

**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 September 30, 2010, the related consolidated and separate statements of income for the three-month and nine-month periods ended September 30, 2010, the related consolidated and separate changes in shareholders' equity and cash flows for the nine-month period ended September 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 nine-month period ended September 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 nine-month period ended of September 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 financial statements, is based on the report of the said auditor. As of September 30, 2010, the investment in the said associated company, which was included in the consolidated balance sheet, was in amount of Baht 27.04 million, equivalent to 1.22% 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 nine-month period ended September 30, 2010 at Baht 2.76 million, equivalent to 1.60% of the consolidated profit for the period and the participating profit(loss) from investments in two associated companies was shown and included in the statements of income, in which the equity method is applied to investment, for the three-month and nine-month periods ended September 30, 2009 at Baht (0.37) million and Baht 2.82 million, equivalent to 0.92% and 1.90% 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 have audited 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,

November 10, 2010

## SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

## BALANCE SHEETS

As of September 30, 2010 and December 31, 200

(Unit : Thousand Baht)

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
		Unaudited	Audited	Unaudited	Audited
		Limited Review Only		Limited Review Only	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		661,311	544,808	638,880	506,609
Temporary investments-net	5	188,121	188,945	188,121	188,945
Trade accounts receivable-net	6	109,308	98,693	107,997	96,799
Inventories-net	7	403,826	441,346	401,660	438,836
Prepaid expenses		26,264	25,362	25,267	25,362
Damage compensation receivable	8	-	17,793	-	17,793
Other current assets		16,960	22,798	15,074	18,051
<b>TOTAL CURRENT ASSETS</b>		<b>1,405,790</b>	<b>1,339,745</b>	<b>1,376,999</b>	<b>1,292,395</b>
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiary and associated companies-net	9	27,137	26,177	69,532	69,532
Property, plant and equipment-net	10	488,179	485,683	317,236	318,868
Leasehold right on land-net	11	7,791	8,045	-	-
Leasehold right on buildings-net	12	126,565	116,557	126,565	116,557
Land and land improvement not used for operation-net	13	33,537	33,586	33,537	33,586
Intangible assets-net	14	7,011	7,417	6,737	7,107
Copyright and translation fee paid in advance		22,871	24,054	22,871	24,054
Rental guarantee and deposit		78,151	69,324	78,151	69,324
Other non-current assets	15	15,356	14,803	15,322	14,708
<b>TOTAL NON-CURRENT ASSETS</b>		<b>806,598</b>	<b>785,646</b>	<b>669,951</b>	<b>653,736</b>
<b>TOTAL ASSETS</b>		<b>2,212,388</b>	<b>2,125,391</b>	<b>2,046,950</b>	<b>1,946,131</b>

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

## SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

## BALANCE SHEETS

As of September 30, 2010 and December 31, 2009

(Unit : Thousand Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
		Unaudited Limited Review Only	Audited	Unaudited Limited Review Only	Audited
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Trade accounts payable		1,165,640	1,031,765	1,164,945	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	14,856	34,656	-	-
Accrued expenses		119,447	106,294	115,794	106,294
Accrued income tax		18,026	31,596	18,026	31,596
Other accounts payable		25,729	46,466	25,728	46,466
Other current liabilities		42,164	44,116	40,297	40,387
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,386,862</b>	<b>1,296,103</b>	<b>1,364,790</b>	<b>1,256,099</b>
<b>NON-CURRENT LIABILITIES</b>					
Income received in advance - not yet recognised -net	16	14,266	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		8,486	9,095	8,291	8,871
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>82,152</b>	<b>85,476</b>	<b>8,291</b>	<b>8,871</b>
<b>TOTAL LIABILITIES</b>		<b>1,469,014</b>	<b>1,381,579</b>	<b>1,373,081</b>	<b>1,264,970</b>
<b>SHAREHOLDERS' EQUITY</b>					
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	(1,361)	(10,537)	(1,361)	(10,537)
Capital surplus from assets revaluation	10	27,336	28,076	27,336	28,076
Discount on capital resulting from change in shareholding ratio					
in subsidiary	9.2	(6,643)	(6,643)	-	-
Retained earnings					
Appropriated					
Legal reserve		35,627	35,627	35,627	35,627
Unappropriated		157,701	169,693	138,925	154,653
<b>TOTAL SHAREHOLDERS' EQUITY OF PARENT COMPANY</b>		<b>686,002</b>	<b>689,558</b>	<b>673,869</b>	<b>681,161</b>
Minority's interest		57,372	54,254	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>743,374</b>	<b>743,812</b>	<b>673,869</b>	<b>681,161</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,212,388</b>	<b>2,125,391</b>	<b>2,046,950</b>	<b>1,946,131</b>

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 September 30, 2010 and 2009

(Unit : Thousand Baht)

