

AUDITOR'S REPORT

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

I have audited the accompanying consolidated and separate balance sheets as of December 31, 2010 and 2009, the related consolidated and separate statements of income, changes in shareholders' equity and cash flows for the years then ended of SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiary and also of SE-EDUCATION PUBLIC COMPANY LIMITED only. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits. The financial statements of associated company as mentioned in the notes to the financial statements No. 10.3, of which investment is recorded under the equity method in the consolidated financial statements, have been audited by another auditor, who expressed an unqualified opinion, and I have already received the reports of that another auditor. My report presentation in part related to the amounts of transactions of the said associated company are based on the report of that another auditor. The investments in the said associated company included in the consolidated financial statements as of December 31, 2010 and 2009 amounted to Baht 27.04 million and Baht 26.08 million equivalent to 1.18% and 1.23% of the total assets in the consolidated balance sheets respectively and the participating profit from investments in associated company was shown and included in the consolidated statements of income, for the years ended December 31, 2010 and 2009 at Baht 2.76 million and Baht 3.07 million, equivalent to 1.11% and 1.41% of the profit for the year in consolidated financial statements respectively.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit and the reports of another auditors as stated in the first paragraph provide a reasonable basis for my opinion.

Based on my audit and the another auditor's report, in my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial positions as of December 31, 2010 and 2009, the consolidated and separate operating results and cash flows for the year then ended of SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiary company and also of SE-EDUCATION PUBLIC COMPANY LIMITED only in accordance with generally accepted accounting principles.

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

(Miss Sansanee Poolsawat)

Certified Public Accountant (Thailand) Registration No. 6977

Bangkok,

February 24, 2011

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

As of December 31, 2010 and 2009

(Unit : Baht)

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		720,044,731.10	544,807,252.81	681,847,473.02	506,609,307.22
Temporary investments-net	6	186,484,073.90	188,944,627.38	186,484,073.90	188,944,627.38
Trade accounts receivable-net	5.1 and 7	111,594,075.58	98,692,635.02	109,700,022.08	96,799,050.02
Inventories-net	8	417,257,584.23	441,346,476.37	415,034,440.08	438,836,456.40
Prepaid expenses		16,271,009.02	25,361,987.52	15,768,608.76	25,361,987.52
Damage compensation receivable	9	-	17,792,554.66	-	17,792,554.66
Other current assets		20,389,544.19	22,798,877.86	18,528,017.61	18,050,548.55
TOTAL CURRENT ASSETS		1,472,041,018.02	1,339,744,411.62	1,427,362,635.45	1,292,394,531.75
NON-CURRENT ASSETS					
Investments in subsidiary and associated companies-net	10	27,137,028.06	26,177,125.45	69,532,021.51	69,532,021.51
Property, plant and equipment-net	11	497,199,923.52	485,683,399.64	325,445,041.76	318,867,702.65
Leasehold right on land-net	5.1 and 12	7,706,845.69	8,045,458.01	-	-
Leasehold right on buildings-net	13	123,391,165.71	116,557,406.89	123,391,165.71	116,557,406.89
Land and land improvement not used for operation-net	14	33,520,669.28	33,586,474.53	33,520,669.28	33,586,474.53
Right for software usage fee-net	15	6,754,844.04	7,416,717.78	6,493,063.21	7,106,840.63
Book copyright and translation fee		22,381,807.37	24,053,513.70	22,381,807.37	24,053,513.70
Rental guarantee and deposit		79,572,618.59	69,323,572.31	79,572,618.59	69,323,572.31
Other non-current assets	16	14,845,215.49	14,802,463.83	14,811,697.39	14,708,541.13
TOTAL NON-CURRENT ASSETS		812,510,117.75	785,646,132.14	675,148,084.82	653,736,073.35
TOTAL ASSETS		2,284,551,135.77	2,125,390,543.76	2,102,510,720.27	1,946,130,605.10

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

As of December 31, 2010 and 2009

(Unit : Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
CURRENT LIABILITIES					
Trade accounts payable	5.1	1,153,140,124.14	1,031,765,086.08	1,152,602,547.32	1,031,355,768.52
Short-term loans from related person	5.1	-	210,000.00	-	-
Current portion of long-term loans from related person	5.1	1,400,000.00	-	-	-
Short-term loans from other person		1,000,000.00	1,000,000.00	-	-
Income received in advance recognisable within one year	17	32,940,795.56	34,655,521.25	-	-
Accrued expenses		133,038,044.81	106,294,367.67	129,387,182.82	106,294,367.67
Accrued income tax		41,227,154.83	31,596,181.82	41,227,154.83	31,596,181.82
Other accounts payable		21,396,931.84	46,465,433.76	21,396,931.84	46,465,433.76
Other current liabilities		39,705,290.82	44,116,241.20	38,842,926.09	40,387,542.61
TOTAL CURRENT LIABILITIES		1,423,848,342.00	1,296,102,831.78	1,383,456,742.90	1,256,099,294.38
NON-CURRENT LIABILITIES					
Income received in advance - not yet recognised -net	17	9,441,625.00	16,981,252.25	-	-
Long-term loans from related person	5.1	-	1,400,000.00	-	-
Long-term loans	18	58,000,000.00	58,000,000.00	-	-
Other non-current liabilities		8,253,330.92	9,094,711.20	8,141,039.20	8,870,839.20
TOTAL NON-CURRENT LIABILITIES		75,694,955.92	85,475,963.45	8,141,039.20	8,870,839.20
TOTAL LIABILITIES		1,499,543,297.92	1,381,578,795.23	1,391,597,782.10	1,264,970,133.58

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

BALANCE SHEETS

As of December 31, 2010 and 2009

(Unit : Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital					
328,345,090 ordinary shares @ Baht 1.00 par value each		328,345,090.00	328,345,090.00	328,345,090.00	328,345,090.00
Issued and paid-up share capital					
323,921,130 ordinary shares @ Baht 1.00 par value each		323,921,130.00	323,921,130.00	323,921,130.00	323,921,130.00
Premiums on share capital		149,420,557.75	149,420,557.75	149,420,557.75	149,420,557.75
Unrealized loss on securities available for sale	6	(2,991,463.34)	(10,536,683.44)	(2,991,463.34)	(10,536,683.44)
Capital surplus from assets revaluation	11	27,086,512.26	28,076,002.66	27,086,512.26	28,076,002.66
Discount on capital resulting from change in shareholding ratio					
in subsidiary	10.2	(6,643,495.87)	(6,643,495.87)	-	-
Retained earnings	19				
Appropriated					
Legal reserve		35,626,916.56	35,626,916.56	35,626,916.56	35,626,916.56
Unappropriated					
TOTAL SHAREHOLDERS' EQUITY OF PARENT COMPANY		725,388,310.55	689,557,789.14	710,912,938.17	681,160,471.52
Minority's interest		59,619,527.30	54,253,959.39	-	-
TOTAL SHAREHOLDERS' EQUITY		785,007,837.85	743,811,748.53	710,912,938.17	681,160,471.52
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,284,551,135.77	2,125,390,543.76	2,102,510,720.27	1,946,130,605.10

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 years ended December 31, 2010 and 2009

(Unit : Baht)

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
Revenues from sales		4,999,894,423.08	4,596,004,862.87	4,994,332,556.67	4,595,757,997.87
Income from educational fee and services		108,989,657.26	25,067,708.50	-	-
Total revenues		5,108,884,080.34	4,621,072,571.37	4,994,332,556.67	4,595,757,997.87
Cost of sales		(3,425,205,820.96)	(3,138,733,710.34)	(3,421,069,989.72)	(3,138,545,352.55)
Cost of services		(75,655,200.05)	(17,404,208.90)	-	-
Total cost of sales and services		(3,500,861,021.01)	(3,156,137,919.24)	(3,421,069,989.72)	(3,138,545,352.55)
Gross profit		1,608,023,059.33	1,464,934,652.13	1,573,262,566.95	1,457,212,645.32
Interest and dividend income		20,792,027.32	12,803,740.02	22,472,685.41	14,248,925.05
Other income		39,355,644.14	36,995,928.18	38,172,213.32	36,830,425.15
Profit before expenses		1,668,170,730.79	1,514,734,320.33	1,633,907,465.68	1,508,291,995.52
Selling expenses		(831,979,719.52)	(773,358,862.41)	(831,979,719.52)	(773,358,862.41)
Administrative expenses		(474,551,727.34)	(417,764,666.11)	(456,629,065.00)	(415,435,350.64)
Executives' and directors' remunerations	22	(33,651,425.20)	(31,915,029.00)	(30,158,810.00)	(29,184,089.00)
Total expenses		(1,340,182,872.06)	(1,223,038,557.52)	(1,318,767,594.52)	(1,217,978,302.05)
Participating profit from investments in associated company	10	2,759,902.61	2,819,230.02	-	-
Profit before financial cost and income tax		330,747,761.34	294,514,992.83	315,139,871.16	290,313,693.47
Financial cost		(4,237,314.14)	(1,214,642.95)	(73,046.63)	(163,845.15)
Profit before income tax		326,510,447.20	293,300,349.88	315,066,824.53	290,149,848.32
Income tax	23	(78,082,141.78)	(75,791,760.56)	(78,082,141.78)	(75,791,760.56)
Profit for the year		248,428,305.42	217,508,589.32	236,984,682.75	214,358,087.76
Appropriation of profit					
Belonging to shareholders' equity of parent company		243,062,737.51	216,571,409.17	236,984,682.75	214,358,087.76
Belonging to minority shareholders' equity		5,365,567.91	937,180.15	-	-
		248,428,305.42	217,508,589.32	236,984,682.75	214,358,087.76
Earnings per share of shareholders' equity of parent company		0.77	0.67	0.73	0.66
Number of ordinary shares (Unit : Shares)		323,921,130	323,921,130	323,921,130	323,921,130

