

SE-EDUCATION PUBLIC COMPANY LIMITED
and its subsidiary
Review report and interim financial statements
For the three-month period ended
31 March 2011

Review Report of Independent Auditor

To the Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED

I have reviewed the accompanying consolidated statement of financial position of SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries as at 31 March 2011, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-month period ended 31 March 2011, and the separate financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my review.

I conducted my review in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my review, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The consolidated financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries and the separate financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED for the year ended 31 December 2010 were audited in accordance with generally accepted auditing standards by another auditor who expressed an unqualified opinion on those statements, under her report dated 24 February 2011. The consolidated and separate statements of financial position as at 31 December 2010, as presented herein for comparative purposes, formed an integral part of the financial statements which that auditor audited and reported on.

The consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2010 of SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries and the separate financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED for the same period, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were reviewed by the aforementioned auditor who reported, under her report dated 12 May 2010, that nothing had come to her attention that caused her to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

As described in Note 4 to the financial statements, during the current period, the Company and its subsidiaries adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied them in its preparation and presentation of the interim financial statements.

Pimjai Manitkajohnkit
Certified Public Accountant (Thailand) No. 4521

Ernst & Young Office Limited
Bangkok: 13 May 2011

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statements of financial position

As at 31 March 2011 and 31 December 2010

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2011 (Unaudited but reviewed)	31 December 2010 (Audited)	31 March 2011 (Unaudited but reviewed)	31 December 2010 (Audited)
Assets					
Current assets					
Cash and cash equivalents	8	812,570	720,045	779,625	681,847
Current investments	9	184,157	186,484	184,157	186,484
Trade accounts receivable	10	107,068	111,594	105,901	109,700
Inventories - net	11	398,662	417,258	396,445	415,034
Prepaid expenses		31,945	16,271	30,504	15,769
Other current assets		24,669	20,390	22,947	18,528
Total current assets		1,559,071	1,472,042	1,519,579	1,427,362
Non-current assets					
Restricted bank deposit and other investments	12	10,699	10,874	10,699	10,874
Investments in subsidiaries - net	13	-	-	69,432	69,432
Investments in associate - net	14	27,037	27,037	100	100
Property, plant and equipment - net	15	499,444	497,200	329,142	325,445
Leasehold right on land - net	16	7,624	7,707	-	-
Leasehold right on buildings - net	17	120,044	123,391	120,044	123,391
Investment property	18	33,504	33,521	33,504	33,521
Right for software usage fee - net	19	6,495	6,755	6,245	6,493
Prepaid book copyright and translation fee		24,175	22,382	24,175	22,382
Rental guarantee and deposit		81,414	79,572	81,414	79,572
Other non-current assets		14,863	4,071	14,733	3,938
Total non-current assets		825,299	812,510	689,488	675,148
Total assets		2,384,370	2,284,552	2,209,067	2,102,510

The accompanying notes are an integral part of the financial statements.

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statements of financial position (continued)

As at 31 March 2011 and 31 December 2010

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2011 (Unaudited but reviewed)	31 December 2010 (Audited)	31 March 2011 (Unaudited but reviewed)	31 December 2010 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable	7	1,225,810	1,153,140	1,225,188	1,152,602
Current portion of long-term loans from related person	7	1,400	1,400	-	-
Short-term loans from other person		-	1,000	-	-
Income received in advance recognisable within one year	20	28,580	32,941	-	-
Accrued expenses		102,958	131,563	97,844	127,912
Income tax payable		58,654	41,227	58,654	41,227
Other payable		27,966	21,397	27,966	21,397
Other current liabilities		38,657	39,705	38,155	38,843
Total current liabilities		1,484,025	1,422,373	1,447,807	1,381,981
Non-current liabilities					
Income received in advance - net	20	8,105	9,442	-	-
Long-term loans	21	58,000	58,000	-	-
Provision for long-term employee benefits		40,875	1,475	39,856	1,475
Other non-current liabilities		8,736	8,253	8,641	8,141
Total non-current liabilities		115,716	77,170	48,497	9,616
Total liabilities		1,599,741	1,499,543	1,496,304	1,391,597
Shareholders' equity					
Share capital	22				
Registered					
328,345,090 ordinary shares of Baht 1 each		328,345	328,345	328,345	328,345
Issued and paid-up					
323,921,130 ordinary shares of Baht 1 each		323,921	323,921	323,921	323,921
Share premium		149,421	149,421	149,421	149,421
Retained earnings					
Appropriated-statutory reserve		35,627	35,627	35,627	35,627
Unappropriated		195,665	198,968	182,277	177,849
Other components of shareholders' equity		21,517	17,452	21,517	24,095
Equity attributable to owners of the Company		726,151	725,389	712,763	710,913
Non-controlling interests of the subsidiaries		58,478	59,620	-	-
Total shareholders' equity		784,629	785,009	712,763	710,913
Total liabilities and shareholders' equity		2,384,370	2,284,552	2,209,067	2,102,510

The accompanying notes are an integral part of the financial statements.

