

SE-EDUCATION PUBLIC COMPANY LIMITED  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2011

**Report of Independent Auditor**

**To The Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED**

I have audited the accompanying consolidated statement of financial position of SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries as at 31 December 2011, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and have also audited the separate financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED for the same period. 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 express an opinion on these financial statements based on my audit. 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, as presented herein for comparative purposes, were audited by another auditor, who expressed an unqualified opinion on those statements, under her report dated 24 February 2011.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries and of SE-EDUCATION PUBLIC COMPANY LIMITED as at 31 December 2011, and the results of their operations for the year then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 5 to the financial statements. During the current year, the Company adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and applied them in the preparation and presentation of its financial statements.

Pimjai Manitkajohnkit  
Certified Public Accountant (Thailand) No. 4521

Ernst & Young Office Limited  
Bangkok: 22 February 2012

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statements of financial position

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	9	570,313,730	720,044,731	540,048,337	681,847,473
Current investments	10	178,856,222	186,484,074	178,856,222	186,484,074
Trade and other receivables	11	132,413,781	118,507,777	116,604,185	113,480,707
Short-term loan to subsidiaries	8	-	-	15,024,000	24,000
Inventories	12	396,081,981	376,994,285	394,433,224	374,771,141
Other current assets	13	39,923,577	29,746,852	37,642,802	28,508,659
<b>Total current assets</b>		<b>1,317,589,291</b>	<b>1,431,777,719</b>	<b>1,282,608,770</b>	<b>1,385,116,054</b>
<b>Non-current assets</b>					
Restricted bank deposits and other investments	14	12,389,767	12,324,734	12,389,767	12,324,734
Investments in subsidiaries	15	-	-	69,432,021	69,432,021
Investments in associate	16	27,044,395	27,037,098	100,000	100,000
Property, plant and equipment	17	844,502,319	497,199,924	656,326,364	325,445,042
Leasehold right on land	8, 18	7,372,005	7,706,846	-	-
Leasehold right on buildings	19	110,294,800	123,391,166	110,294,800	123,391,166
Investment property	5, 20	-	33,520,669	-	33,520,669
Intangible assets	21	5,342,770	6,754,844	5,109,940	6,493,063
Prepaid book copyright and translation fee		27,178,920	22,381,807	27,178,920	22,381,807
Rental guarantee and deposit		92,243,456	79,572,619	92,243,456	79,572,619
Other non-current assets	22	15,030,957	2,620,418	14,806,002	2,486,963
<b>Total non-current assets</b>		<b>1,141,399,389</b>	<b>812,510,125</b>	<b>987,881,270</b>	<b>675,148,084</b>
<b>Total assets</b>		<b>2,458,988,680</b>	<b>2,244,287,844</b>	<b>2,270,490,040</b>	<b>2,060,264,138</b>

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 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	8, 24	1,500,207,097	1,266,299,044	1,494,765,388	1,261,875,328
Current portion of long-term loans from related persons	8	-	1,400,000	-	-
Short-term loans from other person		3,400,000	1,000,000	-	-
Income received in advance recognisable within one year	23	28,948,104	32,940,796	-	-
Income tax payable		34,177,556	41,227,155	34,177,556	41,227,155
Current portion of provision for long-term employee benefits	34	6,121,974	-	6,121,974	-
Other current liabilities	26	37,957,936	39,242,556	36,903,209	36,632,178
<b>Total current liabilities</b>		<b>1,610,812,667</b>	<b>1,382,109,551</b>	<b>1,571,968,127</b>	<b>1,339,734,661</b>
<b>Non-current liabilities</b>					
Income received in advance	23	5,303,446	9,441,625	-	-
Long-term loans	25	64,600,000	58,000,000	-	-
Provision for long-term employee benefits	34	39,620,219	1,475,499	38,185,058	1,475,499
Other non-current liabilities		8,509,919	8,253,331	8,465,002	8,141,039
<b>Total non-current liabilities</b>		<b>118,033,584</b>	<b>77,170,455</b>	<b>46,650,060</b>	<b>9,616,538</b>
<b>Total liabilities</b>		<b>1,728,846,251</b>	<b>1,459,280,006</b>	<b>1,618,618,187</b>	<b>1,349,351,199</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
323,921,130 ordinary shares of Baht 1 each (2010: 328,345,090 ordinary shares of Baht 1 each)	27	323,921,130	328,345,090	323,921,130	328,345,090
Issued and paid-up					
323,921,130 ordinary shares of Baht 1 each		323,921,130	323,921,130	323,921,130	323,921,130
Share premium		149,420,558	149,420,558	149,420,558	149,420,558
Retained earnings					
Appropriated-statutory reserve	29	35,626,917	35,626,917	35,626,917	35,626,917
Unappropriated		143,794,698	198,968,153	127,431,065	177,849,285
Other components of shareholders' equity		15,472,183	17,451,553	15,472,183	24,095,049
Equity attributable to owners of the Company		668,235,486	725,388,311	651,871,853	710,912,939
Non-controlling interests of the subsidiaries		61,906,943	59,619,527	-	-
<b>Total shareholders' equity</b>		<b>730,142,429</b>	<b>785,007,838</b>	<b>651,871,853</b>	<b>710,912,939</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,458,988,680</b>	<b>2,244,287,844</b>	<b>2,270,490,040</b>	<b>2,060,264,138</b>
		-	-	-	-

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

Director

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

**Statements of income**

**For the years ended 31 December 2011 and 2010**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>Revenues</b>					
Revenues from sales	8	5,370,058,520	4,999,894,423	5,363,875,980	4,994,332,557
Income from tuition fees	23	111,344,731	108,989,657	-	-
Interest and dividend income	16	23,950,280	20,792,027	26,076,031	22,472,685
Other income	12	54,409,048	39,355,644	51,301,798	38,172,213
<b>Total revenues</b>		<b>5,559,762,579</b>	<b>5,169,031,751</b>	<b>5,441,253,809</b>	<b>5,054,977,455</b>
<b>Expenses</b>					
Cost of sales	8	3,676,139,842	3,425,205,821	3,674,692,649	3,421,069,990
Cost of services		82,002,618	75,655,200	-	-
Selling expenses		924,719,886	831,979,720	924,719,886	831,979,720
Administrative expenses	8	558,889,023	508,203,152	531,131,867	486,787,875
<b>Total expenses</b>		<b>5,241,751,369</b>	<b>4,841,043,893</b>	<b>5,130,544,402</b>	<b>4,739,837,585</b>
<b>Profit before share of profit from investments</b>					
<b>in associate, finance cost and corporate</b>					
<b>income tax</b>					
		318,011,210	327,987,858	310,709,407	315,139,870
Share of profit from investments in associate	16	2,007,297	2,759,903	-	-
<b>Profit before finance cost and corporate</b>					
<b>income tax</b>					
		320,018,507	330,747,761	310,709,407	315,139,870
Finance cost	8	(4,453,859)	(4,237,314)	(328,482)	(73,047)
<b>Profit before corporate income tax</b>		<b>315,564,648</b>	<b>326,510,447</b>	<b>310,380,925</b>	<b>315,066,823</b>
Corporate income tax	31	(87,545,934)	(78,082,142)	(87,545,934)	(78,082,142)
<b>Profit for the year</b>		<b>228,018,714</b>	<b>248,428,305</b>	<b>222,834,991</b>	<b>236,984,681</b>
<b>Profit attributable to</b>					
<b>Equity holders of the Company</b>					
		225,215,377	243,062,737	222,834,991	236,984,681
<b>Non-controlling interests of the subsidiaries</b>					
		2,803,337	5,365,568		
		<b>228,018,714</b>	<b>248,428,305</b>		
<b>Earnings per share</b>					
32					
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company		0.70	0.75	0.69	0.73

