

SE-EDUCATION PUBLIC COMPANY LIMITED  
and its subsidiaries  
Review report and interim financial statements  
For the three-month and nine-month periods ended  
30 September 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 30 September 2011, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2011, and the consolidated statements of changes in shareholders' equity, and cash flows for the nine-month period ended 30 September 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 and comprehensive income for the three-month and nine-month periods ended 30 September 2010, and the statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 2010 of SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries and the separate financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED for the same periods, 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 10 November 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: 9 November 2011

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries**

**Statements of financial position**

**As at 30 September 2011 and 31 December 2010**

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements		
	30 September 2011	31 December 2010	30 September 2011	31 December 2010	
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	499,165	720,045	486,761	681,847
Current investments	9	176,820	186,484	176,820	186,484
Trade accounts receivable - net	7, 10	94,284	111,594	92,329	109,700
Short-term loan to subsidiary	7	-	-	5,000	-
Inventories - net	11	380,051	417,258	378,188	415,034
Prepaid expenses		33,541	16,271	32,658	15,769
Other current assets		20,448	20,390	18,538	18,528
<b>Total current assets</b>		<b>1,204,309</b>	<b>1,472,042</b>	<b>1,190,294</b>	<b>1,427,362</b>
<b>Non-current assets</b>					
Restricted bank deposits and other investments	12	6,720	6,927	6,720	6,927
Investments in subsidiaries - net	13	-	-	69,432	69,432
Investments in associate - net	14	27,044	27,037	100	100
Property, plant and equipment - net	15	789,894	497,200	611,628	325,445
Leasehold right on land - net	7, 16	7,457	7,707	-	-
Leasehold right on buildings - net	17	113,336	123,391	113,336	123,391
Investment property	18	33,483	33,521	33,483	33,521
Right for software usage fee - net	19	5,811	6,755	5,565	6,493
Prepaid book copyright and translation fee		26,156	22,382	26,156	22,382
Rental guarantee and deposit		88,463	79,572	88,463	79,572
Other non-current assets		23,440	8,018	23,163	7,885
<b>Total non-current assets</b>		<b>1,121,804</b>	<b>812,510</b>	<b>978,046</b>	<b>675,148</b>
<b>Total assets</b>		<b>2,326,113</b>	<b>2,284,552</b>	<b>2,168,340</b>	<b>2,102,510</b>

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

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 Mr. Thanong Chotisorayuth  
 Managing Director

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statements of financial position (continued)

As at 30 September 2011 and 31 December 2010

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements		
	30 September 2011	31 December 2010	30 September 2011	31 December 2010	
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade accounts payable	7	1,247,352	1,153,140	1,246,460	1,152,602
Current portion of long-term loans from related persons	7	-	1,400	-	-
Short-term loans from other person		-	1,000	-	-
Income received in advance recognisable within one year	20	9,422	32,941	-	-
Accrued expenses		145,559	131,563	142,721	127,912
Income tax payable		17,291	41,227	17,291	41,227
Current portion of provision for long-term employee benefits		5,311	-	5,311	-
Other payable		30,249	21,397	30,249	21,397
Other current liabilities		38,454	39,705	37,626	38,843
<b>Total current liabilities</b>		<b>1,493,638</b>	<b>1,422,373</b>	<b>1,479,658</b>	<b>1,381,981</b>
<b>Non-current liabilities</b>					
Income received in advance - net	20	6,114	9,442	-	-
Long-term loans	21	58,000	58,000	-	-
Provision for long-term employee benefits - net		40,785	1,475	39,405	1,475
Other non-current liabilities		9,008	8,253	8,946	8,141
<b>Total non-current liabilities</b>		<b>113,907</b>	<b>77,170</b>	<b>48,351</b>	<b>9,616</b>
<b>Total liabilities</b>		<b>1,607,545</b>	<b>1,499,543</b>	<b>1,528,009</b>	<b>1,391,597</b>
<b>Shareholders' equity</b>					
Share capital					
Registered	22				
323,921,130 ordinary shares of Baht 1 each					
(31 December 2010: 328,345,090 ordinary shares of Baht 1 each)		323,921	328,345	323,921	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		134,161	198,968	117,659	177,849
Other components of shareholders' equity		13,703	17,452	13,703	24,095
Equity attributable to owners of the Company		656,833	725,389	640,331	710,913
Non-controlling interests of the subsidiaries		61,735	59,620	-	-
<b>Total shareholders' equity</b>		<b>718,568</b>	<b>785,009</b>	<b>640,331</b>	<b>710,913</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,326,113</b>	<b>2,284,552</b>	<b>2,168,340</b>	<b>2,102,510</b>
		-	-	-	-

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

Mr. Thanong Chotisroyuth

Managing Director

(Unaudited but reviewed)

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries**

**Statements of income**

**For the three-month periods ended 30 September 2011 and 2010**

(Unit: Thousand Baht)