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 years ended December 31, 2010 and 2009

Consolidated financial statements

(Unit : 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, 2009		323,921,130.00	149,420,557.75	(21,555,812.87)	29,065,427.81	(6,764,068.74)	35,626,916.56	144,235,419.01	653,949,569.52	-	653,949,569.52
Unrealized gain on securities available for sale		-	-	11,019,129.43	-	-	-	-	11,019,129.43	-	11,019,129.43
Discount on capital resulting from change in shareholding ratio in subsidiary decreased	10.2	-	-	-	-	120,572.87	-	-	120,572.87	(120,572.87)	-
Depreciation-capital surplus from assets revaluation	11	-	-	-	(989,425.15)	-	-	-	(989,425.15)	-	(989,425.15)
Total recognised income (expenses) in shareholders' equity		-	-	11,019,129.43	(989,425.15)	120,572.87	-	-	10,150,277.15	(120,572.87)	10,029,704.28
Profit for the year		-	-	-	-	-	-	216,571,409.17	216,571,409.17	937,180.15	217,508,589.32
Total income (expenses) recognised for the year		-	-	11,019,129.43	(989,425.15)	120,572.87	-	216,571,409.17	226,721,686.32	816,607.28	227,538,293.60
Dividend payment	19	-	-	-	-	-	-	(191,113,466.70)	(191,113,466.70)	-	(191,113,466.70)
Increase in minority's interest		-	-	-	-	-	-	-	-	53,437,352.11	53,437,352.11
Balance as of December 31, 2009		323,921,130.00	149,420,557.75	(10,536,683.44)	28,076,002.66	(6,643,495.87)	35,626,916.56	169,693,361.48	689,557,789.14	54,253,959.39	743,811,748.53
Unrealized gain on securities available for sale		-	-	7,545,220.10	-	-	-	-	7,545,220.10	-	7,545,220.10
Depreciation-capital surplus from assets revaluation	11	-	-	-	(989,490.40)	-	-	-	(989,490.40)	-	(989,490.40)
Total recognised income (expenses) in shareholders' equity		-	-	7,545,220.10	(989,490.40)	-	-	-	6,555,729.70	-	6,555,729.70
Profit for the year		-	-	-	-	-	-	243,062,737.51	243,062,737.51	5,365,567.91	248,428,305.42
Total income (expenses) recognised for the year		-	-	7,545,220.10	(989,490.40)	-	-	243,062,737.51	249,618,467.21	5,365,567.91	254,984,035.12
Dividend payment	19	-	-	-	-	-	-	(213,787,945.80)	(213,787,945.80)	-	(213,787,945.80)
Balance as of December 31, 2010		323,921,130.00	149,420,557.75	(2,991,463.34)	27,086,512.26	(6,643,495.87)	35,626,916.56	198,968,153.19	725,388,310.55	59,619,527.30	785,007,837.85

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 years ended December 31, 2010 and 2009

Separate financial statements

(Unit : 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, 2009		323,921,130.00	149,420,557.75	(21,555,812.87)	29,065,427.81	35,626,916.56	131,407,926.93	647,886,146.18
Unrealized gain on securities available for sale		-	-	11,019,129.43	-	-	-	11,019,129.43
Depreciation-capital surplus from assets revaluation	11	-	-	-	(989,425.15)	-	-	(989,425.15)
Total recognised income (expenses) in shareholders' equity		-	-	11,019,129.43	(989,425.15)	-	-	10,029,704.28
Profit for the year		-	-	-	-	-	214,358,087.76	214,358,087.76
Total income (expenses) recognised for the year		-	-	11,019,129.43	(989,425.15)	-	214,358,087.76	224,387,792.04
Dividend payment	19	-	-	-	-	-	(191,113,466.70)	(191,113,466.70)
Balance as of December 31, 2009		323,921,130.00	149,420,557.75	(10,536,683.44)	28,076,002.66	35,626,916.56	154,652,547.99	681,160,471.52
Unrealized gain on securities available for sale		-	-	7,545,220.10	-	-	-	7,545,220.10
Depreciation-capital surplus from assets revaluation	11	-	-	-	(989,490.40)	-	-	(989,490.40)
Total recognised income (expenses) in shareholders' equity		-	-	7,545,220.10	(989,490.40)	-	-	6,555,729.70
Profit for the year		-	-	-	-	-	236,984,682.75	236,984,682.75
Total income (expenses) recognised for the year		-	-	7,545,220.10	(989,490.40)	-	236,984,682.75	243,540,412.45
Dividend payment	19	-	-	-	-	-	(213,787,945.80)	(213,787,945.80)
Balance as of December 31, 2010		323,921,130.00	149,420,557.75	(2,991,463.34)	27,086,512.26	35,626,916.56	177,849,284.94	710,912,938.17

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 years ended December 31, 2010 and 2009

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before income tax	326,510,447.20	293,300,349.88	315,066,824.53	290,149,848.32
Adjustment to profit for the year for cash-received (payments) from operation				
Doubtful debts and bad debts	3,714,714.95	185,470.90	3,334,880.45	185,470.90
Adjustment from reconciliation of accounts receivable	(364,452.31)	(76,872.73)	(364,452.31)	(76,872.73)
Expense from returned goods estimation (reversal)	(1,114,392.29)	456,895.19	(1,114,392.29)	456,895.19
Expense from lost goods	15,694,494.60	21,114,282.95	15,694,494.60	21,114,282.95
Expense from allowance for lost, dilapidated and slow-moving goods (reversal)	8,209,451.93	(151,134.71)	8,107,408.18	(151,134.71)
Expense from donated goods and fixed assets	24,642,360.49	19,903,839.80	24,642,360.49	19,903,839.80
Expense from goods damaged by fire incident caused by the political demonstration	2,920,877.39	-	2,920,877.39	-
Expense from goods destroyed	1,175,921.04	5,034,982.55	1,175,921.04	5,034,982.55
Income compensatable from insurance company	-	(9,823,823.14)	-	(9,823,823.14)
Participating profit from investment in associated company	(2,759,902.61)	(2,819,230.02)	-	-
Depreciation-fixed assets used for operation	103,893,426.04	99,017,468.84	92,226,090.76	95,493,164.22
Depreciation-fixed assets not used for operation	65,805.25	65,790.59	65,805.25	65,790.59
Loss from sale and written-off fixed assets and right for software usage fee	768,511.82	144,888.09	767,591.77	121,767.15
Amortized leasehold right on land and buildings	13,366,608.75	12,655,694.25	13,027,996.43	12,567,440.76
Amortized right for software usage fee	2,495,611.52	3,008,193.91	2,447,515.20	2,996,070.98
Adjustment from reconciliation of trade and coupon accounts payable	(11,162,233.10)	(7,092,629.44)	(11,162,233.10)	(7,092,629.44)
Adjustment from reconciliation of book copyright and translation fee and accrued	3,582,610.12	-	3,582,610.12	-
Interest expenses	4,237,314.14	1,214,642.95	73,046.63	163,845.15
Interest income	(6,773,231.75)	(4,159,704.94)	(6,653,889.84)	(4,104,889.97)
Dividend income	(14,018,795.57)	(8,644,035.08)	(15,818,795.57)	(10,144,035.08)
Profit from operation before change in operating assets and liabilities	475,085,147.61	423,335,069.84	448,019,659.73	416,860,013.49

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 years ended December 31, 2010 and 2009