Directors

(Unaudited but reviewed)

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries**Statements of income****For the three-month periods ended 31 March 2011 and 2010**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Revenues					
Revenues from sales	7	1,270,752	1,152,602	1,268,989	1,152,514
Income from tuition fees and services	20	23,875	25,637	-	-
Interest and dividend income		5,946	5,161	5,946	5,161
Other income		8,685	12,153	7,625	11,385
Total revenues		1,309,258	1,195,553	1,282,560	1,169,060
Expenses					
Cost of sales		880,023	801,727	879,862	801,709
Cost of services		19,882	17,877	-	-
Selling expenses		217,095	203,072	217,095	203,072
Administrative expenses		132,596	113,996	125,742	108,238
Total expenses		1,249,596	1,136,672	1,222,699	1,113,019
Profit before finance cost and corporate income tax					
income tax		59,662	58,881	59,861	56,041
Finance cost		(1,126)	(1,095)	(103)	(66)
Profit before corporate income tax		58,536	57,786	59,758	55,975
Corporate income tax		(18,539)	(9,727)	(18,539)	(9,727)
Profit for the period		39,997	48,059	41,219	46,248
Profit attributable to					
Equity holders of the Company		40,622	47,132	41,219	46,248
Non-controlling interests of the subsidiaries		(625)	927		
		39,997	48,059		
Earnings per share					
(Unit: Baht)					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.13	0.15	0.13	0.14

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statements of comprehensive income

For the three-month periods ended 31 March 2011 and 2010

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Profit for the period	<u>39,997</u>	<u>48,059</u>	<u>41,219</u>	<u>46,248</u>
Other comprehensive income:				
Gain (loss) on changes in value of available-for-sale investments	(2,334)	1,902	(2,334)	1,902
Depreciation - surplus on revaluation of asset	(244)	(244)	(244)	(244)
Other comprehensive income for the period	<u>(2,578)</u>	<u>1,658</u>	<u>(2,578)</u>	<u>1,658</u>
Total comprehensive income for the period	<u><u>37,419</u></u>	<u><u>49,717</u></u>	<u><u>38,641</u></u>	<u><u>47,906</u></u>
Total comprehensive income attributable to				
Equity holders of the Company	38,044	48,790	<u>38,641</u>	<u>47,906</u>
Non-controlling interests of subsidiaries	(625)	927		
	<u><u>37,419</u></u>	<u><u>49,717</u></u>		

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statements of changes in shareholders' equity

For the three-month periods ended 31 March 2011 and 2010

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to the parent's shareholders											
Other components of equity											
Other comprehensive income											
Surplus (deficit)											
on changes											
in value of											
Surplus on											
Other											
Total other											
Total equity											
Equity attributable											
Total											
Issued and	Retained earnings			available-for-sale	revaluation of	changes	shareholders'	shareholders of	interests of	shareholders'	
fully paid-up	Appropriated	Unappropriated	investments	assets	by the owners	equity	the Company	the subsidiaries	equity		
share capital	Share premium										
Balance as at 31 December 2009	323,921	149,421	35,627	169,693	(10,537)	28,076	(6,643)	10,896	689,558	54,254	743,812
Total comprehensive income for the period	-	-	-	47,132	1,902	(244)	-	1,658	48,790	927	49,717
Balance as at 31 March 2010	<u>323,921</u>	<u>149,421</u>	<u>35,627</u>	<u>216,825</u>	<u>(8,635)</u>	<u>27,832</u>	<u>(6,643)</u>	<u>12,554</u>	<u>738,348</u>	<u>55,181</u>	<u>793,529</u>
Balance as at 31 December 2010	323,921	149,421	35,627	198,968	(2,991)	27,086	(6,643)	17,452	725,389	59,620	785,009
Cumulative effect of change in accounting policy for											
employee benefits (Note 5)	-	-	-	(37,282)	-	-	-	-	(37,282)	(517)	(37,799)
Total comprehensive income for the period	-	-	-	40,622	(2,334)	(244)	-	(2,578)	38,044	(625)	37,419
Discount on capital resulting from change in											
shareholding ratio in subsidiary transferred											
to retained earnings (Note 13.3)	-	-	-	(6,643)	-	-	6,643	6,643	-	-	-
Balance as at 31 March 2011	<u>323,921</u>	<u>149,421</u>	<u>35,627</u>	<u>195,665</u>	<u>(5,325)</u>	<u>26,842</u>	<u>-</u>	<u>21,517</u>	<u>726,151</u>	<u>58,478</u>	<u>784,629</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statements of changes in shareholders' equity