	Notes	Consolidated	Financial statements in which	Separate	
		financial statements	the equity method is applied to investment	financial statements	financial statements
		2010	2009	2010	2009
Revenues from sales		1,258,475	1,128,939	1,256,593	1,128,939
Income from educational fee and services		26,793	-	-	-
Total revenues		1,285,268	1,128,939	1,256,593	1,128,939
Cost of sales		(866,710)	(770,624)	(865,236)	(770,624)
Cost of services		(20,093)	-	-	-
Total cost of sales and services		(886,803)	(770,624)	(865,236)	(770,624)
Gross profit		398,465	358,315	391,357	358,315
Interest and dividend income		4,397	2,691	4,397	2,691
Other income		8,155	4,825	7,860	4,825
Profit before expenses		411,017	365,831	403,614	365,831
Selling expenses		(209,614)	(189,754)	(209,614)	(189,754)
Administrative expenses		(120,243)	(109,671)	(114,870)	(109,671)
Executives' and directors' remunerations	21	(8,417)	(8,028)	(8,417)	(8,028)
Total expenses		(338,274)	(307,453)	(332,901)	(307,453)
Participating loss from investments in associated company		-	(370)	-	-
Profit before financial cost and income tax		72,743	58,008	70,713	58,378
Financial cost		(1,053)	(11)	(5)	(11)
Profit before income tax		71,690	57,997	70,708	58,367
Income tax	22	(19,327)	(17,794)	(19,327)	(17,794)
Profit for the period		52,363	40,203	51,381	40,573
Appropriation of profit					
Belonging to shareholders' equity of parent company		51,854	40,203	51,381	40,573
Belonging to minority shareholders' equity		509	-	-	-
		52,363	40,203	51,381	40,573
Earnings per share of shareholders' equity of parent company (Unit : Baht)		0.16	0.12	0.16	0.13
Number of ordinary shares (Unit : Thousand Shares)		323,921	323,921	323,921	323,921

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## SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

## STATEMENTS OF INCOME

For the nine-month periods ended September 30, 2010 and 2009

(Unit : Thousand Baht)

	Notes	Consolidated	Financial statements in which	Separate	
		financial statements	the equity method is applied	financial statements	financial statements
		2010	2009	2010	2009
Revenues from sales		3,714,464	3,418,471	3,710,458	3,418,471
Income from educational fee and services		79,376	-	-	-
Total revenues		3,793,840	3,418,471	3,710,458	3,418,471
Cost of sales		(2,557,095)	(2,335,291)	(2,553,953)	(2,335,291)
Cost of services		(55,909)	-	-	-
Total cost of sales and services		(2,613,004)	(2,335,291)	(2,553,953)	(2,335,291)
Gross profit		1,180,836	1,083,180	1,156,505	1,083,180
Interest and dividend income		12,610	7,852	14,328	9,352
Other income		26,063	20,052	25,572	20,052
Profit before expenses		1,219,509	1,111,084	1,196,405	1,112,584
Selling expenses		(620,801)	(577,710)	(620,801)	(577,710)
Administrative expenses		(346,812)	(304,169)	(330,918)	(304,169)
Executives' and directors' remunerations	21	(25,289)	(24,064)	(25,289)	(24,064)
Total expenses		(992,902)	(905,943)	(977,008)	(905,943)
Participating profit from investments in associated company		2,760	2,820	-	-
Profit before financial cost and income tax		229,367	207,961	219,397	206,641
Financial cost		(3,188)	(157)	(72)	(157)
Profit before income tax		226,179	207,804	219,325	206,484
Income tax	22	(53,657)	(59,771)	(53,657)	(59,771)
Profit for the period		172,522	148,033	165,668	146,713
Appropriation of profit					
Belonging to shareholders' equity of parent company		169,404	148,033	165,668	146,713
Belonging to minority shareholders' equity		3,118	-	-	-
		172,522	148,033	165,668	146,713
Earnings per share of shareholders' equity of parent company (Unit : Baht)		0.53	0.46	0.51	0.45
Number of ordinary shares (Unit : Thousand Shares)		323,921	323,921	323,921	323,921

Unaudited

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SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine-month periods ended September 30, 2010

Consolidated financial statements

(Unit : Thousand Baht)

	Notes	Issued and	Premiums on	Unrealized gain	Capital surplus	Discount on capital resulting	Retained earnings		Total shareholders' equity of parent company	Minority's interest	Total
		paid-up share capital	share capital	(loss) on securities available for sale	from assets revaluation	from change in shareholding ratio in subsidiary	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		-	-	9,176	-	-	-	-	9,176	-	9,176
Depreciation-capital surplus from assets revaluation	10	-	-	-	(740)	-	-	-	(740)	-	(740)
Total recognised income (expenses) in shareholders' equity		-	-	9,176	(740)	-	-	-	8,436	-	8,436
Profit for the period		-	-	-	-	-	-	169,404	169,404	3,118	172,522
Total income (expenses) recognised for the period		-	-	9,176	(740)	-	-	169,404	177,840	3,118	180,958
Dividend payment	18	-	-	-	-	-	-	(181,396)	(181,396)	-	(181,396)
Balance as of September 30, 2010		323,921	149,421	(1,361)	27,336	(6,643)	35,627	157,701	686,002	57,372	743,374