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES (Continued)				
Operating assets (increase) decrease				
Trade accounts receivable	(15,137,310.91)	(16,485,949.93)	(14,757,007.91)	(16,248,304.63)
Inventories	(28,516,681.62)	5,966,015.64	(28,701,513.69)	5,918,242.94
Prepaid expenses	9,090,978.50	(1,652,853.85)	9,593,378.76	(1,652,853.85)
Damage compensation receivable	17,792,554.66	-	17,792,554.66	-
Other current assets	2,768,948.02	(5,056,277.96)	(88,901.85)	(4,051,505.25)
Book copyright and translation fee	(3,278,012.82)	(2,342,159.36)	(3,278,012.82)	(2,342,159.36)
Rental guarantee and deposit	(10,249,046.28)	(5,642,964.18)	(10,249,046.28)	(5,642,964.18)
Other non-current assets	(86,956.86)	2,151,054.70	(103,156.26)	2,153,910.44
Operating liabilities increase (decrease)				
Trade accounts payable	128,297,571.16	64,439,459.92	128,169,311.90	65,309,125.14
Income received in advance-not yet recognised	(9,254,352.94)	10,860,403.00	-	-
Accrued expenses	28,110,786.17	8,846,230.29	24,459,924.18	8,846,230.29
Other accounts payable	(25,068,501.92)	9,796,286.31	(25,068,501.92)	9,796,286.31
Other current liabilities	(1,017,277.31)	6,907,418.37	1,745,353.43	6,435,827.70
Other non-current liabilities	(953,672.00)	485,589.04	(729,800.00)	490,000.00
Cash received from operating activities	567,584,173.46	501,607,321.83	546,804,241.93	485,871,849.04
Interest paid	(4,237,314.14)	(1,214,642.95)	(73,046.63)	(163,845.15)
Income tax paid	(68,451,168.77)	(66,291,494.74)	(68,451,168.77)	(66,291,494.74)
Net cash provided by operating activities	494,895,690.55	434,101,184.14	478,280,026.53	419,416,509.15
CASH FLOW FROM INVESTING ACTIVITIES				
Cash received from sale of temporary investments	10,005,773.58	5,725.97	10,005,773.58	5,725.97
Cash paid to purchase temporary investments	-	(10,000,000.00)	-	(10,000,000.00)
Increase in other investment	-	(1,066,060.53)	-	(1,066,060.53)
Cash and cash equivalents from subsidiary	-	24,414,373.15	-	-
Cash received from loan to subsidiary	-	14,000,000.00	-	14,000,000.00
Cash paid for loan to subsidiary	-	(3,000,000.00)	(12,000.00)	(3,000,000.00)
Interest received	6,413,617.40	4,578,182.48	6,277,322.63	4,540,320.37
Dividends received	15,818,795.57	10,144,035.08	15,818,795.57	10,144,035.08
Investment in plant and equipment	(115,737,816.66)	(70,392,776.25)	(99,145,440.36)	(69,393,811.59)
Cash received from sale of equipment	795,877.01	402,577.25	758,147.01	402,577.25
Investment in the right for software usage fee	(1,833,741.78)	(1,889,370.93)	(1,833,741.78)	(1,889,370.93)
Cash paid for leasehold right for branches	(19,861,755.25)	-	(19,861,755.25)	-
Net cash used in investing activities	(104,399,250.13)	(32,803,313.78)	(87,992,898.60)	(56,256,584.38)

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 years ended December 31, 2010 and 2009

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
CASH FLOW FROM FINANCING ACTIVITIES				
Increase (decrease) from short- term loan from other person	(210,000.00)	60,000.00	-	-
Cash paid for assets payable	(1,261,016.33)	(2,116,218.96)	(1,261,016.33)	(2,116,218.96)
Dividend paid	(213,787,945.80)	(191,113,466.70)	(213,787,945.80)	(191,113,466.70)
Net cash used in financing activities	(215,258,962.13)	(193,169,685.66)	(215,048,962.13)	(193,229,685.66)
Cash and cash equivalents increase-net	175,237,478.29	208,128,184.70	175,238,165.80	169,930,239.11
Cash and cash equivalents at the beginning of the year	544,807,252.81	336,679,068.11	506,609,307.22	336,679,068.11
Cash and cash equivalents at the end of the year	720,044,731.10	544,807,252.81	681,847,473.02	506,609,307.22
Supplemental disclosures to the cash flow				
1. Cash and cash equivalents consisted of :				
Cash	24,875,502.24	25,649,047.14	24,692,468.99	25,596,745.89
Cash at bank (maturity period not exceeding 3 months)	279,845,336.66	311,999,419.81	241,831,111.83	297,318,963.43
Government bond (maturity period not exceeding 3 months)	415,323,892.20	207,158,785.86	415,323,892.20	183,693,597.90
Total	720,044,731.10	544,807,252.81	681,847,473.02	506,609,307.22
2. Items not effecting cash flow :				
2.1 Recording of unrealized gain on revaluation of securities available for sale to shareholders' equity	7,545,220.10	11,019,129.43	7,545,220.10	11,019,129.43
2.2 Purchase of fixed assets which had not yet been paid	2,263,540.18	1,261,016.33	2,210,746.38	1,261,016.33
2.3 Amortized capital surplus from assets revaluation	989,490.40	989,425.15	989,490.40	989,425.15
2.4 Recording of damage compensation receivable due to fire and flood but not yet received	-	17,792,554.66	-	17,792,554.66
2.5 Recording of written off for dilapidated goods caused by fire and flood incidents	-	7,967,937.52	-	7,967,937.52
2.6 Recording discount on capital resulting from change in shareholding ratio in subsidiary by decreasing minority's interest	-	120,572.87	-	-
2.7 Year 2010 beginning balance of other current liabilities is decreased by offsetting with cash and cash equivalents.	6,987,099.69	-	6,987,099.69	-

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 years ended December 31, 2010 and 2009

(Unit : Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
3. For the year ended December 31, 2009 the Company has changed its relationship with a company from being an associated company to a subsidiary which has assets and liabilities at book values as of October 1, 2009 to be consolidated as follows:-				
Cash and cash equivalents	24,414,373.15			
Trade accounts receivable-net	1,655,939.70			
Inventories	2,557,792.67			
Other current assets	3,726,603.74			
Property, plant and equipment-net	169,364,157.89			
Leasehold right on land-net	8,133,711.50			
Right for software usage fee-net	322,000.08			
Other non-current assets	91,066.96			
Trade accounts payable	(1,278,982.78)			
Income received in advance - not yet recognised	(40,776,370.50)			
Short-term loans from related person	(1,150,000.00)			
Other current liabilities	(3,257,107.92)			
Long-term loans from related person	(1,400,000.00)			
Long-term loans	(58,000,000.00)			
Other non-current liabilities	(228,282.96)			
Minority's interest	(53,437,352.11)			
Net assets of the parent company	<u>50,737,549.42</u>			

As a result, the consolidated financial statements as of December 31, 2009 showed the investments in associated company decreased by Baht 50.99 million.

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**NOTES TO FINANCIAL STATEMENTS****December 31, 2010 and 2009**

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

- 2.1 The consolidated and separate financial statements were prepared in accordance with the generally accepted accounting principle under the Accounting Act B.E. 2543, which include the already announced accounting standards and financial reporting standards by of the Federation of Accounting Professionals established under the Accounting Professions Act B.E. 2547 and regulations in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

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

2.2 The Federation of Accounting Professions has issued FAP's Notifications No. 17/2553 and No. 50-55/2553, which have been published in the Royal Gazette, mandating the use of new accounting standards, financial reporting standards and interpretation for financial reporting standards as follows:-

Reference Standard No.	Name	Effective Date
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. 16 (Revised 2009)	Property, Plant and Equipment	January 1, 2011
Accounting Standard No. 17 (Revised 2009)	Leases	January 1, 2011
Accounting Standard No. 18 (Revised 2009)	Revenue	January 1, 2011
Accounting Standard No. 19	Employee Benefits	January 1, 2011
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. 26	Accounting and Reporting by Retirement Benefit Plans	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
Accounting Standard No. 38 (Revised 2009)	Intangible Assets	January 1, 2011
Accounting Standard No. 40 (Revised 2009)	Investment Property	January 1, 2011
Financial Reporting Standard No. 2	Share-based Payment	January 1, 2011
Financial Reporting Standard No. 3 (Revised 2009)	Business Combination	January 1, 2011
Financial Reporting Standard No. 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2011
Financial Reporting Standard No. 6	Exploration for and Evaluation of Mineral Resources	January 1, 2011
Interpretation for Financial Reporting Standard No. 15	Agreements for the Construction of Real Estate	January 1, 2011
Accounting Standard No. 12	Income Taxes	January 1, 2013
Accounting Standard No. 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2013
Accounting Standard No. 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates	January 1, 2013

Accounting Framework, Accounting Standards, Financial Reporting Standards and Interpretation of Financial Reporting Standards, which become effective immediately and on or after January 1st, 2011. The Company's management have assessed the possible effect arisen from the implementation of those standards to the financial statements of the companies within the group for the year 2011 as follows (mentioned especially for those items which have been significantly affected).

Related standard	Significant change effect to financial statements
Accounting Standard No. 1 (Revised 2009) Presentation of Financial Statements	Changes in form of item presentation in “the statement of income” and “the statement of changes in shareholders’ equity”, which will be presented as “the comprehensive income statement” and “the statement of changes in equity” instead. Hence other comprehensive profit or loss (income and expense items not allowed to be recognised in the statement of income) which are previously shown in “the statement of changes in shareholders’ equity” are now shown in “the comprehensive income statement” and “the statement of changes in equity” will present remaining items that only related to the owners.
Accounting Standard No. 16 (Revised 2009) Property, Plant and Equipment	<p>(1) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation;</p> <p>(2) in determining the depreciable amount, the depreciation charge has to be determined separately for each significant part of an asset;</p> <p>(3) the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end</p> <p>Since the Group Companies have assets on leasehold property, which in some lease agreements stipulated that the assets have to be dismantled when the lease tenor expired and other lease agreements do not specify clearly regarding the dismantlement of the assets. Therefore, the cost of dismantlement may be incurred and have to be additionally recorded to the financial statements. However, the Group Companies could not reasonably estimate the cost of dismantlement; thus, do not record the said item in the financial statements.</p>
Accounting Standard No. 19 Employee Benefits	Requirement for companies within the group to gradually recognise as expense and estimate for liability of employee benefits in accordance to time frame commencing from the first date that employee start to give his or her service. By doing so, assumptions will be made for the use of actuarial calculation to assess obligation and long-term employee benefits together with the use of discount rate as the actual payment of such benefits will occur after long period of service made by employees. For the transitional period during the change over of accounting standards No. 19, recognition of liability estimated from the service of employees prior the effective date can be made on selection of 4 allowable methods. The Group Companies chose the method that allows adjustment to retained earnings as at the date when the first implementation of that accounting standard is made. The management have assessed the estimated amount of liability of employee benefits for the transitional period as at January 1, 2011 that such amount will cause liabilities of the consolidated and separate financial statements to be increased approximately Baht 23.38 million and Baht 22.17 million respectively and the retained earnings of the consolidated and separate financial statements to be decreased by the same amount.
Accounting Standard No. 24 (Revised 2009) Related Party Disclosures	Additional disclosure of compensation amount paid to key management personnel.