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

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

**Statements of comprehensive income**

**For the years ended 31 December 2011 and 2010**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>Profit for the year</b>		228,018,714	248,428,305	222,834,991	236,984,681
<b>Other comprehensive income:</b>					
Gain (loss) on changes in value of					
available-for-sale investments		(7,633,376)	7,545,220	(7,633,376)	7,545,220
Depreciation - surplus on revaluation of asset	28	(989,490)	(989,490)	(989,490)	(989,490)
<b>Other comprehensive income for the year</b>		(8,622,866)	6,555,730	(8,622,866)	6,555,730
<b>Total comprehensive income for the year</b>		219,395,848	254,984,035	214,212,125	243,540,411
<b>Total comprehensive income attributable to</b>					
Equity holders of the Company		216,592,511	249,618,467	214,212,125	243,540,411
Non-controlling interests of subsidiaries		2,803,337	5,365,568		
<b>Total comprehensive income for the year</b>		219,395,848	254,984,035		

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

## SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

## Statements of changes in shareholders' equity

For the years ended 31 December 2011 and 2010

(Unit: Baht)

<b>Consolidated financial statements</b>											
Equity attributable to the parent's shareholders											
				Other components of equity							
				Other comprehensive income							
				Surplus (deficit)							
				on changes							
				in value of							
				available-for-sale							
				revaluation of							
				investments							
				assets							
				by the owners							
				changes							
				Total other							
				components of							
				shareholders'							
				equity							
				Total equity							
				attributable to							
				shareholders of							
				the Company							
				Equity attributable							
				to non-controlling							
				interests of							
				the subsidiaries							
				Total							
				shareholders'							
				equity							
				Issued and							
				fully paid-up							
				share capital							
				Share premium							
				Retained earnings							
				Appropriated							
				Unappropriated							
<b>Balance as at 31 December 2009</b>	323,921,130	149,420,558	35,626,917	169,693,361	(10,536,683)	28,076,002	(6,643,496)	10,895,823	689,557,789	54,253,959	743,811,748
Dividend paid (Note 35)	-	-	-	(213,787,945)	-	-	-	-	(213,787,945)	-	(213,787,945)
Total comprehensive income for the year	-	-	-	243,062,737	7,545,220	(989,490)	-	6,555,730	249,618,467	5,365,568	254,984,035
<b>Balance as at 31 December 2010</b>	<u>323,921,130</u>	<u>149,420,558</u>	<u>35,626,917</u>	<u>198,968,153</u>	<u>(2,991,463)</u>	<u>27,086,512</u>	<u>(6,643,496)</u>	<u>17,451,553</u>	<u>725,388,311</u>	<u>59,619,527</u>	<u>785,007,838</u>
<b>Balance as at 31 December 2010</b>	323,921,130	149,420,558	35,626,917	198,968,153	(2,991,463)	27,086,512	(6,643,496)	17,451,553	725,388,311	59,619,527	785,007,838
Cumulative effect of change in accounting policy for											
employee benefits (Note 3)	-	-	-	(37,282,911)	-	-	-	-	(37,282,911)	(515,921)	(37,798,832)
Dividend paid (Note 35)	-	-	-	(236,462,425)	-	-	-	-	(236,462,425)	-	(236,462,425)
Total comprehensive income for the year	-	-	-	225,215,377	(7,633,376)	(989,490)	-	(8,622,866)	216,592,511	2,803,337	219,395,848
Discount on capital resulting from change in											
shareholding ratio in subsidiary transferred											
to retained earnings (Note 15.2)	-	-	-	(6,643,496)	-	-	6,643,496	6,643,496	-	-	-
<b>Balance as at 31 December 2011</b>	<u>323,921,130</u>	<u>149,420,558</u>	<u>35,626,917</u>	<u>143,794,698</u>	<u>(10,624,839)</u>	<u>26,097,022</u>	<u>-</u>	<u>15,472,183</u>	<u>668,235,486</u>	<u>61,906,943</u>	<u>730,142,429</u>
	-	-	-	-	-	-	-	-	-	-	-

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



SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2011 and 2010

(Unit: Baht)