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 nine-month periods ended September 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		-	-	11,175	-	-	-	-	11,175
Depreciation-capital surplus from assets revaluation	10	-	-	-	(740)	-	-	-	(740)
Total recognised income (expenses) in shareholders' equity		-	-	11,175	(740)	-	-	-	10,435
Profit for the period		-	-	-	-	-	-	148,033	148,033
Total income (expenses) recognised for the period		-	-	11,175	(740)	-	-	148,033	158,468
Dividend payment	18	-	-	-	-	-	-	(158,721)	(158,721)
Balance as of September 30, 2009		323,921	149,421	(10,381)	28,325	(6,764)	35,627	133,547	653,696

**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 nine-month periods ended September 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		-	-	9,176	-	-	-	9,176
Depreciation-capital surplus from assets revaluation		-	-	-	(740)	-	-	(740)
Total recognised income (expenses) in shareholders' equity		-	-	9,176	(740)	-	-	8,436
Profit for the period		-	-	-	-	-	165,668	165,668
Total income (expenses) recognised for the period		-	-	9,176	(740)	-	165,668	174,104
Dividend payment	18	-	-	-	-	-	(181,396)	(181,396)
Balance as of September 30, 2010		323,921	149,421	(1,361)	27,336	35,627	138,925	673,869
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		-	-	11,175	-	-	-	11,175
Depreciation-capital surplus from assets revaluation		-	-	-	(740)	-	-	(740)
Total recognised income (expenses) in shareholders' equity		-	-	11,175	(740)	-	-	10,435
Profit for the period		-	-	-	-	-	146,713	146,713
Total income (expenses) recognised for the period		-	-	11,175	(740)	-	146,713	157,148
Dividend payment	18	-	-	-	-	-	(158,721)	(158,721)
Balance as of September 30, 2009		323,921	149,421	(10,381)	28,325	35,627	119,400	646,313

**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 CASH FLOW

For the nine-month periods ended September 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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before income tax	226,179	207,804	219,325	206,484
Adjustment to profit for the period for cash-received (payments) from operation				
Doubtful debts and bad debts (return of bad debts)	1,497	(1,247)	1,300	(1,247)
Adjustment for accounts receivable reconciliation	(349)	(77)	(349)	(77)
Expense from returned goods estimation (reversal)	(768)	(97)	(768)	(97)
Expense from lost goods	4,668	16,607	4,668	16,607
Expense from allowance for lost, dilapidated and slow-moving goods (reversal)	(2,151)	7,009	(2,253)	7,009
Expense from donated goods and fixed assets	21,740	8,358	21,740	8,358
Expense from goods destroyed	773	2,784	773	2,784
Income partly compensatable from insurance company	-	(122)	-	(122)
Expense from goods and fixed assets damaged by fire incident	3,538	-	3,538	-
Participating profit from investment in associated companies	(2,760)	(2,820)	-	-
Depreciation-fixed assets for operation	77,840	71,817	68,903	71,817
Depreciation-fixed assets not used for operation	49	49	49	49
(Gain) loss from sale and written-off fixed assets	(153)	116	(153)	116
Amortized leasehold right on land and buildings	9,860	9,400	9,606	9,400
Amortized intangible assets	1,924	2,311	1,888	2,311
Adjustment for accounts payable reconciliation and coupon accounts payable	(4,240)	(1,953)	(4,240)	(1,953)
Interest expenses	3,188	157	72	157
Interest income	(4,448)	(3,154)	(4,366)	(3,154)
Dividend income	(8,162)	(4,698)	(9,962)	(6,198)
Profit from operation before change in operating assets and liabilities	328,225	312,244	309,771	312,244