	Note	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2011	2010	2011	2010
<b>Revenues</b>					
Revenues from sales	7	1,372,115	1,258,475	1,370,344	1,256,593
Income from tuition fees	20	26,673	26,793	-	-
Interest and dividend income		5,510	4,397	5,510	4,397
Other income		8,176	8,155	7,105	7,860
<b>Total revenues</b>		<b>1,412,474</b>	<b>1,297,820</b>	<b>1,382,959</b>	<b>1,268,850</b>
<b>Expenses</b>					
Cost of sales	7	945,695	866,710	945,514	865,236
Cost of services		23,682	20,093	-	-
Selling expenses		239,562	209,614	239,562	209,614
Administrative expenses	7	126,422	128,660	119,047	123,287
<b>Total expenses</b>		<b>1,335,361</b>	<b>1,225,077</b>	<b>1,304,123</b>	<b>1,198,137</b>
<b>Profit before finance cost and corporate income tax</b>					
income tax		77,113	72,743	78,836	70,713
Finance cost	7	(1,030)	(1,053)	(2)	(5)
<b>Profit before corporate income tax</b>		<b>76,083</b>	<b>71,690</b>	<b>78,834</b>	<b>70,708</b>
Corporate income tax	24	(19,317)	(19,327)	(19,317)	(19,327)
<b>Profit for the period</b>		<b>56,766</b>	<b>52,363</b>	<b>59,517</b>	<b>51,381</b>
<b>Profit attributable to</b>					
Equity holders of the Company		58,175	51,854	59,517	51,381
Non-controlling interests of the subsidiaries		(1,409)	509		
		<b>56,766</b>	<b>52,363</b>		
<b>Earnings per share</b>					
(Unit: Baht)					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.18	0.16	0.18	0.16

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

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Mr. Thanong Chotisorayuth

Managing Director

(Unaudited but reviewed)

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries**

**Statements of comprehensive income**

**For the three-month periods ended 30 September 2011 and 2010**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
<b>Profit for the period</b>	<u>56,766</u>	<u>52,363</u>	<u>59,517</u>	<u>51,381</u>
<b>Other comprehensive income:</b>				
Gain (loss) on changes in value of available-for-sale investments	(5,774)	5,021	(5,774)	5,021
Depreciation - surplus on revaluation of asset	(249)	(249)	(249)	(249)
<b>Other comprehensive income for the period</b>	<u>(6,023)</u>	<u>4,772</u>	<u>(6,023)</u>	<u>4,772</u>
<b>Total comprehensive income for the period</b>	<u><u>50,743</u></u>	<u><u>57,135</u></u>	<u><u>53,494</u></u>	<u><u>56,153</u></u>
<b>Total comprehensive income attributable to</b>				
Equity holders of the Company	52,152	56,626	<u>53,494</u>	<u>56,153</u>
Non-controlling interests of subsidiaries	(1,409)	509		
	<u>50,743</u>	<u>57,135</u>		

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

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Mr. Thanong Chotisrayuth

Managing Director

(Unaudited but reviewed)

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries****Statements of income****For the nine-month periods ended 30 September 2011 and 2010**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>Revenues</b>					
Revenues from sales	7	4,075,019	3,714,464	4,069,454	3,710,458
Income from tuition fees	20	85,132	79,376	-	-
Interest and dividend income	14	17,375	12,610	19,275	14,328
Other income		26,908	26,063	23,945	25,572
<b>Total revenues</b>		<b>4,204,434</b>	<b>3,832,513</b>	<b>4,112,674</b>	<b>3,750,358</b>
<b>Expenses</b>					
Cost of sales	7	2,786,293	2,557,095	2,784,987	2,553,953
Cost of services		63,540	55,909	-	-
Selling expenses		695,142	620,801	695,142	620,801
Administrative expenses	7	402,709	372,101	382,015	356,207
<b>Total expenses</b>		<b>3,947,684</b>	<b>3,605,906</b>	<b>3,862,144</b>	<b>3,530,961</b>
<b>Profit before share of profit from investments in associate, finance cost and corporate income tax</b>					
Share of profit from investment in associate	14	2,007	2,760	-	-
<b>Profit before finance cost and corporate income tax</b>					
Finance cost	7	(3,187)	(3,188)	(109)	(72)
<b>Profit before corporate income tax</b>		<b>255,570</b>	<b>226,179</b>	<b>250,421</b>	<b>219,325</b>
Corporate income tax	24	(69,748)	(53,657)	(69,748)	(53,657)
<b>Profit for the period</b>		<b>185,822</b>	<b>172,522</b>	<b>180,673</b>	<b>165,668</b>
<b>Profit attributable to</b>					
Equity holders of the Company		183,190	169,404	180,673	165,668
Non-controlling interests of the subsidiaries		2,632	3,118		
		185,822	172,522		
<b>Earnings per share</b> (Unit: Baht)					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.57	0.52	0.56	0.51

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

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Mr. Thanong Chotisrayuth

Managing Director



(Unaudited but reviewed)

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries**

**Statements of comprehensive income**

**For the nine-month periods ended 30 September 2011 and 2010**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
<b>Profit for the period</b>	185,822	172,522	180,673	165,668
<b>Other comprehensive income:</b>				
Gain (loss) on changes in value of available-for-sale investments	(9,652)	9,176	(9,652)	9,176
Depreciation - surplus on revaluation of asset	(740)	(740)	(740)	(740)
<b>Other comprehensive income for the period</b>	(10,392)	8,436	(10,392)	8,436
<b>Total comprehensive income for the period</b>	175,430	180,958	170,281	174,104
<b>Total comprehensive income attributable to</b>				
Equity holders of the Company	172,798	177,840	170,281	174,104
Non-controlling interests of subsidiaries	2,632	3,118		
	175,430	180,958		

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

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Mr. Thanong Chotisrayuth  
Managing Director

(Unaudited but reviewed)

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statements of changes in shareholders' equity

For the nine-month periods ended 30 September 2011 and 2010

(Unit: Thousand Baht)