Separate financial statements

					Other components of equity			
					Other comprehensive income		Total other components of shareholders' equity	Total shareholders' equity
					Surplus (deficit) on changes in value of			
	Issued and fully paid-up share capital	Share premium	Retained earnings		available-for-sale investments	Surplus on revaluation of assets		
		Appropriated	Unappropriated					
<b>Balance as at 31 December 2009</b>	323,921,130	149,420,558	35,626,917	154,652,547	(10,536,683)	28,076,002	17,539,319	681,160,471
Dividend paid (Note 35)	-	-	-	(213,787,945)	-	-	-	(213,787,945)
Total comprehensive income for the year	-	-	-	236,984,681	7,545,220	(989,490)	6,555,730	243,540,411
<b>Balance as at 31 December 2010</b>	<u>323,921,130</u>	<u>149,420,558</u>	<u>35,626,917</u>	<u>177,849,283</u>	<u>(2,991,463)</u>	<u>27,086,512</u>	<u>24,095,049</u>	<u>710,912,937</u>
<b>Balance as at 31 December 2010</b>	323,921,130	149,420,558	35,626,917	177,849,283	(2,991,463)	27,086,512	24,095,049	710,912,937
Cumulative effect of change in accounting policy for employee benefits (Note 3)	-	-	-	(36,790,784)	-	-	-	(36,790,784)
Dividend paid (Note 35)	-	-	-	(236,462,425)	-	-	-	(236,462,425)
Total comprehensive income for the year	-	-	-	222,834,991	(7,633,376)	(989,490)	(8,622,866)	214,212,125
<b>Balance as at 31 December 2011</b>	<u>323,921,130</u>	<u>149,420,558</u>	<u>35,626,917</u>	<u>127,431,065</u>	<u>(10,624,839)</u>	<u>26,097,022</u>	<u>15,472,183</u>	<u>651,871,853</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 years ended 31 December 2011 and 2010**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Cash flows from operating activities</b>				
Profit before tax	315,564,648	326,510,447	310,380,925	315,066,823
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	107,822,439	103,959,231	97,050,761	92,291,896
Allowance for doubtful accounts	1,255,351	3,714,715	140,807	3,334,880
Adjustment from clearing accounts receivable	448,094	-364,452	448,094	-364,452
Allowance for goods return	972,623	-1,114,392	972,623	-1,114,392
Expense from lost of goods	12,496,225	15,694,495	12,496,225	15,694,495
Allowance for stock obsolescence	3,834,011	8,209,452	3,834,011	8,107,408
Share of profit from investment in associate	(2,007,297)	-2,759,903	-	-
Expense from goods damaged by fire incident	-	2,920,877	-	2,920,877
Write-off goods and equipment damaged by flood incident	19,950,313	-	19,814,287	-
Expense from donation of goods	20,360,538	24,642,360	20,360,538	24,642,360
Expense from stock destruction	5,804,035	1,175,921	5,804,035	1,175,921
Expense from donation of equipment	2,195,224	-	1,861	-
Provision for long-term employee benefits	7,101,990	-	6,674,865	-
Loss (gain) on sales and written-off equipment	(1,386,561)	768,512	(919,500)	767,592
Amortisation of leasehold right on land and buildings	13,431,207	13,366,609	13,096,366	13,027,996
Amortisation of software copyright	2,338,926	2,495,612	2,289,880	2,447,515
Adjustment from clearing accounts payable and coupon payable	(6,156,048)	-11,162,233	(6,156,048)	-11,162,233
Adjustment from clearing book copyright and translation fee	-	3,582,610	-	3,582,610
Interest expenses	4,453,859	4,237,314	328,482	73,047
Interest income	(13,229,115)	-6,773,232	(13,154,025)	-6,653,890
Dividend income	(10,721,165)	-14,018,796	(12,922,007)	-15,818,796
Income from operating activities before changes in operating assets and liabilities	484,529,297	475,085,147	460,542,180	448,019,657
Operating assets (increase) decrease				
Trade accounts receivable	5,704,109	-15,137,311	15,129,286	-14,757,008
Inventories	(76,834,092)	-28,516,682	(78,514,169)	-28,701,514
Prepaid expenses	(7,272,647)	9,090,979	(7,125,025)	9,593,379
Compensation receivable from the insurance claim	(19,814,287)	17,792,555	(19,814,287)	17,792,555
Other current assets	(5,375,977)	2,768,948	(2,009,120)	-88,900
Prepaid book copyright and translation fee	(4,797,113)	-3,278,013	(4,797,113)	-3,278,013
Rental guarantee and deposit	(12,670,837)	-10,249,046	(12,670,837)	-10,249,046
Other non-current assets	(12,410,543)	-86,957	(12,318,515)	-103,156

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 years ended 31 December 2011 and 2010**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Operating liabilities increase (decrease)				
Trade accounts payable	201,263,313	128,297,571	208,936,870	128,169,312
Income received in advance	(8,130,871)	-9,254,353	-	-
Accrued expenses	19,763,772	28,110,786	19,214,256	24,459,924
Other payables	9,074,981	(25,068,502)	10,161,971	(25,068,502)
Other current liabilities	6,659,237	-1,017,277	270,506	1,745,353
Cash paid for long-term employee benefits	(634,120)	-	(634,120)	-
Other non-current liabilities	256,580	-953,672	323,963	-729,800
<b>Cash flows from operating activities</b>	<b>579,310,802</b>	<b>567,584,173</b>	<b>576,695,846</b>	<b>546,804,241</b>
Cash paid for interest expenses	(4,453,859)	(4,237,314)	(328,482)	(73,047)
Cash paid for corporate income tax	(94,596,461)	(68,451,169)	(94,596,461)	(68,451,169)
<b>Net cash flows from operating activities</b>	<b>480,260,482</b>	<b>494,895,690</b>	<b>481,770,903</b>	<b>478,280,025</b>
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investments	(5,524)	10,005,774	(5,524)	10,005,774
Interest income	13,230,046	6,413,617	13,154,956	6,277,323
Dividends income	12,721,165	15,818,796	12,922,007	15,818,796
Acquisition of land and equipment	(427,801,960)	(115,737,817)	(398,920,483)	(99,145,440)
Proceeds from sales of equipment	1,719,100	795,877	1,713,220	758,147
Acquisition of intangible assets	(926,852)	(1,833,742)	(906,757)	(1,833,742)
Cash paid for leasehold right on building	-	(19,861,755)	-	(19,861,755)
Cash paid for short-term loans to subsidiary	-	-	(15,000,000)	(12,000)
<b>Net cash flows used in investing activities</b>	<b>(401,064,025)</b>	<b>(104,399,250)</b>	<b>(387,042,581)</b>	<b>(87,992,897)</b>
<b>Cash flows from financing activities</b>				
Decrease in restricted bank deposit and other investment	(65,033)	-	(65,033)	-
Cash receipt from short-term loans	9,000,000	-	-	-
Repayment of short-term loans from other person	(1,400,000)	(210,000)	-	-
Cash paid for asset purchased payable	-	(1,261,016)	-	(1,261,016)
Dividend paid	(236,462,425)	(213,787,946)	(236,462,425)	(213,787,946)
<b>Net cash flows used in financing activities</b>	<b>(228,927,458)</b>	<b>(215,258,962)</b>	<b>(236,527,458)</b>	<b>(215,048,962)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(149,731,001)</b>	<b>175,237,478</b>	<b>(141,799,136)</b>	<b>175,238,166</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>720,044,731</b>	<b>544,807,253</b>	<b>681,847,473</b>	<b>506,609,307</b>
<b>Cash and cash equivalents at end of year (Note 9)</b>	<b>570,313,730</b>	<b>720,044,731</b>	<b>540,048,337</b>	<b>681,847,473</b>
	-	-	-	-

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 years ended 31 December 2011 and 2010**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
<b>Supplemental cash flows information</b>				
Non-cash transactions				
Increase (decrease) in revaluation surplus on changes in value of available-for-sale investments	(7,633,376)	7,545,220	(7,633,376)	7,545,220
Purchase of property, plant and equipment for which cash has not been paid	4,281,021	2,263,540	4,281,021	2,210,746
Depreciation surplus on revaluation of asset under shareholder's equity	989,490	989,490	989,490	989,490
Adjustment of reserve for long-term employee benefits to retained earnings from change in accounting policy for employee benefit	37,282,911	-	36,790,784	-

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

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

### **Notes to financial statements**

**For the years ended 31 December 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 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2011</u> (%)	<u>2010</u> (%)
SE-ED Book Center Co., Ltd.*	Consultant	Thailand	99.93	99.93
Plearn Patt Co., Ltd.	Private school	Thailand	48.82	48.82

\*The Company has not included the financial statements of SE-ED Book Center Co., Ltd., in the Company's consolidated financial statements for the year ended 31 December 2011 since the value of investment in the subsidiary does not materially affect the consolidated financial statements..

