	2.35	2.51

22. Income tax

For the three-month and six-month periods ended June 30, 2010 and 2009, the Company calculated the Income tax at 25% on accounting profit for the period after adding back adjusting items under the Revenue Code. The reduced rate is 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.

The subsidiary was exempted from paying Income tax by a Royal Decree issued under the Revenue Code to cover income tax exemption No. 284 B.E. 2538 dated June 30, 1995. By this authority income tax exemption is applicable to net profit derived from private school business or private higher education established under legislation covering private higher education establishments.

23. Disclosure of sectoral business operations

Details of the sectoral business operations in the consolidated and separate financial statements for the six-month periods ended June 30, 2010 and 2009 as follows:-

	(Unit : Thousand Baht)							
	Book publishing and distributing business		Institute of private education		Eliminated inter-transactions		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues from operation	2,453,865	2,289,532	54,879	-	(171)	-	2,508,573	2,289,532
Profit before financial cost and income tax	151,947	149,953	6,993	-	(2,302)	-	156,638	149,953
Financial cost	(67)	(146)	(2,068)	-	-	-	(2,135)	(146)
Profit before income tax	151,880	149,807	4,925	-	(2,302)	-	154,503	149,807
Income tax	(34,330)	(41,977)	-	-	-	-	(34,330)	(41,977)
Profit for the period	117,550	107,830	4,925	-	(2,302)	-	120,173	107,830
Appropriation of profit								
Belonging to shareholders' equity of parent company							117,550	107,830
Belonging to minority shareholders' equity							2,623	-
							120,173	107,830
<u>As of June 30,</u>								
Trade accounts receivable-net	140,659	119,144	1,546	-	-	-	142,205	119,144
Inventories-net	381,842	409,251	2,211	-	-	-	384,053	409,251
Property, plant and equipment-net	312,259	335,795	170,171	-	-	-	482,430	335,795
Other assets	1,150,590	949,961	50,666	-	(54,055)	-	1,147,201	949,961
Total assets	1,985,350	1,814,151	224,594	-	(54,055)	-	2,155,889	1,814,151

24. Obligations and contingent liabilities

24.1 As of June 30, 2010 and December 31, 2009, the Company held obligations and contingent liabilities as follows :-

	(Unit : Thousand Baht)					
	<u>Consolidated and separate financial statements</u>					
	<u>As of June 30, 2010</u>			<u>As of December 31, 2009</u>		
	<u>Total facility</u>	<u>Facility utilized</u>	<u>Available facility</u>	<u>Total facility</u>	<u>Facility utilized</u>	<u>Available facility</u>
Letters of guarantee	49,000	5,610	43,390	49,000	4,779	44,221
Letters of credit	4,000	-	4,000	4,000	-	4,000
Overdrafts	30,000	-	30,000	30,000	-	30,000
Short-term loan	50,000	-	50,000	50,000	-	50,000

As of June 30, 2010 and December 31, 2009, a part of letters of guarantee for the amounts of Baht 4.79 million and Baht 4.56 million respectively were guaranteed by the 12-month fixed deposit accounts as mentioned in the notes to financial statements No. 15.

24.2 As of June 30, 2010 and December 31, 2009, the Company has entered into agreements of building lease and services with a company and 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 313 branches and 304 branches respectively. The leasing periods ranged from 1 to 10 years. For the years 2010 and 2009, the total rental fee and public utility service fee that the Company has to pay are approximately Baht 444.10 million and Baht 421.17 million per annum respectively, most of which are calculated from percentage of sales amount.

As of June 30, 2010 and December 31, 2009, the Company has entered into agreements for leasing head office and warehouses (Kingkaew Road) with a company with 4 lease contracts as follows :-

- Lease agreement of head office for the period of 3 years, commencing from March 1, 2010 to February 29, 2013 with leasing fees of Baht 15.03 million per annum.
- Lease agreement of land and warehouse for the period of 3 years, commencing from January 1, 2009 to December 31, 2011 with leasing fees of between Baht 12.00 million and Baht 12.83 million per annum.
- Lease agreement of office building area nearby the warehouse for the period of 3 years, commencing from June 15, 2006 to June 14, 2009. At present, the agreement has been extended for another 2 years and 6 months commencing from June 15, 2009 to December 31, 2011 with leasing fees of between Baht 4.17 million and Baht 4.47 million per annum.
- Lease agreement of a new warehouse for the period of 12 years and 9 months, commencing from December 1, 2008 to August 31, 2021, with leasing fees of between Baht 1.78 million and Baht 2.64 million per annum. The Company paid a deposit of Baht 1.60 million, which will be returned by the lessor once the leasing term expires.

The four leasing agreements stipulated that leasing fees must be paid in advance annually.

24.3 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 and marketing promotion of the sale agent at 2.50% of the total books purchased value and the Company has to 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. However, the Company is in the process of agreement extension with the said company.

24.4 Copyright contracts

The Company entered into 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.

- 24.5 The Company entered into contract to rent printing machines with a company for the period of one year. When the term of the contract ends and neither party informs the other of the termination in writing; thus, the contract is regarded as binding for another year. The rate for printing service is calculated by printing volume. For the years 2010 and 2009, the total payment of service is approximately Baht 3.72 million and Baht 3.90 million per annum respectively and, once the rent contract expires, the lessor has the right to repossess the printing machines from the lessee immediately.
- 24.6 The subsidiary entered into land leasing agreement for the period of 30 years commencing January 1, 2003 to December 31, 2033 to be used as location of educational institute. The leasing fee amounts to Baht 827,000.00 per year and it will be raised at 10.00% for every three years.
- 24.7 The amount to be paid in the future under the un-cancellable operating lease agreements, as mentioned in the notes to financial statements Nos. 24.2 and 24.6, comprise of the following time periods: -

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As of</u>		<u>As of</u>	
	<u>June 30, 2010</u>	<u>December 31, 2009</u>	<u>June 30, 2010</u>	<u>December 31, 2009</u>
- Due in less than 1 year	35,222	35,222	34,222	34,222
- Due in more than 1 year to 5 years	43,961	44,461	42,461	42,461
- Due in more than 5 years	15,904	15,904	15,904	15,904
Total remaining obligation	95,087	95,587	92,587	92,587

25. Financial instruments

As of June 30, 2010, 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, 2009.

26. Approval of financial statements

These financial statements have been approved for issuance by SE-EDUCATION PUBLIC COMPANY LIMITED's board of directors on August 9, 2010.