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 CASH FLOW

For the nine-month periods ended September 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
<b>CASH FLOW FROM OPERATING ACTIVITIES (Continued)</b>				
Operating assets (increase) decrease				
Trade accounts receivable	(10,995)	(9,770)	(11,381)	(9,770)
Inventories	9,607	30,949	9,365	30,949
Prepaid expenses	(902)	420	95	420
Damage compensation receivable	17,793	-	17,793	-
Other current assets	6,126	(377)	3,281	(377)
Copyright and translation fee paid in advance	1,183	(3,356)	1,183	(3,356)
Rental guarantee and deposit	(8,827)	(3,689)	(8,827)	(3,689)
Other non-current assets	(553)	1,880	(614)	1,880
Operating liabilities increase (decrease)				
Trade accounts payable	133,875	2,970	133,589	2,970
Income received in advance-not yet recognised	(22,515)	-	-	-
Accrued expenses	13,153	(1,002)	9,500	(1,002)
Other accounts payable	(20,737)	(19,787)	(20,738)	(19,787)
Other current liabilities	(3,684)	5,454	(1,200)	5,454
Other non-current liabilities	(609)	330	(580)	330
Cash received from operating activities	441,140	316,266	441,237	316,266
Interest paid	(3,188)	(157)	(72)	(157)
Income tax paid	(67,227)	(65,103)	(67,227)	(65,103)
Net cash provided by operating activities	370,725	251,006	373,938	251,006
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Cash received from sale of temporary investments	10,000	5	10,000	5
Cash paid to purchase temporary investments	-	(10,000)	-	(10,000)
Increase in other investment	-	(1,066)	-	(1,066)
Cash received from loan to associated company	-	14,000	-	14,000
Cash paid for loan to associated company	-	(3,000)	-	(3,000)
Interest received	4,160	3,505	4,062	3,505
Dividends received	9,962	6,198	9,962	6,198
Purchase of equipment	(75,133)	(48,054)	(62,690)	(48,054)
Purchase of intangible assets	(1,518)	(1,889)	(1,518)	(1,889)
Cash received from sale of equipment	788	403	788	403
Cash paid for leasehold right for branches	(19,614)	-	(19,614)	-
Net cash used in investing activities	(71,355)	(39,898)	(59,010)	(39,898)

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 CASH FLOW

For the nine-month periods ended September 30, 2010 and 2009

(Unit : Thousand Baht)

	Consolidated financial statements	Financial statements in which the equity method is applied to investment	Separate financial statements	
	2010	2009	2010	2009
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
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	(181,396)	(158,721)	(181,396)	(158,721)
Net cash used in financing activities	<u>(182,867)</u>	<u>(160,837)</u>	<u>(182,657)</u>	<u>(160,837)</u>
Cash and cash equivalents increase-net	116,503	50,271	132,271	50,271
Cash and cash equivalents at the beginning of the period	544,808	336,679	506,609	336,679
Cash and cash equivalents at the end of the period	<u>661,311</u>	<u>386,950</u>	<u>638,880</u>	<u>386,950</u>
<b>Supplemental disclosures to the cash flow statements</b>				
1. Cash and cash equivalents consisted of :				
Cash	20,947	16,534	20,761	16,534
Cash at bank (maturity period not exceeding 3 months)	193,111	121,958	170,866	121,958
Government bond (maturity period not exceeding 3 months)	447,253	248,458	447,253	248,458
Total	<u>661,311</u>	<u>386,950</u>	<u>638,880</u>	<u>386,950</u>
2. Items not effecting cash flow :				
2.1 Recording of unrealized gain on revaluation of securities available				
for sale to shareholders' equity	9,176	11,175	9,176	11,175
2.2 Purchase of fixed assets which had not yet been paid				
	7,233	1,620	6,611	1,620
2.3 Recording of depreciation-capital surplus from assets revaluation				
under shareholders' equity	740	740	740	740
2.4 Recording of damage compensation from fire incident but not				
yet received	-	12,708	-	12,708
2.5 Recording of written off for dilapidated goods from fire incident				
net with damage compensation from fire incident	-	12,586	-	12,586

**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****September 30, 2010 and 2009 (Unaudited/Limited Review Only)****and December 31, 2009 (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 headquarter is situated at 1858/87-90, Nation Tower Building, 19<sup>th</sup> 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 historical 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 and No. 34/2553 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	1 January 2011
Accounting Standard No. 2 (revised 2009)	Inventories	1 January 2011
Accounting Standard No. 7 (revised 2009)	Statement of Cash Flows	1 January 2011
Accounting Standard No. 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2011
Accounting Standard No. 10 (revised 2009)	Events after the Reporting Period	1 January 2011
Accounting Standard No. 11 (revised 2009)	Construction Contracts	1 January 2011
Accounting Standard No. 12	Income Taxes	1 January 2013
Accounting Standard No. 17 (revised 2009)	Leases	1 January 2011
Accounting Standard No. 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2013
Accounting Standard No. 23 (revised 2009)	Borrowing Costs	1 January 2011
Accounting Standard No. 24 (revised 2009)	Related Party Disclosures	1 January 2011
Accounting Standard No. 27 (revised 2009)	Consolidated and Separate Financial Statements	1 January 2011
Accounting Standard No. 28 (revised 2009)	Investments in Associates	1 January 2011
Accounting Standard No. 29	Financial Reporting in Hyperinflationary Economics	1 January 2011
Accounting Standard No. 31 (revised 2009)	Interests in Joint Ventures	1 January 2011
Accounting Standard No. 33 (revised 2009)	Earnings per Share	1 January 2011
Accounting Standard No. 34 (revised 2009)	Interim Financial Reporting	1 January 2011
Accounting Standard No. 36 (revised 2009)	Impairment of Assets	1 January 2011

<u>Reference Standard No.</u>	<u>Name</u>	<u>Effective date</u>
Accounting Standard No. 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	1 January 2011
Accounting Standard No. 38 (revised 2009)	Intangible Assets	1 January 2011
Accounting Standard No. 40 (revised 2009)	Investment Property	1 January 2011
Financial Reporting Standard No. 3 (revised 2009)	Business Combination	1 January 2011
Financial Reporting Standard No. 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2011
Financial Reporting Standard No. 6	Exploration for and Evaluation of Mineral Resources	1 January 2011

The Company is evaluating its effect on the financial statements on the accounting period the said accounting standard becomes effective.