For the remained accounting standard, the management of the Company is evaluating its effect on the financial statements on the accounting period the said accounting standard becomes effective.

- 2.3 Preparation of the financial statements in conformity with accounting standards and financial reporting standards requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from estimates which estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.
- 2.4 The 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 consolidated financial statements

- 3.1 These consolidated financial statements are prepared by consolidating financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED and the following subsidiary :-

<u>Company's name</u>	<u>Type of share holding</u>	<u>Produce of registration</u>	<u>Type of business</u>	<u>Percentage of shareholding</u>	
				<u>As of December 31</u>	
				<u>2010</u>	<u>2009</u>
Plearn Patt Co., Ltd.	Direct shareholding	Thailand	Institute of private education	48.82	48.82

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 on "Consolidated and Separate Financial Statements (Revised 2007)" The Company commenced to consolidate the financial statements of Plearn Patt Co., Ltd. since October 1, 2009 onwards.

- 3.2 A subsidiary is an enterprise under the control of the Company. This control occurs when the Company has a controlling power directly or indirectly in giving direction of financial policy and operation of that company in order to derive benefits from that subsidiary. Also the financial statements of the subsidiary will be combined into the consolidated financial statements of the Group Companies commencing from the date of control until the cessation date of such control.
- 3.3 In accordance with the resolutions of the extraordinary shareholders' meeting no. 1/2553 of Plearn Patt Co., Ltd. held on October 8, 2010, it approved to change the accounting period ending from ending March 31 to ending December 31 and submitted the request for Department of Business Development's approval on October 19, 2010.

- 3.4 The consolidated financial statements are prepared by using the same accounting policies for similar accounting items or events.
- 3.5 Material inter-balances and transactions between the Company and its subsidiary including investment in the subsidiary in the Company's books and shares capital of the subsidiary were already eliminated from the consolidated financial statements.
4. Summary of significant accounting policies
- 4.1 Cash and cash equivalents include cash, bank deposits in the types of savings, current and not exceeding three-month fixed deposits and government bond with maturity not exceeding three-month period, without guarantee obligation.
- 4.2 Temporary investments in marketable debt and equity instruments, which are recorded as securities available for sale, are investments without time frame for holding but may be sold whenever liquidity is needed. The management will decide on the appropriate classification of investments at the time of investing and will review this classification regularly. These investments will be shown at fair value which is calculated from the closing price at the end of the accounting period, which is not significantly differ from the last offer price and the change in value of the investments will be recognized as a separate item under the shareholders' equity, and the recognition will be made to the statement of income when the investment is sold or becomes impaired.
- 4.3 Trade accounts receivable are shown at the net realizable value. Allowance for doubtful debt is calculated from the consideration of each respective account receivable anticipated of uncollectibility.
- 4.4 The Company has the policy to set up the allowance for returned goods at the percentage rate of the average returned goods for the year of provincial accounts receivable at the end of the period.
- 4.5 Inventories
- 4.5.1 Paper-raw materials are valued at cost under weighted average method. Works in process are valued at standard cost, which is not significantly differs from the actually cost incurred, or net realizable value, whichever is lower.
- 4.5.2 Finished goods produced are valued at cost under weighted average method or net realizable value, whichever is lower.
- 4.5.3 Allowance for dilapidated and slow-moving goods: the estimate is made from percentage of the inventory turnover in conjunction with the consideration of the book editor.
- 4.5.4 Allowance for lost inventories: the Company holds the policy of allowance for lost inventories at the rate of 0.55 percent of each sales branch, which the Company adjust such allowance after the inventory taking and found inventories lost actually incurred at the respective branch.

4.6 Investments

- 4.6.1 Investment in the subsidiary (SE-ED Book Center Co., Ltd.) as appeared in the consolidated and separate financial statements is recorded at cost.
- 4.6.2 Investment in the subsidiary (Plearn Patt Co., Ltd.) as appeared in the separate financial statements is recorded at cost net of accumulated allowance for impairment and change in value of investment is recognized in the statement of income when the investment is disposed or becomes impaired.
- 4.6.3 Investments in associated company as appeared in the consolidated financial statements are recorded by equity method and in the separate financial statements are recorded by cost method net of accumulated allowance for impairment and change in value of investment is recognized in the statement of income when the investment is disposed or becomes impaired.

Such investments in the separate financial statements are shown net from the allowance for the adjustment in value of the investment, which consider from the present and future operating results of each company.

4.7 Property, plant and equipment

- 4.7.1 Properties and building with improvements are initially recorded at cost and shown at fair value evaluated by independent appraiser. The Company and its subsidiary hold the policy for an independent appraiser to perform appraisal for these assets every 5 years. If there is any factor that has significant effect to the asset value, in the meantime, the Company and its subsidiary would have it reappraised in that year. The surplus arising from the new appraised value would be considered as the capital surplus from asset revaluation under the shareholders' equity and the discount arising from the new appraised value lower than former book value before reappraised would be consider as loss from asset revaluation in the statement of income.
- 4.7.2 Building decoration, office equipment, air-conditioners and vehicles are recorded at cost less accumulated depreciation.
- 4.7.3 The depreciations are calculated on a straight-line method over the estimated useful life as follow:
- | | |
|--|-------------|
| - Land improvements | 10-20 years |
| - Building and improvements | 20-24 years |
| - Building decoration | 5-6 years |
| - Office equipment and air-conditioners | 3-5 years |
| - Vehicles | 5 years |
| - No depreciation is made for land and construction in progress. | |

Depreciation is included in the calculation for the operating result except the depreciation of increase in appraised price, which the Company deducts from the increase in capital surplus from assets revaluation under the caption of shareholders' equity.

- 4.8 Leasehold right on land and buildings is amortized on the straight line method over the beneficial period of the said right as stipulated in the lease agreement.
- 4.9 Land not used for operation recorded the original cost and shown net by the accumulated allowance for impairment. Improvement for land not used for operation recorded at cost and shown net by the accumulated depreciation, which calculated on a straight-line method over the estimated useful life of 10 years.
- 4.10 Intangible asset is shown at cost less by accumulated amortized expense and accumulated allowance for impairment (if applicable) of that asset. The Company and its subsidiary calculate the amortization of intangible asset with certain useful life systematically throughout the useful life of such asset. The Company and its subsidiary will review the period and method for amortization of intangible assets with certainty in useful life at least every end of the year. Amortized expense will be recognized in the statement of income.

Intangible asset, with limited useful life, has the following period of useful life:-

- | | |
|--------------------------------------|-----------------------------------|
| - Right of software usage fee | 5-10years |
| - Book copyright and translation fee | Amortized per number of book sold |

- 4.11 Impairment of assets; the Company and its subsidiary assess at each balance sheet date whether there is an indication that an asset may be impaired or not. If any such indication exists, the Company and its subsidiary will make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of income. (An asset's recoverable amount is the higher of fair value less costs to sell and value in use).
- 4.12 Trade and other accounts payable are shown at cost.
- 4.13 Interest bearing liabilities are shown at cost and state the expense related to the incurrence of debt as the expense for the year.
- 4.14 Provision-the Company and its subsidiary set up the provision when there is a certain possibility of a legally incurred liability from the present or infer from a continuing result from the past incident. The said liability is expected to result in losing the economical beneficial resources to pay for the liability. The amount to be paid is reliable and it is certain that the paid amount on the provision would be repaid back in full or partial amount. The Company and its subsidiary would recognize the repayment of the expense as separate asset but not more than the related provision and shown the expense related to the provision in the statement of income net from the recognized expense expected to be repaid.

- 4.15 Ordinary shares are classified as capital and additional costs directly related to issuance of ordinary shares are recognized as deduction from share capital.
- 4.16 Premiums on share capital under Section 51 of the Public Companies Act B.E. 2535 arisen when the Company share subscription monies are in excess of the par value of the shares issued, have to be set aside to a reserve account (“Premiums on share capital”). Premiums on share capital are not available for dividend distribution.
- 4.17 Discount on capital resulting from change in shareholding ratio in subsidiary is the variance between the money paid to purchase in the shareholding ratio in the subsidiary and the book value of the subsidiary, incurred from the change in the shareholding ratio of the subsidiary. The said discount is shown in the consolidated balance sheet under the caption of shareholders’ equity.
- 4.18 Legal reserve in accordance to Public Company Act B.E. 2535 Section 116 : The Company must appropriate for legal reserve at least 5% of net annual profit after deduction of accumulated loss (if applicable) until such reserve has accumulated to 10% of registered capital and it must not be distributed as dividends.
- 4.19 Dividend paid recorded in the financial statements for the accounting period the Company’s shareholders or the board of directors’ meeting has approved the dividend payment.
- 4.20 Minority’s interest mean the net book value of the assets of the subsidiary under the shareholding ratio of the minority interest or the equity participation not owned by the group companies. The minority interest is shown separately under the equity in the consolidated balance sheet and the profit for the year of the minority interest is shown separately in the consolidated statement of income.
- 4.21 Recognition of revenues and expenses
- 4.21.1 Revenue from sales is recognized when goods are dispatched to customers except for consignment where the revenue from consignment is recognized when the event of either the sales report is received or the payment is received first.
- 4.21.2 Revenue from advertising is recognized once the advertisement is released.
- 4.21.3 Dividend is recognized when entitled to receive dividend.
- 4.21.4 Interest income is recognized according to the time period.
- 4.21.5 The initial entrance fee will be recognized as income when the student has obtained the studentship right. In the year 2010, the subsidiary has changed the revenue recognition method from recognizing the revenue when the student has obtained the studentship right and such income was gradually recognized over the period of 1 year. The accounting policy change has been made to be more suitable to the subsidiary’s operation and the effect from the said policy change is not significant thus there was no retrospective adjustment made to the financial statements.