For the three-month periods ended 31 March 2011 and 2010

(Unit: Thousand Baht)

	Separate financial statements							
					Other components of equity			
					Other comprehensive income			
	Issued and fully paid-up share capital	Share premium	Retained earnings		Surplus (deficit) on changes in value of available-for-sale investments		Total other components of shareholders' equity	
Appropriated			Unappropriated	Surplus on revaluation of assets				
Balance as at 31 December 2009	323,921	149,421	35,627	154,653	(10,537)	28,076	17,539	681,161
Total comprehensive income for the period	-	-	-	46,248	1,902	(244)	1,658	47,906
Balance as at 31 March 2010	<u>323,921</u>	<u>149,421</u>	<u>35,627</u>	<u>200,901</u>	<u>(8,635)</u>	<u>27,832</u>	<u>19,197</u>	<u>729,067</u>
Balance as at 31 December 2010	323,921	149,421	35,627	177,849	(2,991)	27,086	24,095	710,913
Cumulative effect of change in accounting policy for employee benefits (Note 5)	-	-	-	(36,791)	-	-	-	(36,791)
Total comprehensive income for the period	-	-	-	41,219	(2,334)	(244)	(2,578)	38,641
Balance as at 31 March 2011	<u>323,921</u>	<u>149,421</u>	<u>35,627</u>	<u>182,277</u>	<u>(5,325)</u>	<u>26,842</u>	<u>21,517</u>	<u>712,763</u>

The accompanying notes are an integral part of the financial statements.

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries**Statements of cash flows****For the three-month periods ended 31 March 2011 and 2010**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from operating activities				
Profit before tax	58,536	57,786	59,758	55,975
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	26,593	27,097	23,867	23,557
Reversal of allowance for doubtful account	(601)	(215)	(514)	(215)
Adjustment from reconciliation of accounts receivable	(25)	(109)	(25)	(109)
Allowance for goods return	284	(137)	284	(137)
Expense from lost goods	4,186	4,389	4,186	4,389
Allowance for stock obsolescence (reversal)	(1,594)	(12,024)	(1,594)	(12,024)
Expense from donated goods	6,312	6,315	6,312	6,315
Provision for long-term employee benefits	1,600	-	1,589	-
Gain on sales of equipment	(309)	-	(309)	-
Amortised leasehold right on land and buildings	3,430	3,184	3,347	3,098
Interest expenses	1,126	1,095	103	66
Interest income	(2,836)	(1,320)	(2,836)	(1,320)
Dividend income	(3,110)	(3,841)	(3,110)	(3,841)
Income from operating activities before changes in operating assets and liabilities	93,592	82,220	91,058	75,754
Operating assets (increase) decrease				
Trade accounts receivable	4,868	(807)	4,054	(1,495)
Inventories	9,692	14,319	9,685	14,314
Prepaid expenses	(15,674)	2,917	(14,735)	4,248
Damage compensation receivable	-	17,793	-	17,793
Other current assets	(5,371)	206	(5,511)	(1,246)
Prepaid book copyright and translation fee	(1,793)	(61)	(1,793)	(61)
Rental guarantee and deposit	(1,842)	(1,285)	(1,842)	(1,285)
Other non-current assets	(10,792)	611	(10,795)	701
Operating liabilities increase (decrease)				
Trade accounts payable	72,670	16,535	72,586	16,487
Income received in advance	(5,698)	(9,270)	-	-
Accrued expenses	(28,605)	(18,486)	(30,068)	(23,163)
Other payables	6,569	(21,539)	6,569	(21,539)
Other current liabilities	(2,113)	(7,621)	(1,806)	(4,608)
Other non-current liabilities	483	(1,577)	500	(1,555)
Cash flows from operating activities	115,986	73,955	117,902	74,345
Cash paid for interest expenses	(1,126)	(1,095)	(103)	(66)
Net cash flows from operating activities	114,860	72,860	117,799	74,279

The accompanying notes are an integral part of the financial statements.