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 4<sup>th</sup> 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 entities and parties

The Company constitutes accounting transactions incurred with related entities or parties 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 entities or parties are as follows:

##### 4.1 Inter-assets and liabilities

(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>September 30, 2010</u>	<u>December 31, 2009</u>	<u>September 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 parties	Shareholder/directors of subsidiary	7,791	8,045	-	-
<u>Trade accounts payable</u>					
M AND E Co., Ltd.	Associated company	2,446	2,314	2,446	2,314
GMM Grammy Public Co., Ltd.	Shareholder	4,914	4,711	4,914	4,711
Bliss Publishing Co., Ltd.	Company related to shareholders	5,879	4,860	5,879	4,860
Post Publishing Public Co., Ltd.	Company related to shareholders	6,016	5,709	6,016	5,709
Total		19,255	17,594	19,255	17,594
<u>Short-term loans from</u>					
Related parties	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>September 30, 2010</u>	<u>December 31, 2009</u>	<u>September 30, 2010</u>	<u>December 31, 2009</u>
<u>Long-term loans from</u>					
Related parties	Shareholder of subsidiary				
	Beginning balance	500	500	-	-
	Increased loan in the period	-	-	-	-
	Repayment in the period	-	-	-	-
	Ending balance	500	500	-	-
Related parties	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 3 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	financial statements	
		For the nine-month periods ended September 30,		For the nine-month period ended September 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	2,700	2,700	427	Market price
GMM Grammy Public Co., Ltd.	Shareholder	5,502	5,502	9,575	Market price
Bliss Publishing Co., Ltd.	Company related to shareholders	10,776	10,776	9,745	Market price
Post Publishing Public Co., Ltd.	Company related to shareholders	24,033	24,033	20,661	Market price
		43,011	43,011	40,408	
<u>Interest income</u>					
Pleam Patt Co., Ltd.	Subsidiary	-	-	114	Interest rate at MOR per annum
<u>Leased land</u>					
Related parties	Shareholder/director of subsidiary	748	-	-	Mutually agreed agreement
<u>Amortized land leasehold right</u>					
Related parties	Shareholder/director of subsidiary	254	-	-	Mutually agreed agreement
<u>Interest expenses</u>					
Related parties	Shareholder/director of subsidiary	34	-	-	5-6% per annum

5. Temporary investments-net

Consisted of: -

(Unit : Thousand Baht)

	Consolidated /Separate financial statements							
	As of							
	September 30, 2010				December 31, 2009			
	Cost	Fair value	Dividends		Cost	Fair value	Dividends	
			for the nine- 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	28,136	2,503	5,482	30,000	22,108	2,979	2,980
Bangkok Commercial Property Fund	19,101	18,719	1,031	7,482	19,101	17,191	1,337	6,451
Vayupak Fund 1	30,000	31,680	1,950	12,000	30,000	30,450	1,350	10,050
<u>Debt instruments</u>								
Asset Plus Fixed Income Dividend Fund 2	110,381	109,586	2,678	11,464	110,381	109,196	2,978	8,786
Total	189,482	188,121	8,162	36,428	189,482	178,945	8,644	28,267
<u>Less</u> Unrealized loss on securities available for sale	(1,361)	-	-	-	(10,537)	-	-	-
Net	188,121	188,121	8,162	36,428	178,945	178,945	8,644	28,267
Fixed deposit with 7 months maturity	-	-	-	-	10,000	10,000	-	-
Total temporary investments-net	188,121	188,121	8,162	36,428	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>September 30, 2010</u>	<u>December 31, 2009</u>	<u>September 30, 2010</u>	<u>December 31, 2009</u>
Trade accounts receivable				
Within credit term	56,829	51,289	56,827	51,284
Over credit term less than 6 months	34,083	48,003	33,471	46,874
Over credit term more than 6 months to 12 months	22,289	2,310	21,817	1,892
Over credit term more than 12 months	25,720	25,975	24,628	24,963
Total trade accounts receivable	138,921	127,577	136,743	125,013
<u>Less</u> Allowance for doubtful debts	(25,147)	(23,650)	(24,280)	(22,980)
<u>Less</u> Allowance for returned goods	(4,466)	(5,234)	(4,466)	(5,234)
Net	109,308	98,693	107,997	96,799

As of September 30, 2010 and December 31, 2009, a part of the trade accounts receivable that were over due for more than 12 months, in the consolidated and separate financial statements amount of Baht 18.15 million, the same amount for the both periods, represented a trade account receivable which the full allowance has been made since the year 1998. The Company has filed the litigation against the said debtor. The progress of the litigation is as follows: -

- On February 5, 2007 the Central Bankruptcy Court gave order for the Company to receive payment from the asset pool of the debtor. The official receiver informed the Company that all assets of the said debtor had already been auctioned off for approximately Baht 2.00 million.
- On September 13, 2010, the official receiver informed the Company that currently other creditors are being enquired for more information. After the enquiries of all of the creditors have been completed then the debtor's asset allocation list can be made.