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- ## 2.3 The separate financial statements, which present investments in subsidiaries and associate under the cost method, have been prepared solely for the benefit of the public.

### 3. Application of new accounting standards during the year

During the current year, 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





#### **4. New accounting standards issued during the year not yet effective**

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

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

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards.

##### **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

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

During the current year, the Company and its subsidiaries made the changes to its significant accounting policies described in Note 3, 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 for investment properties and provision for long-term employee benefits which is effect to the statements of financial position as at 31 December 2010 and 1 January 2011, respectively, is summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Statements of financial position as at 31 December 2010</b>		
Increase in investment property	33,521	33,521
Decrease in land and land improvement not used for operation	(33,521)	(33,521)
<b>Statements of financial position as at 1 January 2011</b>		
Increase in provision for long-term employee benefits	37,799	36,791
Decrease in unappropriated retained earnings	(37,799)	(36,791)

## 6. Significant accounting policies

### 6.1 Revenues recognition

- a) Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances, except for consignment where the revenue from consignment is recognized when the event of either the sales report is received or the payment is received first.
- b) Service revenue is recognised when services have been rendered taking into account the stage of completion.
- c) Entrance fees are recognised as income at the time of acceptance of the pupil by the subsidiary.
- d) Education supporting fees are recognised as income of the school term to which they relate.
- e) Interest income is recognised on an accrual basis based on the effective interest rate.
- f) Dividends are recognised when the right to receive the dividends is established.

### 6.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### **6.3 Trade and other receivables/Allowance for doubtful accounts and returned goods**

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

Allowance for returned goods is based on the percentage of the average returned goods for the year of provincial accounts receivable at the end of the period.

### **6.4 Inventories/Allowance for dilapidated and slow moving and lost goods**

Finished goods are valued at the lower of standard cost (which approximates actual cost) and net realisable value. Standard cost includes all production costs and attributable factory overheads.

Work in process are valued at the lower of standard cost (which approximates actual cost) and net realisable value.

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

Allowance for dilapidated and slow moving is based on the percentage of the inventory turnover in conjunction with the consideration of the book editor.

Allowance for lost goods for the year the year 2011 and 2010 are charged at rates of 0.30% and 0.55%, respectively, for each sales branch. The reversal of such allowance incurred when the inventory taking and inventories lost actually at the branch.

### **6.5 Investments**

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded in profit or loss when the securities are sold.
- b) Investments in associate are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

## **6.6 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 (if any).

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.

No depreciation is provided on investment properties which are land.

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.

## **6.7 Property, plant and equipment/Depreciation**

Land and building and improvement are stated at revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land and buildings are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made every 5 year to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Equipments are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.

- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amounts on the straight-line basis over the following estimated useful lives:

Land improvement	10 - 20 years
Buildings and building improvement	20 - 24 years
Building decorations and air conditioners	5 - 6 years
Furniture, fixtures and office equipment	3 - 5 years
Motor vehicles	5 years

The depreciation is dealt with in the financial statements as follows:

- Depreciation attributed to the original cost portion is included in determining income.
- Depreciation attributed to the surplus portion is deducted against revaluation surplus in shareholders' equity.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

## **6.8 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## **6.9 Intangible assets**

Intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3 - 5 years
Book copyright and translation fee	Amortised per number of book sold

#### **6.10 Leasehold right on land and building/Amortisation**

Leasehold right on land and building are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any).

The amortisation expense are included in determining income.

#### **6.11 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **6.12 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

### **6.13 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

### **6.14 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss. However in cases where property, plant and equipment were previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

### **6.15 Employee benefits**

#### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

## ***Post-employment benefits and other long-term employee 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.

### *Defined benefit plans and other long-term employee benefits*

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat 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 is determined by the director of human resource and organisation development of the Company, based on actuarial techniques, using the projected unit credit method.

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 and its subsidiaries 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 year.

## **6.16 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **6.17 Income tax**

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.



## **7. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Provision for diminution in value of inventories**

In determining of provision for diminution in value of inventories allowance for dilapidated, slow moving and lost goods), the management needs to make judgement and estimates based upon, among other things, past goods returned history, inventory turnover, the consideration of the book edition and past good lost history.

### **Provision for impairment of investments in securities**

The Company treats available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

### **Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company measures land and buildings at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the cost approach for buildings. The valuation involves certain assumptions and estimates.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Post-employment benefits under defined benefit plans and other long-term employee benefits**

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## **8. Related party transactions**

During the years, the Company and its subsidiaries had significant business transactions with 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, its subsidiaries and those related parties.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
<u>Transactions with subsidiary</u>					
Sales of goods	-	-	250	380	Market price
Interest income	-	-	301	-	MOR per annum
<u>Transactions with associate</u>					
Purchase of goods	2,658	3,632	2,658	3,632	Market price
<u>Transactions with management and directors</u>					
Lease land	1,001	1001	-	-	Mutually agreed agreement
Amortised land leasehold right	335	339	-	-	Mutually agreed agreement
Interest expenses	29	45	-	-	5% - 6% per annum
<u>Transactions with related companies</u>					
Purchases of goods	30,769	61,004	30,769	61,004	Market price

As at 31 December 2011 and 2010, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
<b><u>Short-term loans to subsidiary</u></b>				
Subsidiaries	-	-	15,024	24
<b><u>Leasehold right on land</u></b>				
Shareholder/director of subsidiary	7,372	7,707	-	-
<b><u>Trade accounts payable</u></b>				
Associate	2,296	2,371	2,296	2,371
Shareholders	14,085	3,615	14,085	3,615
Related companies of shareholders	13,601	13,743	13,601	13,743
Total	29,982	19,729	29,982	19,729
<b><u>Long-term loan from related parties</u></b>				
Shareholder of subsidiary	-	500	-	-
Director of subsidiary	-	900	-	-
Total	-	1,400	-	-
Less: Net of current portion	-	(1,400)	-	-
Total	-	-	-	-

**Short-term loan to subsidiaries and long-term loan from related parties**

As at 31 December 2011 and 2010, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

Loans to related parties	Related by	Separate financial statements		
		Balance as at 31 December 2010	Increase during the year	Balance as at 31 December 2011
SE-ED Book Center Co., Ltd.	Subsidiary	24	-	24
Plearn Patt Co., Ltd.	Subsidiary	-	15,000	15,000
Total		24	15,000	15,024

Short-term loan to Plearn Patt Co., Ltd. is promissory notes from 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 per annum rate of a commercial bank.

(Unit: Thousand Baht)

Loans to related parties	Consolidate financial statements		
	Balance as at 31 December 2010	Decrease during the year	Balance as at 31 December 2011
Subsidiary shareholders	500	(500)	-
Subsidiary directors	900	(900)	-
Total	1,400	(1,400)	-

Long-term loans are loans due to shareholder and director of subsidiary with the objective to sue it as working capital in that subsidiary. It carries interest at 6.0% per annum. In July 2011, the subsidiary had paid such loan in full.