	Consolidated financial statements										
	Equity attributable to the parent's shareholders				Other components of equity						
					Other comprehensive income			Total other components of shareholders' equity	Total equity attributable to the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Issued and fully paid-up		Retained earnings		Surplus (deficit) on changes in value of		Other				
share capital	Share premium	Appropriated	Unappropriated	investments	revaluation of assets	by the owners	changes	shareholders' equity	the Company	the subsidiaries	equity
<b>Balance as at 31 December 2009</b>	323,921	149,421	35,627	169,693	(10,537)	28,076	(6,643)	10,896	689,558	54,254	743,812
Dividend paid (Note 23)	-	-	-	(181,396)	-	-	-	-	(181,396)	-	(181,396)
Total comprehensive income for the period	-	-	-	169,404	9,176	(740)	-	8,436	177,840	3,118	180,958
<b>Balance as at 30 September 2010</b>	<u>323,921</u>	<u>149,421</u>	<u>35,627</u>	<u>157,701</u>	<u>(1,361)</u>	<u>27,336</u>	<u>(6,643)</u>	<u>19,332</u>	<u>686,002</u>	<u>57,372</u>	<u>743,374</u>
<b>Balance as at 31 December 2010</b>	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 3)	-	-	-	(37,282)	-	-	-	-	(37,282)	(517)	(37,799)
Dividend paid (Note 23)	-	-	-	(204,072)	-	-	-	-	(204,072)	-	(204,072)
Total comprehensive income for the period	-	-	-	183,190	(9,652)	(740)	-	(10,392)	172,798	2,632	175,430
Discount on capital resulting from change in shareholding ratio in subsidiary transferred to retained earnings (Note 13.3)	-	-	-	(6,643)	-	-	6,643	6,643	-	-	-
<b>Balance as at 30 September 2011</b>	<u>323,921</u>	<u>149,421</u>	<u>35,627</u>	<u>134,161</u>	<u>(12,643)</u>	<u>26,346</u>	<u>-</u>	<u>13,703</u>	<u>656,833</u>	<u>61,735</u>	<u>718,568</u>
	-	-	-	-	-	-	-	-	-	-	-

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

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Mr. Thanong Chotisrayuth  
Managing Director

(Unaudited but reviewed)

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statements of changes in shareholders' equity

For the nine-month periods ended 30 September 2011 and 2010

(Unit: Thousand Baht)

Separate financial statements								
					Other components of equity			
					Other comprehensive income			
					Surplus (deficit)	Total other		
					on changes	Surplus on	components of	Total
					in value of	revaluation of	shareholders'	shareholders'
Issued and		Retained earnings			available-for-sale	assets	equity	equity
fully paid-up	Share premium	Appropriated	Unappropriated	investments				
share capital								
<b>Balance as at 31 December 2009</b>	323,921	149,421	35,627	154,653	(10,537)	28,076	17,539	681,161
Dividend paid (Note 23)	-	-	-	(181,396)	-	-	-	(181,396)
Total comprehensive income for the period	-	-	-	165,668	9,176	(740)	8,436	174,104
<b>Balance as at 30 September 2010</b>	<u>323,921</u>	<u>149,421</u>	<u>35,627</u>	<u>138,925</u>	<u>(1,361)</u>	<u>27,336</u>	<u>25,975</u>	<u>673,869</u>
<b>Balance as at 31 December 2010</b>	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 3)	-	-	-	(36,791)	-	-	-	(36,791)
Dividend paid (Note 23)	-	-	-	(204,072)	-	-	-	(204,072)
Total comprehensive income for the period	-	-	-	180,673	(9,652)	(740)	(10,392)	170,281
<b>Balance as at 30 September 2011</b>	<u>323,921</u>	<u>149,421</u>	<u>35,627</u>	<u>117,659</u>	<u>(12,643)</u>	<u>26,346</u>	<u>13,703</u>	<u>640,331</u>

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

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Mr. Thanong Chotisrayuth  
Managing Director

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries****Statements of cash flows****For the nine-month periods ended 30 September 2011 and 2010**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
<b>Cash flows from operating activities</b>				
Profit before tax	255,570	226,179	250,421	219,325
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	81,424	79,813	73,333	70,840
Allowance for doubtful accounts	928	1,497	967	1,300
Adjustment of accounts receivable	(138)	(349)	(138)	(349)
Allowance for goods return	(1,266)	(768)	(1,266)	(768)
Expense from lost goods	11,085	10,973	11,085	10,973
Reversal of allowance for stock obsolescence	(9,827)	(2,888)	(9,827)	(2,990)
Share of income from investment in associate	(2,007)	(2,760)	-	-
Expense from goods damaged by fire incident	-	3,538	-	3,538
Expense from donated goods	18,426	21,740	18,426	21,740
Expense from destroyed goods	5,804	773	5,804	773
Provision for long-term employee benefits	7,455	-	7,084	-
Loss (gain) on sales of equipment	543	(153)	(1,048)	(153)
Amortised leasehold right on land and buildings	10,306	9,860	10,055	9,606
Adjustment from clearing accounts payable and coupon payable	(4,673)	(4,240)	(4,673)	(4,240)
Interest expenses	3,187	3,188	109	72
Interest income	(9,258)	(4,448)	(9,158)	(4,366)
Dividend income	(8,117)	(8,162)	(10,117)	(9,962)
Income from operating activities before changes in operating assets and liabilities	359,442	333,793	341,057	315,339
Operating assets (increase) decrease				
Trade accounts receivable	17,786	(10,995)	17,808	(11,381)
Inventories	11,719	4,039	11,358	3,797
Prepaid expenses	(17,270)	(902)	(16,889)	95
Compensation receivable from the insurance claim	-	17,793	-	17,793
Other current assets	(3,524)	6,126	(3,476)	3,281
Prepaid book copyright and translation fee	(3,774)	1,183	(3,774)	1,183
Rental guarantee and deposit	(8,891)	(8,827)	(8,891)	(8,827)
Other non-current assets	(15,422)	(553)	(15,278)	(614)
Operating liabilities increase (decrease)				
Trade accounts payable	94,212	133,875	93,858	133,589
Income received in advance	(26,847)	(22,515)	-	-
Accrued expenses	13,996	13,153	14,809	9,500
Other payables	8,852	(20,737)	8,852	(20,738)
Other current liabilities	992	(3,684)	1,095	(1,200)
Provision for long-term employee benefits	(634)	-	(634)	-
Other non-current liabilities	755	(609)	805	(580)
Cash flows from operating activities	431,392	441,140	440,700	441,237
Cash paid for interest expenses	(3,187)	(3,188)	(109)	(72)
Cash paid for corporate income tax	(90,235)	(67,227)	(90,235)	(67,227)
<b>Net cash flows from operating activities</b>	<b>337,970</b>	<b>370,725</b>	<b>350,356</b>	<b>373,938</b>