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	(4,192)	(3,848)
<u>Less</u> Reversal of allowance for doubtful debts	2,695	2,548
Balance as of September 30, 2010	(25,147)	(24,280)

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>September 30, 2010</u>	<u>December 31, 2009</u>	<u>September 30, 2010</u>	<u>December 31, 2009</u>
Raw materials	18,636	25,836	18,636	25,836
Work in process	8,170	4,856	8,170	4,856
Finished goods	470,786	506,571	468,518	504,061
Total	497,592	537,263	495,324	534,753
<u>Less</u> Allowance for lost goods	(11,537)	(18,316)	(11,537)	(18,316)
Allowance for dilapidated and slow-moving goods	(82,229)	(77,601)	(82,127)	(77,601)
Net	403,826	441,346	401,660	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 nine-month period ended September 30, 2010 by Baht 14.01 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 the 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: -

	<u>Nature of business</u>	<u>Country of</u>	<u>Paid-up</u>	<u>Percentage of</u>	<u>Consolidated and separate financial statements</u>					
					<u>Incorporation</u>	<u>share capital</u>	<u>shareholdings</u>	<u>As of September 30, 2010</u>		<u>Dividend</u>
								<u>Investments</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	-			
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	27,037	100	1,800			
Total investments					27,137	83,200	1,800			
<u>Less</u> Allowance for revaluation of investment-Pleam 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>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 nine-monthperiods ended September 30,

	<u>As of</u>		<u>periods ended September 30,</u>	
	<u>September 30, 2010</u>	<u>December 31, 2009</u>	<u>2010</u>	<u>2009</u>
Total assets	207,833	222,072		
Total liabilities	95,933	116,652		
Total revenue			84,128	72,709
Profit(loss)for the period			5,894	(521)

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

(Unit : Thousand Baht)

For the yearended December 31,

	<u>As of</u>		<u>ended December 31,</u>	
	<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 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.

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

As of September 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 0.25 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 nine-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%.

9.3 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 nine-month periods ended September 30, 2010 and 2009, the Company recognized participating profit 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 consolidated statements of income for the nine-month periods ended September 30, 2010 at Baht 2.76 million, equivalent 1.60% of the profit for the periods in the consolidated financial statements and the statements of income, in which the equity method is applied to the investment for the nine-month periods ended September 30, 2009 at Baht 3.07 million, equivalent 2.08% of the profit for the periods in the financial statements, in which the equity method is applied to the investment respectively and as of September 30, 2010, the Company had investment in that associated company for the amount of Baht 27.04 million, equivalent to 1.22% of total assets in the consolidated financial statements.

However, the Company did not recognized the equity participation from the result of operation of M AND E Co., Ltd., for the three-month and nine-month periods ended September 30, 2010 and 2009, because the said associated company did not prepare the quarterly financial statements and the result of operation of the said associated company has no material effect to the financial statements of the Company.

- 2) For the year ended December 31, 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.

#### 10. Property, plant and equipment-net

For the nine-month period ended September 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	82,366	69,301
Transfer in	27,713	19,902
Sale / Written-off	(36,218)	(36,206)
Transfer out	(27,713)	(19,902)
Depreciation-shown in the statement of income	(77,840)	(68,903)
Depreciation-capital surplus from assets revaluation (Presented under shareholders' equity item)	(740)	(740)
Accumulated depreciation of Sale / written-off assets	34,928	34,916
Net-book value at the end of the period	488,179	317,236

As of September 30, 2010 and December 31, 2009, building decoration built on lease and leasehold right contracts, in the separate financial statements, with book value in amount of Baht 96.05 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 September 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 157.11 million and Baht 159.07 million respectively as mentioned in the notes to financial statements No. 11.

As of September 30, 2010 and December 31, 2009, assets which were fully depreciated parts of these assets are still in use. In the consolidated financial statements, had cost value of Baht 407.49 million and Baht 391.24 million respectively and the separate financial statements such assets had cost values of Baht 394.31 million and Baht 381.68 million respectively.

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 and written off on capital surplus from the assets 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 nine-month</u>	
	<u>periods ended September 30,</u>	<u>periods ended September 30,</u>	<u>periods ended September 30,</u>	<u>periods ended September 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	0.74	0.74
If the above Depreciation and Written Off Recognised in the statements of income , it would effect to:				
Profit for the period decrease	0.25	0.25	0.74	0.74

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 the market value of land. The said assets have been appraised by increased amount of Baht 36.00 million and the Company has accounted for 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, building and building improvement and the change is prospectively applied which resulted in the consolidated financial statements shown the profit for the three-month and nine-month periods ended September 30, 2010 increase in amount of Baht 0.82 million and Baht 1.63 million respectively.