- 4.21.6 Education supporting fee is recognized as income pursuant to the period of education.
- 4.21.7 Other income and expenses are recognized on accrual basis.
- 4.22 For asset under lease contract, in which risk and ownership right in that asset vested in the lessor, is treated as operating lease contract. Leasing fee paid under the operating lease contract is accounted as expense throughout the contract period.
- 4.23 Employee benefits: consist of salaries, wages, bonuses, other benefits and contributions towards Social Security Fund and provident fund, which recognized as expenses when occurred on accrual basis.
- 4.24 Items denominated in foreign currencies are recorded in Baht at the exchange rate ruling on the day that transaction occurs, while the remaining balances of assets and liabilities denominated in foreign currencies at the year-end are translated into Baht at the prevailing exchange rate on that date, and the gain or loss arising from such translation is included in the statement of income as revenue or expense.
- 4.25 Executives' and directors' remuneration consists of compensation in monetary form, compensating benefits given to directors, managing directors or holders of next 4 executive positions lower than the managing directors, all holders of positions equal in rank to the 4th executive position mentioned earlier.
- 4.26 Financial cost consist of interest expense or other expenses in similar nature charged to the statement of income in the period such expensed are incurred except in case that they are partly recorded as cost of assets due to the effect of long period of time used to acquire, construction or produce such assets prior to direct utilization or for sale. Interest which is part of installment amount under finance lease contract is charged to the statement of income by effective rate method.
- 4.27 Income tax will be recognized as expense item whenever the Company and its subsidiary are liable to pay such tax.
- 4.28 Earnings per share are calculated by dividing profit for the year with the weighted average number of issued and paid-up shares during the year.
- 4.29 The business sector is the business sector that source products or provide services which have different risks and return from the risks and return of the products or services provide by other business sectors. The sectoral business operation is disclosed under the separate business sectors of the group companies.

- 4.30 The related parties and related companies with the Company and its subsidiary are meant by individuals or enterprises which have the controlling power over the Company and its subsidiary or are controlled by the Company and its subsidiary either directly or indirectly, or under the same control with the Company and its subsidiary. Furthermore, the related parties or related companies also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Company and its subsidiary, important managers, directors or the employees of the Company and its subsidiary who have the power to plan and control the operations of the Company and its subsidiary including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.
- 4.31 Financial instruments comprised of financial assets as presented in balance sheets are consisted of cash, cash at bank, investment, trade accounts receivable and loan receivable while financial liabilities are consisted of trade accounts payable and loan payable. The particular accounting policy for each transaction is respectively disclosed in each related caption.

5. Transactions with related entities or person

The Company constitutes accounting transactions incurred with related entities or person such transaction between the Company and subsidiary, associated company, juristic person that is the 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 person are as follows:

5.1 Inter-asset and liabilities

		(Unit : Thousand Baht)			
		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>As of December 31,</u>		<u>As of December 31,</u>	
	<u>Type of relationship</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Trade accounts receivable</u>					
Plearn Patt Co., Ltd.	Subsidiary	-	-	-	44
<u>Loans to</u>					
Plearn Patt Co., Ltd.	Subsidiary				
Beginning balance		-	-	-	11,000
Increased loan in the year		-	-	-	3,000
Received repayment in the year		-	-	-	(14,000)
Ending balance		-	-	-	-
<u>Leasehold right on land</u>					
Related person	Shareholder/directors of subsidiary	7,707	8,045	-	-
<u>Trade accounts payable</u>					
M AND E Co., Ltd.	Associated company	2,371	2,314	2,371	2,314
GMM Grammy Public Co., Ltd.	Shareholder	3,615	4,711	3,615	4,711
Bliss Publishing Co., Ltd.	Company related to shareholders	6,015	4,860	6,015	4,860
Post Publishing Public Co., Ltd.	Company related to shareholders	7,728	5,709	7,728	5,709
Total		19,729	17,594	19,729	17,594

(Unit : Thousand Baht)

	<u>Type of relationship</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>As of December 31,</u>		<u>As of December 31,</u>	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Short-term loans from</u>					
Related person	Shareholder of subsidiary				
Beginning balance		210	150	-	-
Increased loan in the year		-	60	-	-
Repayment in the year		(210)	-	-	-
Ending balance		-	210	-	-
<u>Long-term loans from</u>					
Related person	Shareholder of subsidiary				
Beginning balance		500	500	-	-
Increased loan in the year		-	-	-	-
Repayment in the year		-	-	-	-
Ending balance		500	500	-	-
Related person	Director of subsidiary				
Beginning balance		900	900	-	-
Increased loan in the year		-	-	-	-
Repayment in the year		-	-	-	-
Ending balance		900	900	-	-
<u>Less</u> Current portion of long-term loans		(1,400)	-	-	-
Total Long-term loans		-	1,400	-	-

In the years 2009, loan due from 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 due to shareholder of subsidiary with objective to use it as working capital in that subsidiary. Interest is chargeable at the average interest rate of deposits charged by the first 5 big commercial banks plus 3.00% per annum but there was no written agreement made between them.

In the year 2010 and 2009, long-term loans are loans due to 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.

5.2 Inter-revenues and expenses

(Unit : Thousand Baht)

	Type of relationship	<u>Consolidated</u>		<u>Separate</u>		<u>Policy of</u> <u>inter-price setting</u>
		<u>financial statements</u>		<u>financial statements</u>		
		<u>For the years ended December 31,</u>	<u>For the years ended December 31,</u>	<u>For the years ended December 31,</u>	<u>For the years ended December 31,</u>	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
<u>Sales of goods values</u>						
Pleam Patt Co., Ltd.	Subsidiary	-	-	380	18	Market price
<u>Purchase of goods values</u>						
Pleam Patt Co., Ltd.	Subsidiary	-	-	-	321	Market price
M AND E Co., Ltd.	Associated company	3,632	492	3,632	492	Market price
GMM Grammy Public Co., Ltd.	Shareholder	6,324	9,575	6,324	9,575	Market price
Bliss Publishing Co., Ltd.	Company related to shareholders	22,839	17,834	22,839	17,834	Market price
Post Publishing Public Co., Ltd.	Company related to shareholders	31,841	31,537	31,841	31,537	Market price
		<u>64,636</u>	<u>59,438</u>	<u>64,636</u>	<u>59,759</u>	
<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	1,001	208	-	-	Mutually agreed agreement
<u>Amortized land leasehold right</u>						
Related person	Shareholder/director of subsidiary	339	88	-	-	Mutually agreed agreement
<u>Interest expenses</u>						
Related person	Shareholder/director of subsidiary	45	11	-	-	5-6% per annum

6. Temporary investments-net

Consisted of: -

(Unit : Baht)

	<u>Consolidated /Separate financial statements</u>							
	<u>As of December 31,</u>							
	<u>2010</u>				<u>2009</u>			
	<u>Cost</u>	<u>Fair value</u>	<u>Dividends</u> <u>for the year</u>	<u>Accumulated</u> <u>dividends received</u>	<u>Cost</u>	<u>Fair value</u>	<u>Dividends</u> <u>for the year</u>	<u>Accumulated</u> <u>dividends received</u>
Securities available for sale :-								
<u>Equity instruments</u>								
Unit trusts								
One Fas Prosperity Fund	30,000,000.00	26,783,362.63	7,210,320.89	10,189,792.33	30,000,000.00	22,107,678.10	2,979,471.44	2,979,471.44
Bangkok Commercial Property Fund	19,101,000.00	18,623,475.00	1,356,171.00	7,807,198.30	19,101,000.00	17,190,900.00	1,337,070.00	6,451,027.30
Vayupak Fund 1	30,000,000.00	32,370,000.00	1,950,000.00	12,000,000.00	30,000,000.00	30,450,000.00	1,350,000.00	10,050,000.00
<u>Debt instruments</u>								
Asset Plus Fixed Income Dividend Fund 2	110,374,537.24	108,707,236.27	3,502,303.68	12,288,647.36	110,380,310.82	109,196,049.28	2,977,493.64	8,786,343.68
Total	<u>189,475,537.24</u>	<u>186,484,073.90</u>	<u>14,018,795.57</u>	<u>42,285,637.99</u>	<u>189,481,310.82</u>	<u>178,944,627.38</u>	<u>8,644,035.08</u>	<u>28,266,842.42</u>
<u>Less</u> Unrealized loss on securities available for sale	(2,991,463.34)	-	-	-	(10,536,683.44)	-	-	-
Net	<u>186,484,073.90</u>	<u>186,484,073.90</u>	<u>14,018,795.57</u>	<u>42,285,637.99</u>	<u>178,944,627.38</u>	<u>178,944,627.38</u>	<u>8,644,035.08</u>	<u>28,266,842.42</u>
Fixed deposit with 7-month maturity	-	-	-	-	10,000,000.00	10,000,000.00	-	-
Total temporary investments-net	<u>186,484,073.90</u>	<u>186,484,073.90</u>	<u>14,018,795.57</u>	<u>42,285,637.99</u>	<u>188,944,627.38</u>	<u>188,944,627.38</u>	<u>8,644,035.08</u>	<u>28,266,842.42</u>