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

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Mr. Thanong Chotisrayuth

Managing Director

(Unaudited but reviewed)

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries**

**Statements of cash flows (continued)**

**For the nine-month periods ended 30 September 2011 and 2010**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investments	12	10,000	12	10,000
Interest income	9,275	4,160	9,175	4,062
Dividends income	10,117	9,962	10,117	9,962
Acquisition of land and equipment	(372,680)	(76,394)	(356,586)	(63,951)
Proceeds from sales of equipment	1,476	788	1,470	788
Acquisition of intangible assets	(785)	(1,518)	(765)	(1,518)
Acquisition of leasehold right	-	(19,614)	-	(19,614)
Cash paid for short-term loans to subsidiary	-	-	(5,000)	-
<b>Net cash flows used in investing activities</b>	<b>(352,585)</b>	<b>(72,616)</b>	<b>(341,577)</b>	<b>(60,271)</b>
<b>Cash flows from financing activities</b>				
Decrease in restricted bank deposit and other investment	207	-	207	-
Repayment of short-term loan from other person	(1,000)	-	-	-
Repayment of long-term loan from related person	(1,400)	-	-	-
Repayment of short-term loan from related person	-	(210)	-	-
Dividend paid	(204,072)	(181,396)	(204,072)	(181,396)
<b>Net cash flows used in financing activities</b>	<b>(206,265)</b>	<b>(181,606)</b>	<b>(203,865)</b>	<b>(181,396)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(220,880)</b>	<b>116,503</b>	<b>(195,086)</b>	<b>132,271</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>720,045</b>	<b>544,808</b>	<b>681,847</b>	<b>506,609</b>
<b>Cash and cash equivalents at end of period (Note 8)</b>	<b>499,165</b>	<b>661,311</b>	<b>486,761</b>	<b>638,880</b>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Non-cash transactions				
Increase (decrease) in revaluation surplus on changes in value of available-for-sale investments	(9,652)	9,176	(9,652)	9,176
Purchase of property, plant and equipment for which cash has not been paid	4,694	7,233	4,571	6,611
Depreciation surplus on revaluation of asset under shareholder's equity	740	740	740	740
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.

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Mr. Thanong Chotisrayuth

Managing Director

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries**

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 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 are authorized to engage in the following:

1. Operate SE-ED Book Center and network stores which consist of various 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 book as well as academic and educational journals and provide services for display advertisements to be published in the Company's monthly magazine.
4. SE-ED Learning Center organises the youth camp known as "SE-ED Kiddy Camp, learning activities for the youth and training courses and seminars for the public.
5. Pleampattana School, a private school offering courses for students 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 Standard 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 subsidiaries 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.

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Mr. Thanong Chotisorayuth  
Managing Director

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 current 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

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Mr. Thanong Chotisorayuth  
Managing Director

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:

TRFIC 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 by Baht 37.8 million (Separate financial statements: Baht 36.8 million). The change will have the effect of decreasing the profit of the Company and its subsidiaries for the nine-month periods ended 30 September 2011 by Baht 7.3 million, or 0.02 Baht per share (Separate financial statements: decreasing profit by Baht 7.1 million, or 0.02 Baht per share).

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Mr. Thanong Chotisorayuth  
Managing Director



The cumulative effect of the changes in the accounting policy has been presented in statements of changes in shareholders' equity.

**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.

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Mr. Thanong Chotisorayuth  
Managing Director

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.

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Mr. Thanong Chotisorayuth  
Managing Director

(Unaudited but reviewed)

The amounts of adjustments for investment properties which is effect to the statement of financial position as at 31 December 2010 is summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Statements of financial position</b>		
Increase in investment property	33,521	33,521
Decrease in land and land improvement not used for operation	(33,521)	(33,521)

**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 and its subsidiaries had significant business transactions with their 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	For the three-month periods ended 30 September				Transfer pricing policy
		Consolidated financial statements		Separate financial statements		
		2011	2010	2011	2010	
<b>Sales</b>						
Pleam Patt Co.,Ltd.	Subsidiary	-	-	41	-	Market price
<b>Purchases</b>						
M AND E Co.,Ltd.	Associate	782	194	782	194	Market price
GMM Grammy Public Co., Ltd.	Shareholder	1,130	1,029	1,130	1,029	Market price

(Unaudited but reviewed)

(Unit: Thousand Baht)