#### Directors and management's benefits

During the year ended 31 December 2011 and 2010, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Short-term employee benefits	36.69	33.65	33.01	30.16
Post-employment benefits	1.09	0.46	1.06	0.46
Total	37.78	34.11	34.07	30.62

## **9. Cash and cash equivalents**

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash	26,651	24,876	26,390	24,692
Bank deposits with maturity not over 3 months	180,009	279,845	150,004	241,831
Highly liquid investments with an original maturity not over 3 months	363,654	415,324	363,654	415,324
Total	570,314	720,045	540,048	681,847

As at 31 December 2011, bank deposit in saving accounts, fixed deposits and bills of exchange carried interest between 0.25% and 3.20% per annum (2010: between 0.25% and 1.90% per annum).

## 10. Current investments

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	31 December 2011			
	Cost	Fair value	Dividend received	Accumulated dividend received
<b>Available-for-sale securities</b>				
Equity securities	79,101	69,628	8,473	38,469
Debt securities	110,380	109,228	2,449	14,738
Total available-for-sale securities	189,481	178,856	10,922	53,207
Less: Unrealised loss on changes in values of investments	(10,625)	-	-	-
Current investments - net	178,856	178,856	10,922	53,207

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	31 December 2010			
	Cost	Fair value	Dividend received	Accumulated dividend received
<b>Available-for-sale securities</b>				
Equity securities	79,101	77,777	10,516	29,996
Debt securities	110,374	108,707	3,502	12,289
Total available-for-sale securities	189,475	186,484	14,018	42,285
Less: Unrealised loss on changes in values of investments	(2,991)	-	-	-
Current investments - net	186,484	186,484	14,018	42,285

## 11. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	40,582	78,810	40,582	78,810
Past due				
Up to 6 months	57,775	37,285	43,834	34,093
6 - 12 months	3,764	2,116	2,669	1,715
Over 12 months	32,860	24,868	31,195	23,533
Total	134,981	143,079	118,280	138,151
Less: Allowance for doubtful debts	(28,620)	(27,365)	(26,455)	(26,314)
Allowance for goods return	(3,147)	(4,120)	(3,147)	(4,120)
Total trade receivables - unrelated parties, net	<u>103,214</u>	<u>111,594</u>	<u>88,678</u>	<u>107,717</u>
<u>Other receivables</u>				
Advances	2,705	2,035	2,691	2,004
Insurance claim receivable	19,820	2,027	19,820	2,027
Others	6,675	2,852	5,415	1,733
Total other receivables	<u>29,200</u>	<u>6,914</u>	<u>27,926</u>	<u>5,764</u>
Trade and other receivables - net	<u>132,414</u>	<u>118,508</u>	<u>116,604</u>	<u>113,481</u>

As at 31 December 2011 and 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.

## 12. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	Raw materials	23,385	17,607	-	-	23,385
Work in process	9,074	14,961	(2,463)	(1,917)	6,611	13,044
Finished goods	474,119	450,469	(108,033)	(104,126)	366,086	346,343
<b>Total</b>	<b>506,578</b>	<b>483,037</b>	<b>(110,496)</b>	<b>(106,043)</b>	<b>396,082</b>	<b>376,994</b>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	Raw materials	23,385	17,607	-	-	23,385
Work in process	9,074	14,961	(2,463)	(1,917)	6,611	13,044
Finished goods	472,294	448,144	(107,857)	(104,024)	364,447	344,120
<b>Total</b>	<b>504,753</b>	<b>480,712</b>	<b>(110,320)</b>	<b>(105,941)</b>	<b>394,443</b>	<b>374,771</b>

In October and November 2011, many parts of Thailand suffered from severe flooding. Goods and assets of some branches have also been damaged by the floodwaters. The Company has exploration losses and write-off such assets with net book value totaling Baht 19.9 million, however the company has insurance to cover damage to the goods and property, as already mentioned. The Company therefore requests for compensation claims. On February 2012, the Company received notice that the preliminary compensation from the insurance company as claim floods occur, approximately Baht 30 million. The Company recorded the perceived insurance claim under other income account in the income statements for the current year, which such income amount is recognized approximate to inventories and assets damage amount.

### 13. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Supplies	10,986	9,101	10,499	8,517
Prepaid expenses	23,544	16,271	22,894	15,769
Other current assets	5,394	4,375	4,250	4,223
<b>Total</b>	<b>39,924</b>	<b>29,747</b>	<b>37,643</b>	<b>28,509</b>

### 14. Restricted bank deposits and other investments

(Unit: Thousand Baht)

	Consolidated/Separated financial statements		Interest rate (% p.a.)
	2011	2010	
Fixed deposits with 12 months maturity	8,824	8,759	0.75
Government bonds with 7 years maturity	3,566	3,566	4.00
<b>Total</b>	<b>12,390</b>	<b>12,325</b>	

The Company pledged such fixed deposits and other investments to guarantee electricity use, area rental and distributor as discussed in Note 36.3.

### 15. 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	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	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
					<u>83,100</u>	<u>83,100</u>	<u>(13,668)</u>	<u>(13,668)</u>	<u>69,432</u>	<u>69,432</u>



15.1 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".

15.2 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.

## 16. Investments in an associate

### 16.1 Details of associate:

		(Unit: Thousand Baht)							
		Consolidated financial statements							
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method		
			2011 (%)	2010 (%)	2011	2010	2011	2010	
M and E Co., Ltd.	Painting office production of technical magazines and engineering manuals	Thailand	25	25	100	100	27,044	27,037	
Total					100	100	27,044	27,037	

  

		(Unit: Thousand Baht)								
		Separate financial statements								
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on equity method	
			2011 (%)	2010 (%)	2011	2010	2011	2010	2011	2010
M and E Co., Ltd.	Painting office production of technical magazines and engineering manuals	Thailand	25	25	100	100	-	-	100	100
Total					100	100	-	-	100	100

## 16.2 Share of profit and dividend received

During the years, the Company has recognised its share of profit from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investment in associate during the year		Dividend received during the year	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
M and E Co., Ltd.	2,007	2,760	2,000	1,800
Total	<u>2,007</u>	<u>2,760</u>	<u>2,000</u>	<u>1,800</u>

## 16.3 Summarised financial information of associate

Financial information of the associated company is summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the year ended		Profit for the year ended	
	31 December		31 December		31 December		31 December		31 December	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
M and E Co., Ltd.	0.4	0.4	118.6	118.9	2.4	3.4	30.9	35.6	8.0	11.0

For the years ended 31 December 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 year ended 31 December 2011 and 2010 of Baht 2.01 million and Baht 2.76 million, respectively (equivalent 0.88% and 1.11%, respectively) of the profit for the years in the consolidated financial statements. As at 31 December 2011 and 2010, the investment in such associate company was Baht 27.04 million and Baht 27.03 million, respectively, or equivalent to 1.10% and 1.20%, respectively, of total assets in the consolidated financial statements.