7. Trade accounts receivable-net

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

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As of December 31,</u>		<u>As of December 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Trade accounts receivable				
Within credit term	78,810,487.04	51,289,090.18	78,809,737.04	51,284,402.68
Over credit term less than 6 months	37,284,749.18	48,002,793.98	36,075,967.18	46,873,602.68
Over credit term more than 6 months to 12 months	2,115,686.48	2,310,473.58	1,715,618.98	1,892,460.58
Over credit term more than 12 months	24,868,294.37	25,975,096.11	23,533,125.37	24,962,522.41
Total trade accounts receivable	143,079,217.07	127,577,453.85	140,134,448.57	125,012,988.35
<u>Less</u> Allowance for doubtful debts	(27,365,164.35)	(23,650,449.40)	(26,314,449.35)	(22,979,568.90)
<u>Less</u> Allowance for returned goods	(4,119,977.14)	(5,234,369.43)	(4,119,977.14)	(5,234,369.43)
Net	111,594,075.58	98,692,635.02	109,700,022.08	96,799,050.02

As of December 31, 2010 and 2009, a part of the trade accounts receivable that were over due for more than 12 months, in the consolidated and separate financial statements at the same amount of Baht 18.15 million for both years, 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 year, the movement in transactions of allowance for doubtful debts is as follows: -

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate</u>
	<u>financial statements</u>	<u>financial statements</u>
Balance as of January 1, 2010	(23,650,449.40)	(22,979,568.90)
<u>Add</u> Allowance for doubtful debts	(7,068,862.92)	(6,542,154.42)
<u>Less</u> Reversal of allowance for doubtful debts	3,354,147.97	3,207,273.97
Balance as of December 31, 2010	<u>(27,365,164.35)</u>	<u>(26,314,449.35)</u>

8. Inventories-net

Consisted of: -

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As of December 31,</u>		<u>As of December 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Raw materials	17,606,766.12	25,836,288.33	17,606,766.12	25,836,288.33
Goods in process	13,044,818.03	4,856,145.44	13,044,818.03	4,856,145.44
Finished goods	490,731,823.05	506,570,413.64	488,406,635.15	504,060,393.67
Total	<u>521,383,407.20</u>	<u>537,262,847.41</u>	<u>519,058,219.30</u>	<u>534,752,827.44</u>
<u>Less</u> Allowance for lost goods	(13,203,891.61)	(18,315,726.15)	(13,203,891.61)	(18,315,726.15)
Allowance for dilapidated and slow-moving goods	(90,921,931.36)	(77,600,644.89)	(90,819,887.61)	(77,600,644.89)
Net	<u>417,257,584.23</u>	<u>441,346,476.37</u>	<u>415,034,440.08</u>	<u>438,836,456.40</u>

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 year ended December 31, 2010 by Baht 18.83 million. This arrangement is made to suit the current situation.

9. Damage compensation receivable

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

10. Investments in subsidiary and associated companies-net

Consisted of: -

(Unit : Baht)

<u>Consolidated/separate financial statements</u>								
<u>As of December 31, 2010</u>								
	<u>Nature of business</u>	<u>Country of Incorporation</u>	<u>Paid-up share capital</u>	<u>Percentage of shareholdings</u>	<u>Investments</u>		<u>Dividend</u>	
					<u>Equity Method</u>	<u>Cost Method</u>		
(Thousand Baht)								
<u>Subsidiaries</u>								
	SE-ED Book Center Co., Ltd.	Business consulting	Thailand	100	99.93	99,930.00	99,930.00	-
	Pleam Patt Co., Ltd.	Institute of private education-Pleam Pattana School	Thailand	170,000	48.82	-	83,000,000.00	-
<u>Associated company</u>								
	M AND E Co., Ltd.	Printing office, production of technical magazines and engineering manuals	Thailand	400	25.00	27,037,098.06	100,000.00	1,800,000.00
	Total investments					27,137,028.06	83,199,930.00	1,800,000.00
<u>Less</u>	Allowance for revaluation of investment - Pleam Patt Co., Ltd.					-	(13,667,908.49)	-
	Net					27,137,028.06	69,532,021.51	1,800,000.00

(Unit : Baht)

<u>Consolidated/separate financial statements</u>								
<u>As of December 31, 2009</u>								
	<u>Nature of business</u>	<u>Country of Incorporation</u>	<u>Paid-up share capital</u>	<u>Percentage of shareholdings</u>	<u>Investments</u>		<u>Dividend</u>	
					<u>Equity Method</u>	<u>Cost Method</u>		
(Thousand Baht)								
<u>Subsidiaries</u>								
	SE-ED Book Center Co., Ltd.	Business consulting	Thailand	100	99.93	99,930.00	99,930.00	-
	Pleam Patt Co., Ltd.	Institute of private education-Pleam Pattana School	Thailand	170,000	48.82	-	83,000,000.00	-
<u>Associated company</u>								
	M AND E Co., Ltd.	Printing office, production of technical magazines and engineering manuals	Thailand	400	25.00	26,077,195.45	100,000.00	1,500,000.00
	Total investments					26,177,125.45	83,199,930.00	1,500,000.00
<u>Less</u>	Allowance for revaluation of investment - Pleam Patt Co., Ltd.					-	(13,667,908.49)	-
	Net					26,177,125.45	69,532,021.51	1,500,000.00

Summarized financial information of the associated company

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

(Unit : Baht)

	<u>As of December 31,</u>		<u>For the year ended December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Total assets	118,752,515.11	114,218,980.53		
Total liabilities	3,404,122.88	3,910,198.72		
Total revenue			35,591,540.10	39,749,924.23
Profit for the year			11,039,610.42	12,298,452.87

10.1 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.

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

As of December 31, 2010, the Company consolidated the financial statements of Plearn Patt Co., Ltd. as specified in notes to financial statements No. 3.1.

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 consolidated statement of income for the amount of Baht 0.25 million 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, 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 change to decreased 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 change to decreased in the shareholding ratio in subsidiary under the shareholders' equity by the same amount and the shareholding ratio in subsidiary decreased by 0.19%.

10.3 For the investments in M AND E Co., Ltd., which is an associated company, the Company recognized participating result from operation in the consolidated financial statements as follows:-

For the years ended December, 31, 2010 and 2009, the Company recognized participating result from the operation for the years ended December 31, 2009 and 2008 of the associated company, of which financial statements were audited by another auditor. The Company consequently presented participating profit from investment in such associated company in the consolidated statement of income for the year ended December 31, 2010 and 2009, for the amount of Baht 2.76 million and Baht 3.07 million respectively equivalent to 1.11% and 1.41% of profit for the year shown in the consolidated financial statements respectively. As of December 31, 2010 and 2009 the Company had investment in that associated company for the amounts of Baht 27.04 million and Baht 26.08 million respectively equivalent to 1.18% and 1.23% of total assets in the consolidated financial statements respectively.

11. Property, plant and equipment-net

Consisted of:-

(Unit : Baht)