		For the three-month periods ended 30 September				Transfer pricing policy
		Consolidated financial statements		Separate financial statements		
Relationship		2011	2010	2011	2010	
Bliss Publishing Co., Ltd.	Company related to shareholders	1,535	670	1,535	670	Market price
Post Publishing Public Co.,Ltd.	Company related to shareholders	525	8,848	525	8,848	Market price
<b><u>Lease land</u></b>						
Related person	Shareholder/director of subsidiary	252	252	-	-	Mutually agreed agreement
<b><u>Amortised land leasehold right</u></b>						
Related person	Shareholder/director of subsidiary	84	85	-	-	Mutually agreed agreement
<b><u>Interest expenses</u></b>						
Related person	Shareholder/director of subsidiary	11	10	-	-	5% - 6% per annum

(Unit: Thousand Baht)

		For the nine-month periods ended 30 September				Transfer pricing policy
		Consolidated financial statements		Separate financial statements		
Relationship		2011	2010	2011	2010	
<b><u>Sales</u></b>						
Pleam Patt Co.,Ltd.	Subsidiary	-	-	229	171	Market price
<b><u>Purchases</u></b>						
M AND E Co.,Ltd.	Associate	2,630	2,700	2,630	2,700	Market price
GMM Grammy Public Co., Ltd.	Shareholder	3,805	5,502	3,805	5,502	Market price
Bliss Publishing Co., Ltd.	Company related to shareholders	3,502	10,776	3,502	10,776	Market price
Post Publishing Public Co.,Ltd.	Company related to shareholders	14,121	24,033	14,121	24,033	Market price
<b><u>Lease land</u></b>						
Related person	Shareholder/director of subsidiary	748	748	-	-	Mutually agreed agreement
<b><u>Amortised land leasehold right</u></b>						
Related person	Shareholder/director of subsidiary	250	254	-	-	Mutually agreed agreement
<b><u>Interest expenses</u></b>						
Related person	Shareholder/director of subsidiary	29	34	-	-	5% - 6% per annum

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 Mr. Thanong Chotisorayuth  
 Managing Director

(Unaudited but reviewed)

As at 30 September 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 statements		Separate financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
<b>Leasehold right on land</b>				
<u>Shareholder/director of subsidiary</u>				
Related person	7,541	7,707	-	-
<b>Trade accounts receivable</b>				
<u>Subsidiary</u>				
Pleam Patt Co., Ltd.	-	-	17	-
<b>Short-term loan to subsidiary</b>				
<u>Subsidiary</u>				
Pleam Patt Co., Ltd.	-	-	5,000	-

Short-term loan to subsidiary is promissory notes form which is payable at call. The subsidiary obtained such loan for the purpose of funding the school building construction and its working capital. Interest is charged at MOR of a commercial bank per annum. On 3 October 2011, the subsidiary withdraws additional loan amounting to Baht 10 million.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
<b>Trade accounts payable</b>				
<u>Associate</u>				
M AND E Co.,Ltd.	2,405	2,371	2,405	2,371
<u>Shareholder</u>				
GMM Grammy Public Co., Ltd.	3,853	3,615	3,853	3,615
<u>Company related to shareholders</u>				
Bliss Publishing Co.,Ltd.	5,283	6,015	5,283	6,015
Post Publishing Public Co.,Ltd.	5,480	7,728	5,480	7,728
	14,616	19,729	14,616	19,729

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Mr. Thanong Chotisorayuth  
Managing Director

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
<b>Long-term loans from related persons</b>				
Subsidiary shareholders	-	500	-	-
Subsidiary directors	-	900	-	-
Total	-	1,400	-	-
Less: Current portion	-	(1,400)	-	-
Net	-	-	-	-

During the period, movement of long-term loans from related persons were as follows: -

(Unit: Thousand Baht)

	Consolidated financial statements		
	Balance as at 1 January 2011	Decrease	Balance as at 30 September 2011
<u>Long-term loans from related persons</u>			
Subsidiary shareholders	500	(500)	-
Subsidiary directors	900	(900)	-
	<u>1,400</u>	<u>(1,400)</u>	<u>-</u>

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. In July 2011, the subsidiary had paid such loan in full.

#### Directors and management's remuneration

For the nine-month periods ended 30 September 2011 and 2010, the Company and its subsidiary had salaries, bonuses, meeting allowances and other long-term employee benefits to the directors and the management recognised as expenses totalling Baht 22.1 million and Baht 21.0 million, respectively. These remuneration in the separate financial statements for the nine-month periods ended 30 September 2011 and 2010 were Baht 19.3 million and Baht 18.3 million, respectively.

**8. Cash and cash equivalents**

As at 30 September 2011 and 31 December 2010, cash and cash equivalents, are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
Cash	20,333	24,875	20,058	24,692
Bank deposits	139,264	279,845	127,135	241,831
Highly liquid investments with an original maturity of 3 months	339,568	415,325	339,568	415,324
<b>Total</b>	<b>499,165</b>	<b>720,045</b>	<b>486,761</b>	<b>681,847</b>

**9. Current investments**

As at 30 September 2011 and 31 December 2010, current investments consist of the following:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	30 September 2011		31 December 2010	
	Cost	Fair value	Cost	Fair value
<b>Available-for-sale securities</b>				
Equity securities	79,101	68,765	79,101	77,777
Debt securities	110,362	108,055	110,374	108,707
Total available-for-sale securities	189,463	176,820	189,475	186,484
Less: Unrealised loss on changes in values of investments	(12,643)	-	(2,991)	-
<b>Current investments - net</b>	<b>176,820</b>	<b>176,820</b>	<b>186,484</b>	<b>186,484</b>