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries**Statements of cash flows (continued)****For the three-month periods ended 31 March 2011 and 2010**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from investing activities				
Increase in current investments	(7)	(10,336)	(7)	(10,336)
Interest income	2,816	1,247	2,816	1,247
Dividends income	3,110	2,679	3,110	2,679
Acquisition of equipment	(27,517)	(22,455)	(26,203)	(16,127)
Proceeds from sales of equipment	392	-	392	-
Acquisition of the right for software usage fee	(304)	(23)	(304)	(23)
Net cash flows used in investing activities	(21,510)	(28,888)	(20,196)	(22,560)
Cash flows from financing activities				
Decrease in restricted bank deposit and other investment	175	-	175	-
Repayment of short-term loan from other person	(1,000)	-	-	-
Cash receipt from short-term loan from related person	-	60	-	-
Net cash flows from (used in) financing activities	(825)	60	175	-
Net increase in cash and cash equivalents	92,525	44,032	97,778	51,719
Cash and cash equivalents at beginning of period	720,045	544,808	681,847	506,609
Cash and cash equivalents at end of period (Note 8)	812,570	588,840	779,625	558,328
Supplemental cash flows information				
Non-cash transactions				
Increase (decrease) in revaluation surplus in investments	(2,334)	1,902	(2,334)	1,902
Purchase of property, plant and equipment for which cash has not been paid	3,330	2,155	3,330	2,155
Depreciation surplus on revaluation of asset under shareholder's equity	244	244	244	244
Adjustment of reserve for long-term employee benefits to retained earnings from change in accounting policy for employee benefit	37,799	-	36,791	-

The accompanying notes are an integral part of the financial statements.

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiary

Notes to interim financial statements

For the three-month periods ended 31 March 2011 and 2010

1. General information

SE-EDUCATION PUBLIC COMPANY LIMITED (“the Company”) is a public company incorporated and domiciled in Thailand. The Company listed on the Stock Exchange of Thailand on 29 April 1993. The Company’s registered office is located at No. 1858/87-90 Nation Tower Building, 19th Floor, Bangna-Trad Road, Bangna Sub-District, Bangna District, Bangkok and its distribution center is situated at 99 Moo 1, Kingkaew Road, Tambon Rajatewa, Bangplee District, Samutprakarn.

The Company and its subsidiaries operate its business in Thailand and undertakes as follows:

1. Operate SE-ED Book Center and network stores which consist of many university bookstores in Bangkok and other provinces as well as the network and sales area in various forms.
2. Distribute both books published by SE-ED and other publishers to bookstores all over the country and to other sales channels.
3. Publish its own books and magazines, sells advertising space, provides the printing service for other parties, organizes the yearly exhibition “Thailand Electronics & Industrial Technology Exhibition” and many specialized technology exhibitions.
4. SE-ED Learning Center is the new business that aims to deliver knowledge and learning inspiration to Thai society via the organizing of SE-ED Kiddy Camp, learning activities for young children, training courses and seminars for public.
5. Plearnpattana School is a joint investment to build an alternative school from pre-kindergarten to Matayom 6.

2. Basis of preparation

2.1 Basis for preparation of the interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standards No. 34 (revised 2009) “Interim Financial Reporting”, with the Company and its subsidiary choosing to present condensed interim financial statements. However, the Company and its subsidiary have presented the statements of financial position, income, comprehensive income, changes in shareholders’ equity and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

2.2 Basis of consolidation

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2010, with there being no changes in the structure of shareholding in a subsidiaries during the period.

3. Application of new accounting standards during the period

During the current period, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates

TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial Reporting Standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards will not have any significant impact on the financial statements for the current period, except for the following accounting standards.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits and other long-term employee benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current period. The change will have the effect of decreasing the profit of the Company and its subsidiaries for the three-month periods ended 31 March 2011 by Baht 1.60 million, or 0.01 Baht per share (Separate financial statements: decreasing profit by Baht 1.59 million, or 0.01 Baht per share). The cumulative effect of the changes in the accounting policy has been presented in Note 5.

TAS 40 (revised 2009) Investment Property

This accounting standard requires entities to choose to recognise investment property either under the cost model (with disclosure of fair value in the notes to financial statements) or the fair value model, whereby changes in fair value are to be recognised in profit or loss. Investment property was previously recognised under land and land improvement not used for operation, which is measured using the cost model. In adopting the new accounting policy, the Company separately present investment property and measure it using the cost value model, commencing in the current period.

4. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2010, except for the changes in the following accounting policies due to the adoption of revised and new accounting standards.

4.1 Employee benefits

Post-employment benefits (Defined contribution plans)

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Post-employment benefits (Defined benefit plans) and other long-term employee benefits.

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans are determined by the director of human resources and organization development of the Company, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate and inflation rates.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current period.

4.2 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment.