Descriptions	Consolidated financial statements						
	Land and improvements	Buildings and improvements	Building decoration	Office equipment and air conditioners	Vehicles	Work in progress	Total
Cost :							
As of December 31, 2008	4,714,125.00	2,353,700.00	312,078,532.68	466,777,632.27	38,336,635.12	25,625,155.65	849,885,780.72
Increase from recognize assets of subsidiary	33,554,690.33	163,959,477.90	-	27,467,109.74	1,543,265.00	2,659,853.88	229,184,396.85
Purchase	215,615.70	30,602.00	10,965,809.50	34,183,979.46	665,403.43	25,592,382.49	71,653,792.58
Transfer in	-	-	19,808,428.10	28,319,552.41	-	-	48,127,980.51
Sale	-	-	(2,227,091.54)	(8,257,820.96)	(491,323.76)	-	(10,976,236.26)
Written-off	-	-	(5,294,126.68)	(9,234,064.06)	(529,397.93)	-	(15,057,588.67)
Transfer out	-	-	-	-	-	(48,127,980.51)	(48,127,980.51)
As of December 31, 2009	38,484,431.03	166,343,779.90	335,331,552.06	539,256,388.86	39,524,581.86	5,749,411.51	1,124,690,145.22
Purchase	159,600.31	-	7,440,687.47	58,588,504.87	-	51,812,564.19	118,001,356.84
Transfer in	1,341,438.63	10,900,403.61	29,823,177.65	10,986,461.47	-	-	53,051,481.36
Sale	-	-	-	(8,433,518.46)	(817,021.34)	-	(9,250,539.80)
Written-off	(42,309.00)	-	(17,675,518.28)	(10,678,776.91)	(651,766.99)	-	(29,048,371.18)
Transfer out	-	-	-	-	-	(53,051,481.36)	(53,051,481.36)
As of December 31, 2010	39,943,160.97	177,244,183.51	354,919,898.90	589,719,059.83	38,055,793.53	4,510,494.34	1,204,392,591.08
Accumulated depreciation :							
As of December 31, 2008	-	(2,353,699.00)	(214,337,475.74)	(293,260,048.07)	(23,779,383.22)	-	(533,730,606.03)
Increase from recognize assets of subsidiary	(6,712,972.16)	(31,902,863.82)	-	(18,264,369.07)	(1,234,601.39)	-	(58,114,806.44)
Depreciation for the year	(371,735.50)	(2,065,187.58)	(32,856,558.55)	(59,483,662.58)	(4,240,324.63)	-	(99,017,468.84)
Sale	-	-	2,227,077.54	8,140,846.41	490,227.94	-	10,858,151.89
Written-off	-	-	5,003,823.19	9,094,201.58	529,388.93	-	14,627,413.70
As of December 31, 2009	(7,084,707.66)	(36,321,750.40)	(239,963,133.56)	(353,773,031.73)	(28,234,692.37)	-	(665,377,315.72)
Depreciation for the year	(1,209,328.24)	(6,390,163.57)	(31,811,594.13)	(60,879,085.01)	(3,603,255.09)	-	(103,893,426.04)
Sale	-	-	-	8,353,818.07	309,868.56	-	8,663,686.63
Written-off	6,465.63	-	17,424,217.40	9,950,886.81	651,737.99	-	28,033,307.83
As of December 31, 2010	(8,287,570.27)	(42,711,913.97)	(254,350,510.29)	(396,347,411.86)	(30,876,340.91)	-	(732,573,747.30)
Capital surplus from assets revaluation :							
As of December 31, 2009	21,385,547.00	17,292,418.41	-	-	-	-	38,677,965.41
As of December 31, 2010	21,385,547.00	17,292,418.41	-	-	-	-	38,677,965.41
Accumulated depreciation-capital surplus :							
As of December 31, 2008	-	(9,612,537.60)	-	-	-	-	(9,612,537.60)
Depreciation for the year	-	(989,425.15)	-	-	-	-	(989,425.15)
As of December 31, 2009	-	(10,601,962.75)	-	-	-	-	(10,601,962.75)
Depreciation for the year	-	(989,490.40)	-	-	-	-	(989,490.40)
As of December 31, 2010	-	(11,591,453.15)	-	-	-	-	(11,591,453.15)
Allowance for asset impairment							
As of December 31, 2009	-	(1,705,432.52)	-	-	-	-	(1,705,432.52)
As of December 31, 2010	-	(1,705,432.52)	-	-	-	-	(1,705,432.52)
Net book value :							
As of December 31, 2009	52,785,270.37	135,007,052.64	95,368,418.50	185,483,357.13	11,289,889.49	5,749,411.51	485,683,399.64
As of December 31, 2010	53,041,137.70	138,527,802.28	100,569,388.61	193,371,647.97	7,179,452.62	4,510,494.34	497,199,923.52
Depreciation in the statement of income for the years							
Ended December 31, 2009							99,017,468.84
Ended December 31, 2010							103,893,426.04

As of December 31, 2010 and 2009, building decoration built on lease and leasehold right contracts shown in the consolidated and separate financial statements with book value in amount of Baht 100.57 million and Baht 95.37 million respectively, the same amount in the both financial statements. 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. 25.2.

As of December 31, 2010 and 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 161.47 million and Baht 157.97 million respectively as mentioned in the notes to financial statements Nos. 12 and 25.6.

As of December 31, 2010 and 2009, assets which were fully depreciated, however, parts of these assets are still in use, shown in the consolidated financial statements at the cost value of Baht 428.18 million and Baht 391.24 million respectively and in the separate financial statements such assets had cost values of Baht 414.79 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 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 year ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Depreciation and Written Off Recognised under Shareholders' Equity	0.99	0.99
If the above Depreciation and Written Off Recognised in the statements		
of income , it would effect to:		
Profit for the year decrease	0.99	0.99

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. The change is prospectively applied which resulted in the consolidated financial statements shown the depreciation for the year ended December 31, 2010 decreased by the amount of Baht 2.45 million and the consolidated financial statements for the succeeding year present the decrease in depreciation in amount of Baht 2.98 million per annum.

12. 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 rai 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 year ended December 31, 2010 and 2009, leasehold right was amortized as expense in the same amount of Baht 0.34 million and Baht 0.09 million respectively.

13. 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 years ended December 31, 2010 and 2009, these leasehold rights were amortized to expenses by the amounts of Baht 13.03 million and Baht 12.57 million respectively

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

Consisted of:-

(Unit : Baht)

	Consolidated financial statements/Separate financial statements		
	Land	Land improvement	Total
Cost :			
As of December 31, 2009	49,495,608.93	658,413.00	50,154,021.93
As of December 31, 2010	49,495,608.93	658,413.00	50,154,021.93
Accumulated depreciation :			
As of December 31, 2008	-	(488,778.84)	(488,778.84)
Depreciation for the year	-	(65,790.59)	(65,790.59)
As of December 31, 2009	-	(554,569.43)	(554,569.43)
Depreciation for the year	-	(65,805.25)	(65,805.25)
As of December 31, 2010	-	(620,374.68)	(620,374.68)
Allowance for asset impairment :			
As of December 31, 2009	(16,012,977.97)	-	(16,012,977.97)
As of December 31, 2010	(16,012,977.97)	-	(16,012,977.97)
Net book value :			
As of December 31, 2009	33,482,630.96	103,843.57	33,586,474.53
As of December 31, 2010	33,482,630.96	38,038.32	33,520,669.28

Depreciation in the statement of income for the years

Ended December 31, 2009	65,790.59
Ended December 31, 2010	65,805.25

On October 3, 2006, the Company arranged for an independent appraiser to appraise value of land and 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 new appraisal value was Baht 33.80 million.

15. Right for software usage fee-net

Consisted of:-

(Unit : Baht)

Cost :	<u>Consolidate financial statements</u>	<u>Separate financial statements</u>
	<u>Right for software usage fee</u>	<u>Right for software usage fee</u>
As of December 31, 2008	33,885,186.83	33,885,186.83
Increase from recognize assets of subsidiary	481,355.00	-
Investment in the right for software usage fee	1,889,370.93	1,889,370.93
As of December 31, 2009	36,255,912.76	35,774,557.76
Investment in the right for software usage fee	1,833,741.78	1,833,741.78
Written-off	(2,213,803.62)	(2,213,803.62)
As of December 31, 2010	35,875,850.92	35,394,495.92
Accumulated amortization :		
As of December 31, 2008	(25,671,646.15)	(25,671,646.15)
Increase from recognize assets of subsidiary	(159,354.92)	-
Amortization for the year	(3,008,193.91)	(2,996,070.98)
As of December 31, 2009	(28,839,194.98)	(28,667,717.13)
Amortization for the year	(2,495,611.52)	(2,447,515.20)
Written-off	2,213,799.62	2,213,799.62
As of December 31, 2010	(29,121,006.88)	(28,901,432.71)
Net Book Value :		
As of December 31, 2009	7,416,717.78	7,106,840.63
As of December 31, 2010	6,754,844.04	6,493,063.21
Amortization in the statement of income for the years		
Ended December 31, 2009	3,008,193.91	2,996,070.98
Ended December 31, 2010	2,495,611.52	2,447,515.20

16. 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 December 31, 2010 and 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 3.81 million and Baht 4.56 million respectively.
- As of December 31, 2010 and 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 credit limit of Baht 2.30 million and Baht 2.10 million respectively.

17. 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: -

- 17.1 The initial entrance fee income is that income is collected from students first time when making enrolment.
- 17.2 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 : Baht)	
	<u>Consolidated financial statements</u>	
	<u>As of December 31,</u>	
	<u>2010</u>	<u>2009</u>
Income received in advance-not yet recognised	42,382,420.56	51,636,773.50
<u>Less</u> Income received in advance recognisable within one year	(32,940,795.56)	(34,655,521.25)
Net	9,441,625.00	16,981,252.25

Movements for the year ended December 31, 2010 are as follows: -

	The initial	Education	Total
	<u>entrance fee</u>	<u>supporting fee</u>	
Income received in advance-not yet recognized-net at the beginning of the year	9,937,500.00	41,699,273.50	51,636,773.50
<u>Plus</u> Increase during the year	9,967,500.00	90,000,900.06	99,968,400.06
<u>Less</u> Income recognition during the year	(13,880,000.00)	(93,943,356.50)	(107,823,356.50)
<u>Less</u> Return from resigned student	-	(1,399,396.50)	(1,399,396.50)
Income received in advance-not yet recognized -net at the end of the year	6,025,000.00	36,357,420.56	42,382,420.56