11. Leasehold rights on land-net

The whole amount of the leasehold rights is two land lease agreements the subsidiary entered into with the shareholder of the subsidiary in amount of Baht 10.00 million for the period of 30 years for the land area of approximately 20 rais to be used for education institute business operation. The contracts stipulate that, during the contractual period, the lessor agreed not to sell the leased land to anyone without obtaining consent from the subsidiary and, if the lessor has the utmost need and could not find any other alternative, the lessor promises that he or she will give priority to offer the land for 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 the conditions stipulated in these lease contracts.

In the consolidated financial statements for the three-month and nine-month periods ended September 30, 2010, leasehold right was amortized as expense in amount of Baht 0.09 million and Baht 0.25 million respectively.

12. Leasehold rights on buildings-net

The whole amount of the leasehold on buildings represented leased areas in leading shopping centers in order to open 14 branches of SE-ED Book Center. Most of these leaseholds were for the period of approximately 15-30 years. For the three-month and nine-month periods ended September 30, 2010, these leasehold rights were amortized to expenses by the amounts of Baht 3.38 million and Baht 9.61 million respectively, and for the three-month and nine-month periods ended September 30, 2009, these leasehold rights were amortized to expenses by the amounts of Baht 3.17 million and Baht 9.43 million respectively.

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

For the nine-month period ended September 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>(49)</u>
Net book value at the end of the period	<u><u>33,537</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 nine-month period ended September 30, 2010 there were movements as follows :-

(Unit : Thousand Baht)

	<u>Consolidated</u> <u>financial statements</u>	<u>Separate</u> <u>financial statements</u>
Net book value at the beginning of the period	7,417	7,107
Purchases in the period	1,518	1,518
Written-off	(2,214)	(2,214)
Amortization in the period	(1,924)	(1,888)
Accumulated depreciation of written-off	2,214	2,214
Net book value at the end of the period	<u>7,011</u>	<u>6,737</u>

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 September 30, 2010 and December 31, 2009, 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 credit limit of Baht 4.72 million and Baht 4.56 million respectively.
- As of September 30, 2010 and December 31, 2009, 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 credit limit 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>September 30, 2010</u>	<u>December 31, 2009</u>
Income received in advance-not yet recognised	29,122	51,637
<u>Less</u> Income received in advance recognisable within one year	(14,856)	(34,656)
Net	14,266	16,981
	14,266	16,981

Movements for the nine-month period ended September 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	5,813	49,919	55,732
<u>Less</u> Income recognition during the period	(8,170)	(70,077)	(78,247)
Income received in advance-not yet recognized -net at the end of the period	7,580	21,542	29,122
	7,580	21,542	29,122

## 17. Long-term loans

As of September 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 earningsDividends payment and legal reserve

Consisted of: -

<u>Year 2010's operating result</u>							
	<u>Resolutions of</u>	<u>Meeting date</u>	<u>Dividends</u>	<u>Dividends</u>	<u>Total</u>	<u>Legal reserve</u>	
	<u>the Company's</u>		<u>payment date</u>	<u>per share</u>	<u>Dividend paid</u>	<u>% of Profit</u>	<u>Amount</u>
	<u>Board meeting</u>			<u>(Baht)</u>	<u>(Million Baht)</u>	<u>for the period</u>	<u>(Million Baht)</u>
Quarter 1	2/2010	12/05/2010	11/06/2010	0.10	32.39	-	-
Quarter 2	3/2010	09/08/2010	08/09/2010	0.10	32.39	-	-
	Total			0.20	64.78		-

<u>Year 2009's operating result</u>							
	<u>Resolutions of</u>	<u>Meeting date</u>	<u>Dividends</u>	<u>Dividends</u>	<u>Total</u>	<u>Legal reserve</u>	
	<u>the Company's Board's/</u>		<u>payment date</u>	<u>per share (Baht)</u>	<u>Dividends paid</u>	<u>% of Profit</u>	<u>Amount</u>
	<u>Shareholders' meeting no.</u>				<u>(Million Baht)</u>	<u>for the period</u>	<u>(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		-

<u>Year 2008's operating result</u>							
	<u>Resolutions of</u>	<u>Meeting date</u>	<u>Dividends</u>	<u>Dividends</u>	<u>Total</u>	<u>Legal reserve</u>	
	<u>the Company's Board's/</u>		<u>payment date</u>	<u>per share (Baht)</u>	<u>Dividend paid</u>	<u>% of Profit</u>	<u>Amount</u>
	<u>Shareholders' meeting no.</u>				<u>(Million Baht)</u>	<u>for the period</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	-	-
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