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 10 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

5. Cumulative effect of changes in accounting policies due to the adoption of new accounting standards

During the current period, the Company and its subsidiaries made the changes to its significant accounting policies described in Note 4, as a result of the adoption of revised and new accounting standards. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statement of financial position as at 31 December 2010 is summarised below

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Statements of financial position		
Increase in investment property	33,521	33,521
Decrease in land and land improvement not used for operation	(33,521)	(33,521)
Increase in reserve for long-term employee benefit	37,799	36,791
Decrease in unappropriated retained earnings	(37,799)	(36,791)

6. New accounting standards issued during the period not yet effective

During the current period, the Federation of Accounting Professions issued the below listed new accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting Standard Interpretations:

SIC 10 Government Assistance - No Specific Relation to Operating Activities

SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

7. Related party transactions

During the periods, the Company had significant business transactions with its related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Relationship	Consolidated financial statements		Separate financial statements		Transfer pricing policy
		For the three-month periods ended 31 March		For the three-month periods ended 31 March		
		2011	2010	2011	2010	
<u>Sales</u>						
Pleam Patt Co.,Ltd.	Subsidiary	-	-	1	142	Market price
<u>Purchases</u>						
M AND E Co.,Ltd.	Associated	1,135	1,220	1,135	1,220	Market price
GMM Grammy Public Co., Ltd.	Shareholder	1,495	1,957	1,495	1,957	Market price
Bliss Publishing Co., Ltd.	Company related to shareholders	2,152	1,045	2,152	1,045	Market price
Post Publishing Public Co.,Ltd.	Company related to shareholders	6,265	11,149	6,265	11,149	Market price
<u>Lease land</u>						
Related person	Shareholder/director of subsidiary	247	247	-	-	Mutually agreed agreement
<u>Amortised land leasehold right</u>						
Related person	Shareholder/director of subsidiary	83	86	-	-	Mutually agreed agreement
<u>Interest expenses</u>						
Related person	Shareholder/director of subsidiary	8	12	-	-	Mutually agreed agreement

(Unaudited but reviewed)

As at 31 March 2011 and 31 December 2010, the outstanding balances of the transactions between the Company and its related parties and persons can be summarised as follows:

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	31 March	31 December	31 March	31 December
	2011	2010	2011	2010
Leasehold right on land				
<u>Shareholder/director of subsidiary</u>				
Related person	7,624	7,707	-	-
Trade accounts payable				
<u>Associate</u>				
M AND E Co.,Ltd.	2,323	2,371	2,323	2,371
<u>Shareholder</u>				
GMM Grammy Public Co., Ltd.	4,013	3,615	4,013	3,615
<u>Company related to shareholders</u>				
Bliss Publishing Co.,Ltd.	6,424	6,015	6,424	6,015
Post Publishing Public Co.,Ltd.	6,331	7,728	6,331	7,728
Long term loans to related parties				
Subsidiary shareholder	500	500	-	-
Subsidiary director	900	900	-	-
Total	1,400	1,400	-	-
Less: Current portion	(1,400)	(1,400)	-	-
Total	-	-	-	-

Long-term loans are loans due to shareholder and director of subsidiary with the objective to use it as working capital in that subsidiary. It carries interest at 6.00% per annum and matures in July 2011.

Directors and management's remuneration

For the three-month periods ended 31 March 2011 and 2010, the Company and its subsidiary had salaries, bonuses, meeting allowances and long-term employee benefits of their directors and management recognised as expenses totalling Baht 9.3 million and Baht 9.2 million, respectively. These remuneration in the separate financial statements for the three-month periods ended 31 March 2011 and 2010 were Baht 8.5 million and Baht 7.7 million, respectively.

(Unaudited but reviewed)

The remuneration of directors in other long-term benefits of the year 2010 of Baht 0.07 million has been adjusted to the beginning balance of retained earnings in early 2011.

8. Cash and cash equivalents

As at 31 March 2011 and 31 December 2010, cash and cash equivalents, are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
Cash	21,653	24,875	21,499	24,692
Bank deposit	231,179	279,845	198,388	241,831
Highly liquid short-term investments	559,738	415,325	559,738	415,324
Cash and cash equivalents - net	<u>812,570</u>	<u>720,045</u>	<u>779,625</u>	<u>681,847</u>

9. Current investments

As at 31 March 2011 and 31 December 2010, short-term investments consisted of the following:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	31 March 2011		31 December 2010	
	Cost	Fair value	Cost	Fair value
Available-for-sale securities				
Equity securities	79,108	76,762	79,101	77,777
Debt securities	110,374	107,395	110,374	108,707
Total available-for-sale securities	189,482	184,157	189,475	186,484
Less: Unrealised loss on changes in values of investments	(5,325)	-	(2,991)	-
Current investments - net	<u>184,157</u>	<u>184,157</u>	<u>186,484</u>	<u>186,484</u>

10. Trade accounts receivable

The balance of trade accounts receivable as at 31 March 2011 and 31 December 2010, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2011	2010	2011	2010
<u>Age of receivables</u>				
Not yet due	78,360	78,810	78,172	78,810
Past due				
Up to 6 months	32,891	37,285	32,336	36,076
6 - 12 months	1,606	2,116	1,375	1,715
Over 12 months	25,379	24,868	24,222	23,533
Total	138,236	143,079	136,105	140,134
Less: Allowance for doubtful account	(26,764)	(27,365)	(25,800)	(26,314)
Allowance for goods return	(4,404)	(4,120)	(4,404)	(4,120)
Trade accounts receivable - net	<u>107,068</u>	<u>111,594</u>	<u>105,901</u>	<u>109,700</u>

As at 31 March 2011 and 31 December 2010, 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 5 February 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 million.
- On 13 September 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.