**10. Trade accounts receivable**

The balance of trade accounts receivable as at 30 September 2011 and 31 December 2010, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
<b><u>Age of receivables</u></b>				
Not yet due	49,824	78,810	49,782	78,810
Past due				
Up to 6 months	46,910	37,285	45,721	36,076
6 - 12 months	1,900	2,116	1,385	1,715
Over 12 months	24,942	24,868	23,643	23,533
Total	123,576	143,079	120,531	140,134
Less: Allowance for doubtful accounts	(26,438)	(27,365)	(25,348)	(26,314)
Allowance for goods return	(2,854)	(4,120)	(2,854)	(4,120)
Trade accounts receivable - net	94,284	111,594	92,329	109,700

As at 30 September 2011 and 31 December 2010, trade accounts receivable overdue for more than 12 months, for which the Company set up an allowance for doubtful debts in 1998, amounted to Baht 18.15 million in the consolidated and separate financial statements. The Company has filed a lawsuit against the said debtor and an official receiver is currently investigating the case further by checking with its other creditors. The official receiver must finish inquiring of all creditors before the debtor's asset allocation list can be made.

The movements in transactions of allowance for doubtful accounts and allowance for goods return during the nine-month period ended 30 September 2011, are as follows:

.....  
 Mr. Thanong Chotisorayuth  
 Managing Director



(Unaudited but reviewed)

(Unit: Thousand Baht)

	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	919	(1,266)	919	(1,266)
Less: Allowance reversed during the period	(1,846)	-	(1,885)	-
Balance as at 30 September 2011	<u>26,438</u>	<u>2,854</u>	<u>25,348</u>	<u>2,854</u>

## 11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Raw material	25,797	17,607	25,797	17,607
Work in process	5,113	13,045	5,113	13,045
Finished goods	444,350	490,732	441,475	488,406
Total	474,350	521,384	472,385	519,058
Less: Allowance for lost goods	(7,513)	(13,204)	(7,513)	(13,204)
Allowance for dilapidated and slow moving	(86,786)	(90,922)	(86,684)	(90,820)
Inventories - net	<u>380,051</u>	<u>417,258</u>	<u>378,188</u>	<u>415,034</u>

Movements in the allowance for lost goods and allowance for dilapidated and slow moving during the nine-month period ended 30 September 2011 are summarised 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	30,408	30,408
Less: Allowance reversed during the period	(40,235)	(40,235)
Balance as at 30 September 2011	<u>94,299</u>	<u>94,197</u>

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Mr. Thanong Chotisorayuth  
Managing Director

**12. Restricted bank deposits and other investments**

As at 30 September 2011 and 31 December 2010, these restricted bank deposits and other investments represent as follows:

(Unit: Thousand Baht)

	Consolidated/Separated financial statements		Interest rates (% p.a.)
	30 September 2011	31 December 2010	
	Fixed deposits with 12 months	4,420	
Government bonds with 7 years maturity	2,300	2,300	4.00
<b>Total</b>	<b>6,720</b>	<b>6,927</b>	

The Company pledged such fixed deposits and other investments to guarantee electricity use, area rental and distributor as discussed in Note 27.3.

**13. Investments in subsidiaries**

Details of investments in 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	
	30 September 2011	31 December 2010	30 September 2011 (%)	31 December 2010 (%)	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	SE-ED Book Center Co.,Ltd	100	100	99.93	99.93	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
					<b>83,100</b>	<b>83,100</b>	<b>(13,668)</b>	<b>(13,668)</b>	<b>69,432</b>	<b>69,432</b>

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 nine-month period ended 30 September 2011 since the value of investment in the subsidiary does not materially affect the consolidated financial statements of the Company and subsidiaries.

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 above company is, therefore, treated as a subsidiary in compliance with the Thai Accounting Standard No. 27 (Revised 2009) on "Consolidated and Separate Financial Statements".

13.3 As at 31 December 2007, the Company adjusted the Discount on capital of Baht 6.64 million as a resulting from changing in shareholding ratio in subsidiary during the 2005-2006, causing investment to drop and discount on capital resulting from changing in shareholding ratio in subsidiary to increase with the same amount. In the first quarter of current year, such 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 statements		Separate financial statements			
		Carrying amounts based on equity method		Carrying amounts based on cost method		Dividend received during the period			
		30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010
		(%)	(%)						
M AND E Co., Ltd.	Printing office, production of technical magazines and engineering manuals	25.00	25.00	27,044	27,037	100	100	2,000	1,800
				<u>27,044</u>	<u>27,037</u>	<u>100</u>	<u>100</u>	<u>2,000</u>	<u>1,800</u>

- 1) For the nine-month periods ended 30 September 2011 and 2010, the Company recognised participating profit or loss from result operation for the year ended 31 December 2010 and 2009 of the associated company, whose financial statements were audited by another auditor. The Company consequently recorded share of income from investment in associate in the statement of income, in which the equity method is applied to the investment, for the nine-month periods ended 30 September 2011 of Baht 2.01 million, equivalent 1.08% of the profit for the periods in the consolidated financial statements, and for the nine-month periods ended 30 September 2010 of Baht 2.76 million, equivalent 1.60% of the profit for the periods in the consolidated financial statements.

The Company has not recorded investment in the above associate company in the consolidated financial statements for the three-month and nine-month periods ended 30 September 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 30 September 2011, the investment in such associate company was Baht 27.04 million or equivalent to 1.16% of total assets in the consolidated financial statements).