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 nine-month periods</u>		
	<u>ended September 30,</u>			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Employees' salaries, wages and other benefits	145,779	114,959	423,693	341,613
Executives' and directors' remunerations	8,417	8,028	25,289	24,064
Depreciation and amortization	29,874	27,988	89,673	83,577
Rent, service fee and utility expenses	115,101	109,587	341,384	320,664
Operational expenses	42,577	29,820	119,169	91,094
Accounting estimated expenses	5,826	10,077	17,081	30,236
Variable cost depending on sale volume	20,654	17,876	58,559	49,294
Production expenses	31,803	22,661	80,016	91,352
Other costs in school business operation	5,029	-	13,617	-
Purchase of goods and raw material used	843,597	763,686	2,404,954	2,159,317
Movement in finished goods and work-in-process	(23,580)	(26,605)	32,471	50,023
Interest expenses	1,053	11	3,188	157
Total	1,226,130	1,078,088	3,609,094	3,241,391

(Unit : Thousand Baht)

	<u>Separate financial statements</u>				
	<u>For the three-month periods</u>	<u>For the nine-month periods</u>			
		<u>ended September 30,</u>			
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Employees' salaries, wages and other benefits	128,522	114,959	377,374	341,613	
Executives' and directors' remunerations	8,417	8,028	25,289	24,064	
Depreciation and amortization	27,068	27,988	80,446	83,577	
Rent, service fee and utility expenses	114,091	109,587	338,487	320,664	
Operational expenses	41,784	29,820	116,723	91,094	
Accounting estimated expenses	5,826	10,077	16,884	30,236	
Variable cost depending on sale volume	20,654	17,876	58,559	49,294	
Production expenses	31,803	22,661	80,016	91,352	
Purchase of goods and raw material used	843,597	763,686	2,404,954	2,159,317	
Movement in finished goods and work-in-process	(23,625)	(26,605)	32,229	50,023	
Interest expenses	5	11	72	157	
Total	1,198,142	1,078,088	3,531,033	3,241,391	

## 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 financial statements/ Financial statements in which the equity method is applied to investment/Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>
For the three-month periods ended September 30,	1.15	1.28
For the nine-month periods ended September 30,	3.50	3.78

## 22. Income tax

For the three-month and nine-month periods ended September 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 which the equity method is applied to investment financial statements, for the nine-month periods ended September 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	3,710,458	3,418,471	83,553	-	(171)	-	3,793,840	3,418,471
Profit before financial cost and income tax	223,133	207,961	9,182	-	(2,948)	-	229,367	207,961
Financial cost	(72)	(157)	(3,116)	-	-	-	(3,188)	(157)
Profit before income tax	223,061	207,804	6,066	-	(2,948)	-	226,179	207,804
Income tax	(53,657)	(59,771)	-	-	-	-	(53,657)	(59,771)
Profit for the period	169,404	148,033	6,066	-	(2,948)	-	172,522	148,033
Appropriation of profit								
Belonging to shareholders' equity of parent company							169,404	148,033
Belonging to minority shareholders' equity							3,118	-
							172,522	148,033
<u>As of September 30,</u>								
Trade accounts receivable-net	107,997	92,307	1,310	-	-	-	109,308	92,307
Inventories-net	401,660	420,332	2,167	-	-	-	403,826	420,332
Property, plant and equipment-net	317,236	321,819	170,943	-	-	-	488,179	321,819
Other assets	1,232,190	971,962	33,413	-	(54,528)	-	1,211,075	971,962
Total assets	2,059,083	1,806,420	207,833	-	(54,528)	-	2,212,388	1,806,420

### 24. Obligations and contingent liabilities

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

(Unit : Thousand Baht)

Consolidated and separate financial statements

	<u>As of September 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	5,544	43,456	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 September 30, 2010 and December 31, 2009, a part of letters of guarantee for the amounts of Baht 4.72 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 September 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 317 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 445.98 million and Baht 421.17 million per annum respectively.

As of September 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 4.02 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 Company and its subsidiary have the amounts 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>September 30, 2010</u>	<u>December 31, 2009</u>	<u>September 30, 2010</u>	<u>December 31, 2009</u>
- Due in less than 1 year	34,764	35,222	33,763	34,222
- Due in 1 year to 5 years	43,148	48,075	37,582	42,461
- Due in more than 5 years	39,562	42,723	13,049	15,904
Total remaining obligation	117,474	126,020	84,394	92,587

## 25. Financial instruments

As of September 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. Subsequent event

In October 2010, three branches of SE-ED book centers have been affected by the flooding incident; resulting in the damages of parts of goods and assets. Currently, the damages are being estimated which the Company have the insurance policies covering the said damages.

In accordance to the minutes of extraordinary shareholders' meeting No. 1/2553 of Plearn Patt Co., Ltd. held on October 8, 2010, it resolved to change the accounting period from March 31 to December 31. Currently, it is in the process of submission for approval from the Department of Business Development.

27. Approval of financial statements

These financial statements have been approved for issuance by SE-EDUCATION PUBLIC COMPANY LIMITED's board of directors on November 10, 2010.

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