(Unaudited but reviewed)

The movements in transactions of allowance for doubtful accounts and allowance for goods return during the three-month period ended 31 March 2011, were as follows:

	Consolidated financial statements		Separate financial statements	
	Allowance for doubtful accounts	Allowance for goods return	Allowance for doubtful accounts	Allowance for goods return
Balance as at 1 January 2011	27,365	4,120	26,314	4,120
Add: Allowance made during the period	402	284	402	284
Less: Allowance reversed during the period	(1,003)	-	(916)	-
Balance as at 31 March 2011	<u>26,764</u>	<u>4,404</u>	<u>25,800</u>	<u>4,404</u>

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010
	Raw material	21,745	17,607	21,745
Work in process	6,269	13,045	6,269	13,045
Finished goods	476,368	490,732	474,049	488,406
Total	504,382	521,384	502,063	519,058
Less: Allowance for lost goods	(9,337)	(13,204)	(9,337)	(13,204)
Allowance for slow moving	(96,383)	(90,922)	(96,281)	(90,820)
Inventory - net	<u>398,662</u>	<u>417,258</u>	<u>396,445</u>	<u>415,034</u>

Movements in the allowance for diminution in value of inventories account during the three-month period ended 31 March 2011 were summarized below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2011	104,126	104,024
Add: Allowance made during the period	15,042	15,042
Less: Allowance reversed during the period	(13,448)	(13,448)
Balance as at 31 March 2011	<u>105,720</u>	<u>105,618</u>

12. Restricted bank deposits and other investments

As at 31 March 2011 and 31 December 2010, these restricted fixed deposit and other investments represent as follows.

(Unit: Thousand Baht)

	Consolidated/Separated		Interest rates (% p.a.)
	financial statements		
	31 March 2011	31 December 2010	
Cash	3,932	3,947	-
Fixed deposits with 12 month	4,467	4,627	1.00
Government bond with 7 years maturity	2,300	2,300	4.25-5.10
Total	10,699	10,874	

The Company pledged such fixed deposits and other investment to guarantee electricity use, area rental and distributor as discussed in Note 25.3.

13. Investments in a subsidiaries

Details of investments in a subsidiaries as presented in the separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net	
	31 March 2011	31 December 2010	31 March 2011	31 December 2010	31 March 2011	31 December 2010	31 March 2011	31 December 2010	31 March 2011	31 December 2010
			(%)	(%)						
SE-ED Book Center Co.,Ltd	100	100	99.93	99.93	100	100	-	-	100	100
Pleam Patt Co.,Ltd.	170,000	170,000	48.82	48.82	83,000	83,000	(13,668)	(13,668)	69,332	69,332
					83,100	83,100	(13,668)	(13,668)	69,432	69,432

13.1 The Company has not included the financial statements of SE-ED Book Center Co., Ltd., in the Company's consolidated financial statements for the three-month period ended 31 March 2011 since the value of investment in the subsidiary does not materially affect the consolidated financial statements of the Company and subsidiaries.

(Unaudited but reviewed)

13.2 The Company has presented the consolidated financial statements of the Company and Plearn Patt Co., Ltd., because the Company's top management 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)".

13.3 As at 31 December 2007, the Company adjusted the Discount on capital resulting from changing in shareholding ratio in subsidiary of Baht 6.64 million, which occurred during the 2005-2006, resulted in the reduction in investment and an increases in discount on capital resulting from changing in shareholder ratio in subsidiary account with the same amount. In the first quarter of 2011, the discount on capital resulting from changing in shareholding ratio in subsidiary was transferred to retained earnings in the consolidated financial statements.

14. Investments in an associate

(Unit: Thousand Baht)

Company's name	Nature of business	Shareholding percentage		Consolidated financial statement		Separate financial statements	
		31 March 2011	31 December 2010	Carrying amounts based on equity method		Carrying amounts based on cost method	
		(%)	(%)	31 March 2011	31 December 2010	31 March 2011	31 December 2010
M AND E Co., Ltd.	Printing office, production of technical magazines and engineering manuals	25	25	27,037	27,037	100	100
				<u>27,037</u>	<u>27,037</u>	<u>100</u>	<u>100</u>

The Company has not recorded investment in the above associate company in the consolidated financial statements for the three-month period ended 31 March 2011 using the equity method because such associate company did not prepare the interim financial statements. However, the effect of these transactions to the consolidated financial statements of the current period is immaterial. (As at 31 March 2011, the investment in such associate company was equivalent to 1.13% of total assets in the consolidated financial statements).

15. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2011	494,200	325,445
Acquisitions during period - at cost	28,606	27,344
Transfer in - at cost	7,140	6,428
Disposals during period - net book value at disposal date	(31)	(31)
Write - off during period - net book value at write - off date	(75)	(74)
Transfer out - at cost	(7,140)	(6,428)
Depreciation for the period	(26,256)	(23,542)
Net book value as at 31 March 2011	<u>499,444</u>	<u>329,142</u>

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 surplus in revaluation assets. For the three-month period ended 31 March 2011, depreciation which was calculated from such surplus, was recorded as surplus in revaluation assets of Baht 0.24 million (2010: Baht 0.24 million). If the Company chooses to account for the depreciation and written off on surplus in revaluation assets through the statements of income, net income of the Company for the three-month period ended 31 March 2011 was decreased of Baht 0.24 million (2010: Baht 0.24 million), however, no effect on earnings per shares significantly.

16. Leasehold improvements and equipment

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 million for the period of 30 years for the land area of approximately 20 rais to be used for education institute business operation. The contracts stipulate that, during the contractual period, the lessor agreed not to sell the leased land to anyone without obtaining consent from the subsidiary and, if the lessor has the utmost need and could not find any other alternative, the lessor promises that he or she will give priority to offer the land for sell to the subsidiary first at arm-length price and if the subsidiary does not respond to the offer within 60 days since the offer date, the lessor is entitled to sell the leased land to outsider who will be obliged to bind himself or herself to the conditions stipulated in these lease contracts.

(Unaudited but reviewed)

In the consolidated financial statements for the three-month ended 31 March 2011, leasehold right was amortised as expense of Baht 0.09 million (2010: Baht 0.09 million).

17. Leasehold rights on buildings

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. The terms of these leaseholds are 15 - 30 years. For the three-month period ended 31 March 2011, leasehold rights were amortised as expenses of Baht 3.35 million (2010: Baht 3.10 million).

18. Investment property

The Company changed its accounting policy by classification of land and land improvements not use for operation as investment property because the Company's management intends to hold such land for sales in the future as described in Note 4.2.

Movements of land and land improvement not used for operation account during the three-month period ended 31 March 2011 are summarised below.

	(Unit: Thousand Baht)
	Consolidated/ Separated financial Statements
Net book value as at 1 January 2011	33,521
Depreciation for the period	(17)
Balance as at 31 March 2011	<u>33,504</u>

19. Right for software usage fee

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2011	6,755	6,493
Acquisitions during period - at cost	304	304
Depreciation for the period	(564)	(552)
Balance as at 31 March 2011	<u>6,495</u>	<u>6,245</u>

(Unaudited but reviewed)

20. Income received in advance

(Unit: Thousand Baht)

Consolidated
financial statements

	31 March 2011	31 December 2010
Income received in advance-not yet recognised	36,685	42,383
Less: Income received in advance recognisable within one year	<u>(28,580)</u>	<u>(32,949)</u>
Net	<u>8,105</u>	<u>9,442</u>

During the three-month period ended 31 March 2011, movements of income received in advance are as follows:

(Unit: Thousand Baht)

	The initial entrance fee	Education supporting fee	Total
Balance as at 1 January 2011	6,025	36,357	42,382
Plus: Increase during the period	1,050	17,128	18,178
Less: Income recognition during the period	<u>-</u>	<u>(23,875)</u>	<u>(23,875)</u>
Balance as at 31 March 2011	<u>7,075</u>	<u>29,610</u>	<u>36,685</u>

21. Long-term loan

As at 31 March 2011 and 31 December 2010, long-term loans are loans from the guardians of students under educational loans project of Plearn Patt Co., Ltd. which is a subsidiary, 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.

22. Registered share capital

On 28 April 2011, the Annual General Meeting of the Company's shareholders passed the resolutions to decrease the registered share capital of the Company following the share capital. This amount of share was issued to support the warrants to purchase common shares, under which the right to conversion expired in 2006 and 2008, of existing shareholders, the Board of Directors and employees, respectively. The decrease in the registered share capital is of 4,423,960 shares or Baht 4,423,960. The Company registered the reduction in share capital with the Ministry of Commerce on 11 May 2011.

23. Segment information

The Company and its subsidiaries' business operations involve two principal segments: (1) book publishing and distributing business and (2) institution of private education. These operations are mainly carried on in Thailand. Below is the consolidated financial information of the Company and its subsidiaries by segment.