- 2) For the year ended 31 December 2010, the Company recognised participating profit or loss from result operation for the year ended 31 December 2009, of the associated company, whose financial statements were audited by another auditor. The Company consequently recorded share of income from investment in associate in the consolidated statements of income, for the year ended 31 December 2010, (recorded in the second quarter of year 2010) for the amount of Baht 2.76 million equivalent to 1.11% of profit for the year shown in the consolidated financial statements. As at 31 December 2010, the Company had investment in associate of Baht 27.04 million, equivalent to 1.18% of total assets, in the consolidated financial statements.

## 15. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2011</b>	497,200	325,445
Acquisitions during period - at cost	375,111	358,946
Transfer in	20,011	18,567
Disposals during period - net book value at disposal date	(145)	(145)
Write - off during period - net book value at write - off date	(1,875)	(276)
Transfer out	(20,011)	(18,567)
Depreciation for the period	(80,397)	(72,342)
<b>Net book value as at 30 September 2011</b>	<u>789,894</u>	<u>611,628</u>

As the Company chose cost method for accounting, when there is an increase in value of assets because of revaluation, only net value of increased book value will be recorded to related assets account alongside revaluation surplus. For the nine-month period ended 30 September 2011, depreciation calculated from such surplus was recorded as surplus in revaluation assets in shareholders' equity totalling Baht 0.74 million (2010: Baht 0.74 million). If the Company opted to record such depreciation and written off on surplus in revaluation assets through the statements of income, the profit of the Company for the nine-month period ended 30 September 2011 would decreased by Baht 0.74 million (2010: Baht 0.74 million), but no significantly effect on earnings per shares.

**16. Leasehold rights on land**

The whole amount of the leasehold rights consisted of two land lease agreements which the subsidiary entered into with its shareholders totalling Baht 10 million. It is related to the lease of land area of approximately 20 rais for the period of 30 years for the purpose of operating an education institute. The contracts stipulate that, during the contractual period, the lessor agreed not to sell the leased land to anyone without obtaining prior consent from the subsidiary and, if the lessor has the utmost need and could not find any other alternative, the lessor promises to offer the land for sale to the subsidiary first at an arm's-length price. If the subsidiary does not respond to the offer within 60 days, the lessor is entitled to sell the leased land to a third party who will be obliged to bind himself or herself to the conditions stipulated in these lease contracts.

In the consolidated financial statements for the nine-month periods ended 30 September 2011, the subsidiary amortised leasehold right as expense totalling Baht 0.25 million (2010: Baht 0.25 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 13 branches of SE-ED Book Center. The terms of these leaseholds range between 15 to 30 years. For the nine-month period ended 30 September 2011, the Company amortised leasehold rights as expenses totalling Baht 10.56 million (2010: Baht 9.61 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 investment property during the nine-month period ended 30 September 2011 are summarised below.

	(Unit: Thousand Baht)
	Consolidated/ Separate financial statements
Net book value as at 1 January 2011	33,521
Depreciation for the period	(38)
Balance as at 30 September 2011	<u>33,483</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	785	765
Amortisation for the period	(1,729)	(1,693)
Balance as at 30 September 2011	<u>5,811</u>	<u>5,565</u>

**20. Income received in advance**

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	30 September 2011	31 December 2010
Income received in advance - not yet recognised	15,536	42,383
Less: Income received in advance recognisable within one year	(9,422)	(32,941)
Net	<u>6,114</u>	<u>9,442</u>

(Unaudited but reviewed)

During the nine-month period ended 30 September 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	36,358	42,383
Plus: Increase during the period	2,600	56,085	58,685
Less: Income recognition during the period	(8,625)	(76,907)	(85,532)
Balance as at 30 September 2011	-	15,536	15,536

## 21. Long-term loans

As at 30 September 2011 and 31 December 2010, long-term loans consisted of loans from the parents of students under educational loans project of Plearn Patt Co., Ltd. (a subsidiary) for use as building construction and working capital within such subsidiary. Written loan agreements for the period of 3 to 7 years were made, with 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. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend on the fourth quarter of 2009	Annual General Meeting of the shareholders on 29 April 2010	116.61	0.36
Dividend on the first quarter of 2010	Board of Directors' meeting on 12 May 2010	32.39	0.10
Dividend on the second quarter of 2010	Board of Directors' meeting on 9 August 2010	32.39	0.10
Total dividend paid for the nine-month period ended 30 September 2010		<u>181.39</u>	<u>0.56</u>

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Mr. Thanong Chotisorayuth  
Managing Director

(Unaudited but reviewed)

Dividends	Approved by	Dividend	
		Total dividends (Thousand Baht)	per share (Baht)
Dividend on the fourth quarter of 2010	Annual General Meeting of the shareholders on 28 April 2011	139.29	0.43
Dividend on the first quarter of 2011	Board of Directors' meeting on 13 May 2011	32.39	0.10
Dividend on the second quarter of 2011	Board of Directors' meeting on 9 August 2011	32.39	0.10
Total dividend paid for the nine-month period ended 30 September 2011		<u>204.07</u>	<u>0.63</u>

#### 24. Corporate income tax

The Company calculated income tax for the nine-month periods ended 30 September 2011 and 2010 at a rate of 30% and 25% of profit, respectively, after adding back certain accounting adjustments in accordance with the Revenue Code. The change in tax rate is because the Company has exercised all of its income tax deduction rights in three fiscal years, which is allowed under the Royal Decree Issued under the Revenue Code Governing Reduction of Income Tax Rates No. 475, dated 6 August 2008.