## 17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Revaluation basis			Cost basis			
	Land and land improvements	Buildings and building improvement	Building decorations	Office equipment and air conditioners	Motor vehicles	Assets under installation	Total
<b>Cost / Revalued amount:</b>							
1 January 2010	59,870	183,637	335,332	539,256	39,525	5,749	1,163,369
Additions	160	-	7,441	58,588	-	51,812	118,001
Disposals	-	-	-	(8,434)	(817)	-	(9,251)
Write-offs	(42)	-	(17,676)	(10,679)	(652)	-	(29,049)
Transfers	1,341	10,900	29,823	10,987	-	(53,051)	-
31 December 2010	61,329	194,537	354,920	589,718	38,056	4,510	1,243,070
Additions	268,177	1,077	19,299	77,534	5,175	58,557	429,819
Transfer from investment property	50,154	-	-	-	-	-	50,154
Disposals	-	-	(5,300)	(18,111)	(2,028)	-	(25,439)
Write-offs	-	(1,598)	(10,986)	(13,522)	-	-	(26,106)
Transfer in (out)	-	938	29,291	2,642	-	(32,871)	-
31 December 2011	379,660	194,954	387,224	638,261	41,203	30,196	1,671,498
<b>Accumulated depreciation:</b>							
1 January 2010	7,085	46,924	239,963	353,773	28,235	-	675,980
Depreciation for the year	1,209	7,379	31,812	60,879	3,603	-	104,882
Depreciation on disposals	-	-	-	(8,354)	(310)	-	(8,664)
Depreciation on write-offs	(6)	-	(17,424)	(9,951)	(652)	-	(28,033)
31 December 2010	8,288	54,303	254,351	396,347	30,876	-	744,165
Transfer from investment property	620	-	-	-	-	-	620
Depreciation for the year	1,216	6,907	34,410	63,679	2,601	-	108,813
Depreciation on disposals	-	-	(5,231)	(17,849)	(2,026)	-	(25,106)
Depreciation on write-offs	-	-	(8,003)	(11,212)	-	-	(19,215)
31 December 2011	10,124	61,210	275,527	430,965	31,451	-	809,277
<b>Allowance for impairment:</b>							
1 January 2010	-	1,705	-	-	-	-	1,705
31 December 2010	-	1,705	-	-	-	-	1,705
Transfer from investment property	16,013	-	-	-	-	-	16,013
31 December 2011	16,013	1,705	-	-	-	-	17,718
<b>Net book value:</b>							
31 December 2010	53,041	138,529	100,569	193,371	7,180	4,510	497,200
31 December 2011	353,523	132,038	111,697	207,296	9,752	30,196	844,503
<b>Depreciation for the year</b>							
2010							104,882
2011							108,813

(Unit: Thousand Baht)

## Separate financial statements

	Revaluation basis			Cost basis			Total
	Land and land improvements	Buildings and building improvement	Building decorations	Office equipment and air conditioners	Motor vehicles	Assets under installation	
<b>Cost / Revalued amount:</b>							
1 January 2010	26,100	19,646	335,332	511,409	37,981	2,783	933,251
Additions	-	-	7,441	53,730	-	40,185	101,356
Disposals	-	-	-	(8,359)	(817)	-	(9,176)
Write-offs	-	-	(17,676)	(10,660)	(652)	-	(28,988)
Transfer in (out)	-	-	29,823	10,893	-	(40,716)	-
31 December 2010	26,100	19,646	354,920	557,013	36,512	2,252	996,443
Additions	267,776	-	19,299	73,706	5,174	35,035	400,990
Transfer from investment property	50,154	-	-	-	-	-	50,154
Disposals	-	-	(5,300)	(17,938)	(2,028)	-	(25,266)
Write-offs	-	-	(10,986)	(13,420)	-	-	(24,406)
Transfer in (out)	-	-	29,291	1,978	-	(31,269)	-
31 December 2011	344,030	19,646	387,224	601,339	39,658	6,018	1,397,915
<b>Accumulated depreciation:</b>							
1 January 2010	-	13,945	239,963	334,491	26,972	-	615,371
Depreciation for the year	-	-	31,812	56,921	3,494	-	92,227
Depreciation on disposals	-	-	-	(8,354)	(310)	-	(8,664)
Depreciation on write-offs	-	-	(17,424)	(9,860)	(652)	-	(27,936)
31 December 2010	-	13,945	254,351	373,198	29,504	-	670,998
Transfer from investment property	620	-	-	-	-	-	620
Depreciation for the year	38	989	34,410	60,112	2,491	-	98,040
Depreciation on disposals	-	-	(5,231)	(17,677)	(2,026)	-	(24,934)
Depreciation on write-offs	-	-	(8,003)	(11,146)	-	-	(19,149)
31 December 2011	658	14,934	275,527	404,487	29,969	-	725,575
<b>Allowance for impairment:</b>							
1 January 2010	-	-	-	-	-	-	-
31 December 2010	-	-	-	-	-	-	-
Transfer from investment property	16,013	-	-	-	-	-	16,013
31 December 2011	16,013	-	-	-	-	-	16,013
<b>Net book value:</b>							
31 December 2010	26,100	5,701	100,569	183,815	7,008	2,252	325,445
31 December 2011	327,359	4,712	111,697	196,852	9,689	6,018	656,327
<b>Depreciation for the year</b>							
2010							92,227
2011							98,040

During the year, the Company reclassified investment property to Land, buildings and building improvements since the management intend to use such land for school or study center as described in Note 20.

The Company and a subsidiary company arranged for an independent professional valuer to appraise the value of certain assets in 2006 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land was revalued using the Market approach.
- Land and buildings were revalued using the Cost approach, which represents the estimated cost to construct a new building at the current replacement cost less depreciation based on useful life and plus the market value of the land.