18. Long-term loans

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

19. Retained earnings

Dividends payment and legal reserve

Consisted of:-

		<u>Year 2010's operating result</u>					
<u>Resolutions of the Company's</u>		<u>Meeting</u>	<u>Dividends</u>	<u>Dividends</u>	<u>Total</u>	<u>Legal reserve</u>	
<u>Board's meeting no.</u>	<u>date</u>	<u>payment date</u>	<u>per share</u>	<u>dividends paid</u>	<u>% of Profit</u>	<u>Amount</u>	
			(Baht)	(Million Baht)	for the year	(Million Baht)	
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	-	-
Quarter 3	4/2010	10/11/2010	09/12/2010	0.10	32.39	-	-
Total				0.30	97.17		-

		<u>Year 2009's operating result</u>					
<u>Resolutions of the Company's</u>		<u>Meeting</u>	<u>Dividends</u>	<u>Dividends</u>	<u>Total</u>	<u>Legal reserve</u>	
<u>Board's/ Shareholders' meeting no.</u>	<u>date</u>	<u>payment date</u>	<u>per share</u>	<u>dividends paid</u>	<u>% of Profit</u>	<u>Amount</u>	
			(Baht)	(Million Baht)	for the year	(Million Baht)	
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 the Company's</u>		<u>Meeting</u>	<u>Dividends</u>	<u>Dividends</u>	<u>Total</u>	<u>Legal reserve</u>	
<u>Board's/ Shareholders' meeting no.</u>	<u>date</u>	<u>payment date</u>	<u>per share</u>	<u>dividends paid</u>	<u>% of Profit</u>	<u>for the year</u>	<u>Amount</u>
			<u>(Baht)</u>	<u>(Million Baht)</u>			<u>(Million Baht)</u>
Quarter 1	2/2008	12/05/2008	06/06/2008	0.10	32.39	-	-
Quarter 2	3/2008	08/08/2008	05/09/2008	0.10	32.39	-	-
Quarter 3	4/2008	12/11/2008	11/12/2008	0.10	32.39	-	-
Quarter 4	1/2009	29/04/2009	28/05/2009	0.29	93.94	-	-
Total				0.59	191.11		-

20. Capital management

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

21. Nature of expenses

Consisted of: -

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31.</u>			
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Employees' salaries, wages and other benefits	563,669,705.02	478,580,380.64	503,810,871.99	463,849,100.73
Executives' and directors' remunerations	33,651,425.20	31,915,029.00	30,158,810.00	29,184,089.00
Depreciation and amortization	119,821,451.56	114,747,147.59	107,767,407.64	111,122,466.55
Rent, service fee and utility expenses	458,951,901.51	428,740,859.00	455,175,080.04	427,959,493.30
Operational expenses	163,343,355.23	140,937,219.20	160,662,958.47	140,224,956.57
Accounting estimated expenses	29,680,934.16	28,138,471.83	29,301,099.66	28,138,471.83
Variable cost depending on sale volume	80,775,818.53	66,200,102.16	80,775,818.53	66,200,102.16
Production expenses	115,462,042.59	124,653,723.98	115,462,042.59	124,653,723.98
Other costs in school business operation	18,778,931.88	5,964,447.35	-	-
Purchase of goods and raw material used	3,249,258,409.39	2,926,092,714.85	3,249,258,409.39	2,926,092,714.85
Movement in finished goods and goods-in-process	7,649,918.00	36,588,515.55	7,465,085.93	39,098,535.63
Interest expenses	4,237,314.14	1,214,642.95	73,046.63	163,845.15
Total	4,845,281,207.21	4,380,391,119.71	4,739,910,630.87	4,356,687,499.75

In the consolidated financial statements for the year 2009, the nature of expense has included the expense of Plearn Patt Co., Ltd. for three month only because the Company has commenced the preparation of the consolidated financial statements in the fourth quarter of 2009 as mentioned in the notes to financial statements no. 3.1.

22. 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 Public Company Limited Act, which excluded salaries and related fringe benefits paid to directors who are executives for the years ended December 31, 2010 and 2009 in amounts of Baht 4.08 million and Baht 4.94 million respectively.

23. Income tax

For the years ended December 31, 2010 and 2009, the Company calculated the income tax at 25% on net accounting profit 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 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.

24. Disclosure of sectoral business operations

Details of the sectoral business operations in the consolidated financial statements a for the years ended December 31, 2010 and 2009 are as follows:-

	(Unit : Thousand Baht)							
	Book publishing and distributing business		Institute of private education		Setting off 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	5,000,274	4,596,023	108,990	25,068	(380)	(18)	5,108,884	4,621,073
Profit before financial cost and income tax	321,217	292,527	14,648	2,882	(5,118)	(894)	330,747	294,515
Financial cost	(73)	(164)	(4,164)	(1,051)	-	-	(4,237)	(1,215)
Net profit before income tax	321,144	292,363	10,484	1,831	(5,118)	(894)	326,510	293,300
Income tax	(78,082)	(75,792)	-	-	-	-	(78,082)	(75,792)
Profit for the year	243,062	216,571	10,484	1,831	(5,118)	(894)	248,428	217,508
Appropriation of profit								
Belonging to shareholders' equity of parent company							243,062	216,571
Belonging to minority shareholders' equity							5,366	937
							248,428	217,508
<u>As of December 31,</u>								
Trade accounts receivable-net	109,700	96,799	1,894	1,937	-	(44)	111,594	98,692
Inventories-net	415,034	438,836	2,223	2,510	-	-	417,258	441,346
Property, plant and equipment-net	325,445	318,868	171,755	166,816	-	-	497,200	485,683
Other assets	1,265,452	1,100,029	48,563	51,395	(55,515)	(51,756)	1,258,499	1,099,669
Total assets	2,115,631	1,954,532	224,435	222,658	(55,515)	(51,799)	2,284,551	2,125,390

In the consolidated financial statements for the year 2009, details of the sectoral business operations has included the operating result of Plearn Patt Co., Ltd. for three month only because the Company has commenced the preparation of the consolidated financial statements in the fourth quarter of 2009 as mentioned in the notes to financial statements no. 3.1.

25. Obligations and contingent liabilities

25.1 As of December 31, 2010 and 2009, the Company and its subsidiary held obligations and contingent liabilities as follows :-

	(Unit : Thousand Baht)						
	<u>Consolidated financial statements/</u>			<u>Separate financial statements</u>			
	<u>As of December 31,</u>						
		<u>2010</u>		<u>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	4,627	44,373	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 December 31, 2010 and 2009, a part of letters of guarantee for the amounts of Baht 3.81 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. 16.

25.2 As of December 31, 2010 and 2009, the Company has entered into agreements of building lease and services with two companies 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 326 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 449.98 million and Baht 421.17 million per annum respectively, most of which are calculated from percentage of sales amount.

As of December 31, 2010 and 2009, the Company has entered into agreements for leasing head office and warehouses (Kingkaew Road) with two companies 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.

25.3 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.

25.4 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.

25.5 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, not any party informs to cancel it 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 payment of service is approximately Baht 4.05 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.

25.6 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.

25.7 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. 25.2 and 25.6, comprise of the following time periods: -

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As of December 31,</u>		<u>As of December 31,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
- Due in less than 1 year	35,512	35,222	34,511	34,222
- Due in 1 year to 5 years	47,234	48,075	41,720	42,461
- Due in more than 5 years	39,116	42,723	12,300	15,904
Total remaining obligation	<u>121,862</u>	<u>126,020</u>	<u>88,531</u>	<u>92,587</u>

26. Financial instruments

26.1 Financial risk management policy

The Company and its subsidiary have minimum risks with respect to the change of interest rates and exchange rates due to the Company and its subsidiary's investments in business expansion are utilized by current cash flow. The nature of the Company and its subsidiary's operation related to foreign currency has non-material proportion, which the Company and its subsidiary would consider the use of appropriate financial instruments to hedge against the risk. Further more, the Company and its subsidiary hold no policy to adopt any financial instruments off the balance sheet, which are derivative instruments, for speculative or for trading purpose.

26.2 Risk on credit provision

The Company and its subsidiary have risk from credit provision in relation to trade accounts receivable. Nevertheless, the Company and its subsidiary constitute the conservative policy in granting credit and the number of customers are several and the Company and its subsidiary carefully considered the appropriated allowance for doubtful debts; hence, the Company and its subsidiary believe that the risk which the debtors will not repay is minimal.

26.3 Risk on interest rates

Risk on interest rates is derived from the fluctuation of the market interest rates in the future, which will affect upon the Company and its subsidiary's operating results and cash flows. However, the Company and its subsidiary manage the risk on interest rates with several instruments including setting the appropriate allocation of the investment at fixed and floating interest rates to suit the various activities of the Company and its subsidiary.

26.4 Risks on exchange rates

Regarding the risks on exchange rates, it is mainly involve with purchase of goods in foreign currencies, which the Company has the policy to hedge against such risk as appropriate.

26.5 Fair value

Since the financial assets and liabilities are mainly in short-term types; hence, the book values of such financial assets and liabilities presented herein do not materially differ from fair values. Moreover, the Company's temporary investments have already been adjusted to fair values.

27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its employees contribute to the fund monthly at the rate of 5.00% of basic salaries. The fund is managed by Ayudhya Fund Management Co., Ltd. and will be paid to the employees upon termination of their employment in accordance with the fund rules. For the years ended December 31, 2010 and 2009, the Company's contribution to the fund amounted to Baht 10.36 million and Baht 9.37 million respectively.

28. Approval of financial statements

These financial statements have been approved for issuance by SE-EDUCATION PUBLIC COMPANY LIMITED's board of directors on February 24, 2011.