#### 25. 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 periods ended 30 September							
	Book 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	1,370,344	1,256,593	28,484	28,674	(41)	-	1,398,787	1,285,267
Segment income	66,186	61,803	(2,795)	(330)	36	(1,282)	63,427	60,191
Unallocated income and expenses:								
Interest and dividend income							5,510	4,397
Other income							8,176	8,155
Financial cost							(1,030)	(1,053)
Corporate income tax							(19,317)	(19,327)
Profit for the period							<u>56,766</u>	<u>52,363</u>



(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September							
	Book 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	4,069,454	3,710,458	90,925	83,553	(229)	(171)	4,160,150	3,793,840
Segment income	211,316	182,341	5,285	8,541	(4,134)	(2,948)	212,467	187,934
Unallocated income and expenses:								
Interest and dividend income							17,375	12,610
Other income							26,908	26,063
Share of income from investment in associate							2,007	2,760
Financial cost							(3,187)	(3,188)
Corporate income tax							(69,748)	(53,657)
Profit for the period							185,822	172,522

## 26. Long-term lease agreements

**26.1** As 30 September 2011, the Company entered into building lease and services agreements for use as the head office and merchandise distribution center. The Company has also entered into space rental agreements for use as branch offices, totaling 364 branches. The lease periods ranged from 1 to 12 years and 9 months. For the nine-month period ended 30 September 2011, the total rental and utility fees were approximately Baht 366.9 million or Baht 489.2 million per annum. Some of rental fees were calculated from the percentage of sales, while others were fixed rate.

**26.2** As 30 September 2011, the Company entered into five agreements related to the head office and warehouses (on Kingkaew Road) with two companies consisting of the following:

- A three-year lease agreement for head office from 1 March 2010 to 29 February 2013, with rental fees of Baht 15.03 million per annum.
- A three-year lease agreement for land and warehouses from 1 January 2009 to 31 December 2011, with rental fees of between Baht 12.00 million and Baht 12.83 million per annum.
- A two-year and nine-month lease agreement for office building adjacent to the warehouse from 15 June 2009 to 31 December 2011, with rental fees of between Baht 4.17 million and Baht 4.47 million per annum.

- A lease agreement for a new warehouse for the period of 12 years and 9 months, from 1 December 2008 to 31 August 2021, with rental fees of between Baht 1.78 million and Baht 2.64 million per annum. The Company paid a rental guarantee of Baht 1.60 million, which will be returned to the lessee once the lease term expires.
- A lease agreement for a new warehouse for the period of 10 years and 8 months, from 11 October 2010 to 30 September 2021, with leasing fees of between Baht 2.10 million and Baht 2.79 million per annum. The Company paid a rental guarantee of Baht 1.05 million, which will be returned to the lessee once the lease term expires.

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

**26.3** The subsidiary entered into a 30-year land lease agreement from 1 January 2003 to 31 December 2033 to be used as location of an educational institute. The rental fee amounts to Baht 827,000 per annum and it will rise by 10% for every three years.

## **27. Commitments and contingent liabilities**

### **27.1 Capital commitments**

As at 30 September 2011, the Company and the subsidiary had capital commitments of approximately Baht 40.9 million, relating to the design of the distribution center and the factory and the construction of education buildings.

### **27.2 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 30 years.

As at 30 September 2011, future minimum lease payments required under operating leases contracts were as follows.

	<u>Million Baht</u>
Outstanding commitments:	
Less than 1 year	4.9
1 to 5 years	21.5
More than 5 years	42.0

For the nine-month period ended 30 September 2011, the Company recognised rental expenses of Baht 23.5 million.

### **27.3 Guarantees**

As at 30 September 2011 and 31 December 2010, the Company has pledged the bank deposit of Baht 4.4 million to guarantee contractual performance and guarantee rental. In addition, other investments of Baht 2.3 million were pledged to guarantee the electricity usage and rental of head office.

### **27.4 Long-term service commitments**

- a) The Company entered into agent appointment agreement with a foreign company for the contractual period of 1 year commencing from 1 January 2011 to 31 December 2011.
- b) The Company entered into three-year contracts allowing the use of copyrights with various authors which can be automatically extended for another three years and agreed to pay, remuneration at the percentage of the number of books published or sold.
- c) The Company entered into a one-year printing press rental contract with a company. It was agreed that if, on the contract expiry date, neither party cancels the contract in writing: the contract is regarded as binding for another year. The rate for printing services is calculated by printing volume. For the nine-month period ended 30 September 2011, the payments of service were approximately Baht 3.24 million or Baht 4.32 million per annum. Once the contract expires, the lessor has the right to repossess the printing presses immediately.

### **28. 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 30 September 2011, the Group's total liabilities to shareholders' equity ratio was 2.24:1 (31 December 2010: 1.91:1), and the Company's was 2.39:1 (31 December 2010: 1.96:1).

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Managing Director

**29. Subsequent events**

In October 2011, many parts of Thailand suffered from severe flooding. Some branches located in the flooded area have had to suspend their operations or close their shops early. Goods and assets of many branches have also been damaged by the floodwaters. Moreover, the delivery of goods to various branches has also been impacted. All of these have an adverse effect on sales during the period. The Company has an industrial all risks insurance which covers the damage of its goods and assets. However, the Company is not yet able to estimate the impact to its financial statements, and the financial impact of the floods will be reported in the fourth quarter of the current year.

In addition, the subsidiary company, Plearn Patt Co.,Ltd., is located in the flooded areas. However, the management expects the damage caused by this event will not materially affect the Company's financial statements since the Company has insurance coverage for disaster risk.

**30. 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	6,927	-	6,927	-
Other non-current assets	8,018	14,845	7,885	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	-

**31. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 November 2011.

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Managing Director