A breakdown of the land, building, machinery and equipment carried on the revaluation basis and their accumulated depreciation is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	2011		2010	
	Land and land improvements	Buildings and building improvements	Land and land improvements	Buildings and building improvements
Original cost	308,120	177,662	39,943	177,245
Surplus from revaluation	21,386	17,292	21,386	17,292
Transfer from investment property	50,154	-	-	-
Revalued amount	<u>379,660</u>	<u>194,954</u>	<u>61,329</u>	<u>194,537</u>
Accumulated depreciation on original cost				
Accumulated depreciation on surplus from revaluation	10,124	46,275	8,288	40,358
	-	14,935	-	13,945
Accumulated depreciation on revalued amount	<u>10,124</u>	<u>61,210</u>	<u>8,288</u>	<u>54,303</u>

In April 2011, the Federation of Accounting Professions issued Notification No. 18/2554 allowing entities could used the exemption of accounting for revalued property, plant and equipment (in accordance with the Notification No. 25/2549 regarding Accounting for the revalued assets) continuously until the reporting period beginning before 1 January 2016. It made the entities still calculate depreciation to be charged to profit or loss, for the assets previously used the exemption, based on the historical costs of the assets instead of on the revalued amounts. The Company has decided to continue using the exemption in accordance the notification. However, had the depreciation charge been calculated based on the revalued amounts, profit for the year and earnings per share would have been changed to the following:

	Consolidated/Separate financial statements	
	<u>2011</u>	<u>2010</u>
Profit for the year ( Million Baht)	0.99	0.99
Basic earnings per share (Baht per share)	0.0031	0.0031

As at 31 December 2011, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 499.14 million (2010: Baht 424.18 million) (the Company only: Baht 480.27 million, 2010: Baht 414.79 million).

**18. Leasehold right 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.

During the year ended 31 December 2011, the subsidiary amortised leasehold right as expense totalling Baht 0.33 million (2010: Baht 0.33 million).

**19. Leasehold right on buildings**

The whole amount of the leasehold on buildings represented leased areas in leading shopping centers in order to open SE-ED Book Center. The terms of these leaseholds range between 10 to 30 years. For the year ended 31 December 2011, the Company amortised leasehold right as expenses totalling Baht 13.10 million (2010: Baht 13.03 million).

**20. Investment property**

As at 1 January 2011, the Company changed its accounting policy for the classification of land and land improvements that are not operating as investment property, as discussed in Note 3 to the executives of the Company are intended to sell such land in the future. The Company has restated financial statements for the year ended 31 December 2010 to be presented such land as investments property. Movements of investment property as at 31 December 2010 are summarised below.

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements		
	Land	Building improvement	Total
As at 31 December 2010:			
Cost	49,496	658	50,154
Less: Accumulated depreciation	-	(620)	(620)
Less: Allowance for impairment loss	(16,013)	-	(16,013)
Net book value	<u>33,483</u>	<u>38</u>	<u>33,521</u>

On 9 August 2011, the Company's board of directors meeting No. 3/2011 had a resolution to approve the Company to reserve that plot of land to be operated as a school project or a youth center in the future. The Company therefore reclassifies the land as at 31 December 2011 to be presented as "property, plant and equipment".

## 21. Intangible assets

The net book value of intangible assets as at 31 December 2011 and 2010 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
	Computer software	Computer software
As at 31 December 2010:		
Cost	35,876	35,394
Less: Allowance for diminution in value	(29,121)	(28,901)
Net book value	<u>6,755</u>	<u>6,493</u>
As at 31 December 2011:		
Cost	36,802	36,301
Less: Allowance for diminution in value	(31,459)	(31,191)
Net book value	<u>5,343</u>	<u>5,110</u>

A reconciliation of the net book value of intangible assets for the years 2011 and 2010 are presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Net book value at beginning of year	6,755	7,417	6,493	7,107
Acquisition of computer software	927	1,834	907	1,834
Amortisation	(2,339)	(2,496)	(2,290)	(2,448)
Net book value at end of year	<u>5,343</u>	<u>6,755</u>	<u>5,110</u>	<u>6,493</u>

## 22. Other non-current assets

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2011	2010	2011	2010
Long-term prepaid expenses	12,325	2,487	12,325	2,487
Others	2,706	133	2,481	-
Total	<u>15,031</u>	<u>2,620</u>	<u>14,806</u>	<u>2,487</u>

## 23. Income received in advance / income from tuition fees

(Unit: Thousand Baht)

	Consolidated financial statements	
	2011	2010
Income received in advance - not yet recognised	34,252	42,383
Less: Income received in advance recognisable within one year	<u>(28,949)</u>	<u>(32,941)</u>
Net	<u>5,303</u>	<u>9,442</u>



During the year ended 31 December 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 year	2,850	101,349	104,199
Less: Income recognition during the year	(8,875)	(102,470)	(111,345)
Less: Returned due to resignation of students	-	(985)	(985)
Balance as at 31 December 2011	-	34,252	34,252

#### 24. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Trade accounts payable - related parties	29,982	19,729	29,982	19,729
Trade accounts payable - unrelated parties	1,284,160	1,091,165	1,283,154	1,090,627
Accrued expenses	151,562	131,798	147,126	127,911
Other payables for purchase of machineries	4,281	2,211	4,281	2,211
Notes payable	30,222	21,397	30,222	21,397
Total	1,500,207	1,266,300	1,494,765	1,261,875

#### 25. Long-term loans

As at 31 December 2011 and 2010, long-term loans consisted of loans from the parents of students under educational loans project of Plearn Pattana 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 5.8%-7.5% per annum.

## 26. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
Coupon payable	20,872	23,777	20,872	23,777
Accrued withholding tax	5,168	4,957	4,675	4,711
Unearned income	7,668	3,443	7,668	3,443
Others	4,250	7,065	3,688	4,701
Total	37,958	39,242	36,903	36,632

## 27. 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 paid up share capital. This amount of share was previously 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 to be registered share capital of 323,921,130 shares, or Baht 323,921,130.

## 28. Revaluation surplus

This represents surplus arising from revaluation of property, plant and equipment. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

(Unit: Thousand Baht)

	Consolidated/Separate	
	financial statements	financial statements
	2011	2010
Balance - beginning of year	27,087	28,077
Less: Amortisation	(990)	(990)
Balance - end of year	26,097	27,087

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

## 29. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

## 30. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Salary and wages and other employee benefits	628,963	563,670	561,826	503,811
Depreciation and amortisation	122,522	119,821	111,366	107,767
Rental, service and utilities expenses	500,321	458,952	496,429	455,175
Provision for diminution in value of receivables and inventories	13,715	29,681	12,600	29,301
Purchase of goods and raw materials used	3,473,789	3,249,258	3,473,789	3,249,258
Changes in inventories of finished goods and work in process	29,838	7,650	29,838	7,465
Variable expense based on sale volume	101,129	80,776	101,129	80,776

## 31. Corporate income tax

The Company calculated income tax for the years ended 31 December 2011 and 2010 at a rates 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.

No corporate income tax was payable for its subsidiary, since the subsidiary is exempted from the payment of income tax on income from its private school business in accordance with Royal Decree No. 284 B.E. 2538 dated 30 June 1995.