(Unit: Thousand Baht)

	For the three-month period ended 31 March							
	Booking publishing and distribution		Institution of private education		Elimination of inter- segment revenues		Consolidation	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue from external customers	<u>1,268,989</u>	<u>1,152,514</u>	<u>26,131</u>	<u>26,316</u>	<u>(1)</u>	<u>(142)</u>	<u>1,295,119</u>	<u>1,178,688</u>
Segment income	46,290	40,988	(637)	1,912	(130)	(884)	45,523	42,016
Unallocated income and expenses:								
Interest income							5,946	5,161
Other income							8,193	11,704
Financial cost							(1,126)	(1,095)
Corporate income tax							<u>(18,539)</u>	<u>(9,727)</u>
Profit for the period							<u>39,997</u>	<u>48,059</u>

24. Long-term lease agreements

24.1 As 31 March 2011, the Company has entered into agreements of building lease and services for 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 341 branches. The leasing periods ranged from 1 to 10 years. For the three-month period ended 31 March 2011, the total rental fee and utility fee are approximately Baht 467.6 million per annum, most of which are calculated from percentage of sales amount.

24.2 As 31 March 2011, the Company has entered into agreements for leasing head office and warehouses (Kingkaew Road) with two companies with 5 lease contracts as follows:

- Lease agreement of head office for the period of 3 years, commencing from 1 March 2010 to 29 February 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 1 January 2009 to 31 December 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 15 June 2006 to 14 June 2009. At present, the agreement has been extended for another 2 years and 6 months commencing from 15 June 2009 to 31 December 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 1 December 2008 to 31 August 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.
- Lease agreement of a new warehouse for the period of 10 years and 8 months, commencing from 1 October 2010 to 30 June 2021, with leasing fees of between Baht 2.10 million and Baht 2.79 million per annum. The Company paid a deposit of Baht 1.05 million, which will be returned by the lessor once the leasing term expires.

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

24.3 The subsidiary entered into land leasing agreement for the period of 30 years commencing 1 January 2003 to 31 December 2033 to be used as location of educational institute. The leasing fee amounts to Baht 827,000 per year and it will be raised at 10% for every three years.

25. Commitments and contingent liabilities

25.1 Capital commitments

As at 31 March 2011, the Company and its subsidiaries no capital commitments.

25.2 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of office building space, land and warehouses. The terms of the agreements are generally between 3 and 13 years.

As at 31 March 2011, future minimum lease payments required under operating leases contracts were as follows.

	<u>Million Baht</u>
Payable within:	
Less than 1 year	4.0
1 to 5 years	17.5
More than 5 years	28.2

For the three-month period ended 31 March 2011, the Company recognised rental expenses of Baht 6.7 million.

25.3 Guarantees

As at 31 March 2011 and 31 December 2010, the Company has pledged the bank deposit of Baht 8.0 million to guarantee contractual performance and Baht 4.2 million to guarantee rental. In addition, other investments of Baht 6.2 million were pledged to guarantee the electricity usage and rental of head office.

25.4 Long-term service commitments

- a) The Company entered into agent appointment agreement with a foreign company for the contractual period of 3 years commencing from 1 January 2007 to 31 December 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.
- b) 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.
- c) 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 three-month period ended 31 March 2011, the payment of service is approximately Baht 4.26 million per annum and, once the rent contract expires, the lessor has the right to repossess the printing machines from the lessee immediately.

26. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According the balance sheets as at 31 March 2011, the Group's total liabilities to equity ratio was 2.04:1 (31 December 2010: 1.91:1), and the Company's was 2.10:1 (31 December 2010: 1.96:1).

27. Subsequent event

On 28 February 2011, the Annual General Meeting of the Company's shareholders of 2011 passed the resolutions to approve the annual dividend payment from the performance of the year 2010 to shareholders at Baht 0.73 per share, totalling Baht 236.46 million. The Company paid an interim dividend over 3 quarters at Baht 0.10 per share per quarter, totaling Baht 97.18 million. Therefore, the Company has to pay additional dividend of Baht 0.43 per share, totalling Baht 139.29 million. The dividend will be made on 27 May 2011 and accounted for in the second quarter of the current year.

28. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification but with no effect to previously reported profit or loss or shareholders' equity. The reclassifications are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separated financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Restricted bank deposits and other				
investments	10,874	-	10,874	-
Other non-current assets	4,071	14,845	3,938	14,812
Investments in subsidiaries	-	-	69,432	-
Investments in associate	27,037	-	100	-
Investments in subsidiaries and associate	-	27,137	-	69,532
Accrued expenses	131,563	133,038	127,912	129,387
Provision for long-term employee benefits	1,475	-	1,475	-

29. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 May 2011.