### 32. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

### 33. 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: Million Baht)

	For the years ended 31 December							
	Book publishing and distribution		Institution of private school		Elimination of inter-segment revenues		Consolidation	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenue from external customers	5,364	4,994	117	109	-	-	5,481	5,103
Total revenues	<u>5,364</u>	<u>4,994</u>	<u>117</u>	<u>109</u>	<u>-</u>	<u>-</u>	<u>5,481</u>	<u>5,103</u>
Segment income	233	254	6	13	-	-	239	267
Unallocated income and expenses:								
Interest and dividend income							24	21
Other income							54	39
Share of profit of associated company							2	3
Financial cost							(4)	(4)
Corporate income tax							(87)	(78)
Profit for the year							<u>228</u>	<u>248</u>

(Unit: Million Baht)

	As at 31 December							
	Book publishing and distribution		Institution of private school		Elimination of inter-segment revenues		Consolidation	
	2011	2010	2011	2010	2011	2010	2011	2010
Trade and other receivable	117	115	15	4	-	-	132	119
Inventories	394	375	2	2	-	-	396	377
Property, plant and equipment	656	325	189	172	-	-	845	497
Other	1,103	1,247	41	49	(58)	(45)	1,086	1,251
Total assets	<u>2,270</u>	<u>2,062</u>	<u>247</u>	<u>227</u>	<u>(58)</u>	<u>(45)</u>	<u>2,459</u>	<u>2,244</u>

Transfer prices between business segments are comparable to the prices charged to third parties.

### 34. Post-employment benefits for employees

#### 34.1 Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5% of basic salary. The fund, which is managed by Ayudhaya Fund Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2011, the Company contributed Baht 13.3 million (2010: Baht 12.1 million) to the fund.

#### 34.2 Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2011	1,475	1,475
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earnings (Note 3)	37,283	36,791
Current service cost	5,962	5,071
Interest cost	1,656	1,604
Benefits paid during the year	(634)	(634)
Balance at end of year	<u>45,742</u>	<u>44,307</u>

Principal actuarial assumptions at the valuation date were as follows:

	(Unit: % p.a.)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Discount rate	3.6	3.6	3.6	3.6
Future salary increase rate (depending on age)	3.0 - 8.0	3.0 - 8.0	3.0 - 8.0	3.0 - 8.0
Staff turnover rate*	6.0 - 40.0	6.0 - 40.0	6.0 - 40.0	6.0 - 40.0

\*Percentage change in the number of employees with high turnover rates are only part of the branches employees which rate is as well as the retail sector with an average turnover rate of approximately 30% to 60% per year.

### 35. 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
Dividend on the third quarter of 2010	Board of Director's meeting on 10 November 2011	32.39	0.10
Total dividend paid during the year ended 31 December 2010		<u>213.78</u>	<u>0.66</u>
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
Dividend on the third quarter of 2011	Board of Director's meeting on 9 November 2011	32.39	0.10
Total dividend paid during the year ended 31 December 2011		<u>236.46</u>	<u>0.73</u>

### 36. Commitments and contingent liabilities

#### 36.1 Capital commitments

As at 31 December 2011, the subsidiary had capital commitments of approximately Baht 25.1 million, relating to the construction of education buildings.

#### 36.2 Operating lease commitments

- a) As 31 December 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 378 branches. The lease periods ranged from 1 to 12 years and 9 months. For the year ended 31 December 2011, the total rental and utility fees were approximately Baht 489.59 million per annum. Some of rental fees were calculated from the percentage of sales, while others were fixed rate.
- b) 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 1 and 30 years.

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

	<u>Million Baht</u>
Outstanding commitments:	
Less than 1 year	35.1
1 to 5 years	47.0
More than 5 years	43.1

For the year ended 31 December 2011, the Company recognised rental expenses in the income statement of Baht 31.3 million.

### **36.3 Guarantees**

As at 31 December 2011, 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.

### **36.4 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. When the agreement is expired, if no party inform the cancellation of the agreement in written, the agreement will be automatically extend for more one year, with the same as exist conditions.
- 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 year ended 31 December 2011, the payments of service were approximately Baht 4.3 million or Baht 4.32 million per annum. Once the contract expires, the lessor has the right to repossess the printing presses immediately.

## **37. Financial instruments**

### **37.1 Financial risk management**

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans, notes and other receivable. The Company and its subsidiaries manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, other receivables and notes receivable as stated in the statement of financial position.

#### ***Interest rate risk***

The Company and its subsidiaries' exposure to interest rate risk relate primarily to its cash at banks, bank overdrafts, debentures and long-term borrowings. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

#### ***Foreign currency risk***

The Company has exposure to significant foreign currency risk relating to the purchase of goods in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate.

### **37.2 Fair values of financial instruments**

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.



### **38. 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.

The Group's total liabilities to shareholders' equity ratio as at 31 December 2011 was 2.37:1 (2010: 1.86:1), and the Company only was 2.48:1 (2010: 1.90:1).

### **39. Event after the reporting period**

The meeting of the Company's Board of Directors held on 22 February 2011 passed a resolution to pay dividends to the Company's shareholders from the operations for the year 2011. The dividend is to be paid as stock dividend in the number of 32,392,113 ordinary shares, with par value of Baht 1 each, at a ratio of 10 existing ordinary shares to receive stock dividend of 1 share, with a total amount of not exceed Baht 32.39 million, or equivalent to the dividend of Baht 0.10 per share. In the case of any shareholder with a fraction of the shares after the stock dividend distribution, will be entitled to receive cash dividend at the rate of Baht 0.10 per share. In addition the Company will pay a cash dividend at Baht 0.4112 per share, or equivalent to amount of not exceed Baht 133.18 million. The Company had paid interim dividend for 3 quarters at the rate of Baht 0.10 per share per quarter, equivalent to Baht 97.18 million. The Company therefore has to pay more cash dividend for this period at a rate of Baht 0.1112 per share, or equivalent to amount of not exceed Baht 36.00 million. Total annual dividend payment in form of cash and stock dividend equal to Baht 0.5112 per share, equivalent to Baht 165.57 million.

Dividend and stock dividend will be paid and accounted for after the approval of the Annual General Meeting of the shareholders.

### **40. Reclassification**

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2 and as the result of the adoption of revised and new accounting standards as described in Note 3, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification.

(Unit: Thousand Baht)

	Consolidated financial statements		Separated financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Trade and other receivables	118,508	-	115,464	-
Trade accounts receivable	-	111,594	-	109,700
Short-term loan to subsidiaries	-	-	24,000	-
Inventories	376,994	417,258	374,771	415,034
Prepaid expenses	-	16,271	-	15,769
Other current assets	29,747	20,390	28,509	18,528
Restricted bank deposits and other investments	12,325	-	12,325	-
Investments in subsidiaries	-	-	69,432	-
Investments in associate	27,037	-	100	-
Investments in subsidiaries and associate	-	27,137	-	69,532
Other non-current assets	2,620	14,845	2,487	14,812
Accrued expenses	-	133,038	-	129,387
Trade and other payables	1,266,299	-	1,261,875	-
Trade accounts payable	-	1,153,140	-	1,152,603
Other current liabilities	39,243	39,705	38,616	38,843
Provision for long-term employee benefits	1,475	-	1,475	-

The reclassification does not have any effect to the previously reported profit or shareholders' equity.

#### **41. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2012.