



รายงานประจำปี 2555 2012 Annual Report



ซีเ็ด

บริษัท ซีเ็ดยูเคชั่น จำกัด (มหาชน)
SE-EDUCATION PUBLIC COMPANY LIMITED

ภารกิจ

ซีเ็ด จะดำเนินธุรกิจที่เอื้ออำนวยต่อการศึกษาค้นคว้าในสาขาที่จำเป็นต่อการพัฒนาประเทศจะดำเนินธุรกิจที่จะทำให้ “คนไทยเก่งขึ้น” โดยพัฒนาขึ้นเป็นธุรกิจที่ยั่งยืน มีการเติบโตต่อเนื่องที่สูงกว่าค่าเฉลี่ยของอุตสาหกรรม เป็นบริษัทตัวอย่างที่ดี สามารถสร้างสรรค์ผลงานที่เป็นประโยชน์และเป็นที่ยอมรับในวงกว้าง พนักงานมีความสุข และสามารถให้ผลตอบแทนการลงทุนที่น่าพึงพอใจในระยะยาว

Mission

SE-ED seeks to do business in the areas that promote education in the fields necessary to the development of the nation. It operates the business that will make “Thais Smarter” by developing a sustainable business with a continuous earning growth at the level above the industry’s average, being a role-model company that can create work result deems beneficial and accepted by society at large with happy staffs, and able to deliver and maintain an attractive long-term investment returns at the satisfactory level.



บริษัท ซีเ็ดยูเคชั่น จำกัด (มหาชน) ได้รับรางวัลเกียรติยศแห่งความสำเร็จ ด้านการรายงานบรรษัทภิบาล จากงาน SET Awards 2012

SE-EDUCATION Public Co.,Ltd. received the “SET Award of Honor of Corporate Governance Report” from SET Awards 2012



บริษัท ซีเ็ดยูเคชั่น จำกัด (มหาชน) ได้รับรางวัลอันทรงเกียรติ Investors' Choice Award เป็นรางวัลด้านการคำนึงถึงสิทธิและความเท่าเทียมของผู้ถือหุ้น จากการประชุมใหญ่สามัญผู้ถือหุ้นประจำปี

SE-EDUCATION Public Co.,Ltd. received the Investors' Choice Award. The honorable award was given to a listed company who is aware of the importance of shareholders meetings by considering the rights and equality of all shareholders.



โครงการ “สานฝันปั้นเด็กไทยเก่งอังกฤษ 2555 (Total Solution to English Proficiency 2012)” เพื่อยกระดับศักยภาพการเรียนรู้ภาษาอังกฤษของเด็กนักเรียนไทยให้เก่งอังกฤษด้วยวิธีที่มีประสิทธิภาพที่สุด

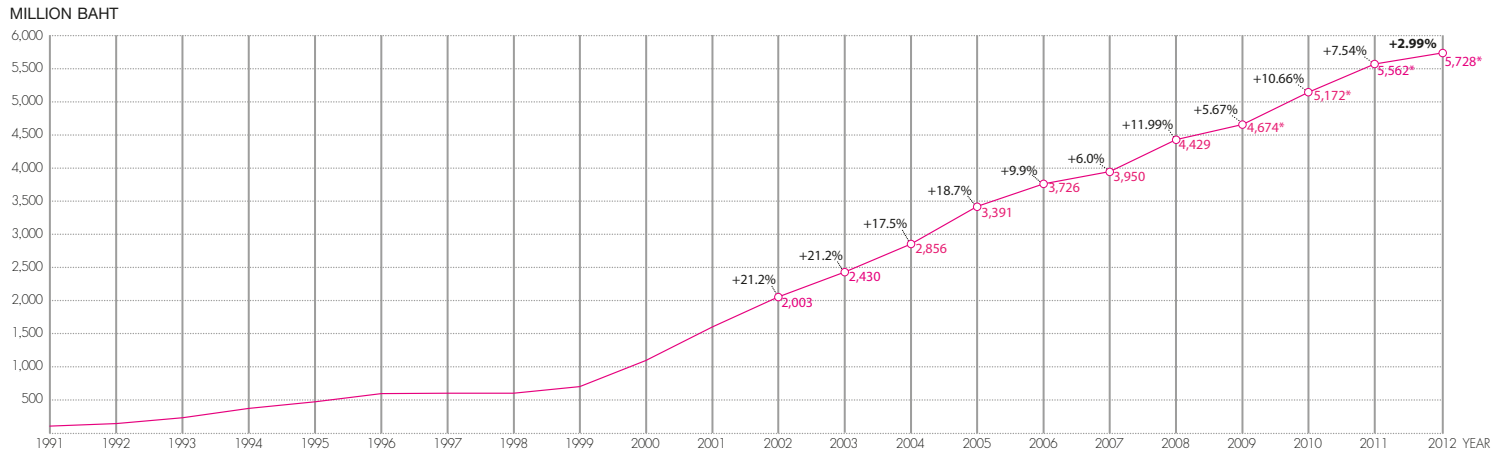
“Total Solution to English Proficiency 2012” to increase the English proficiency of Thai students by employing the most effective means.

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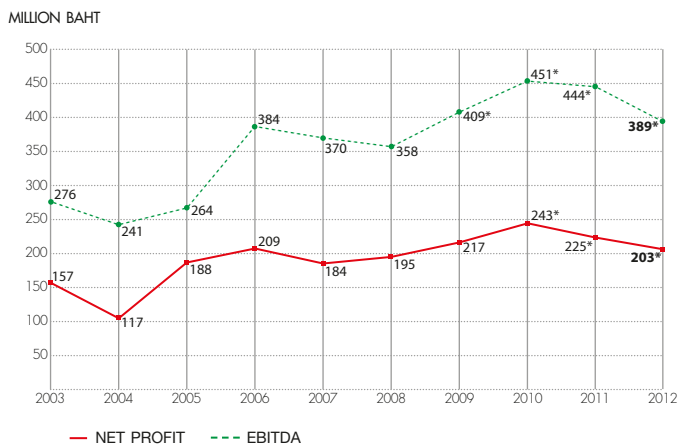
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OPERATING SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

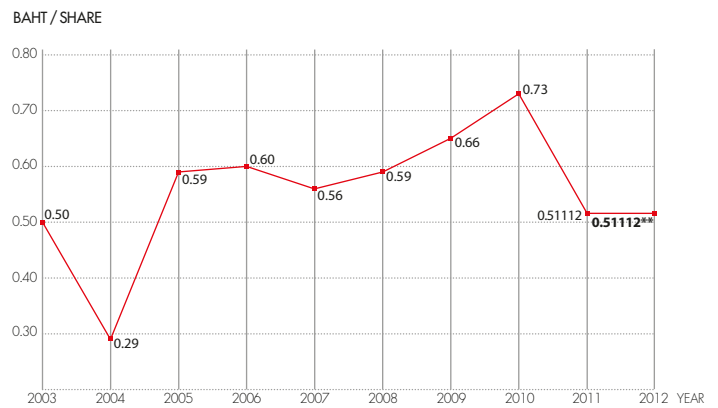
Total Revenue



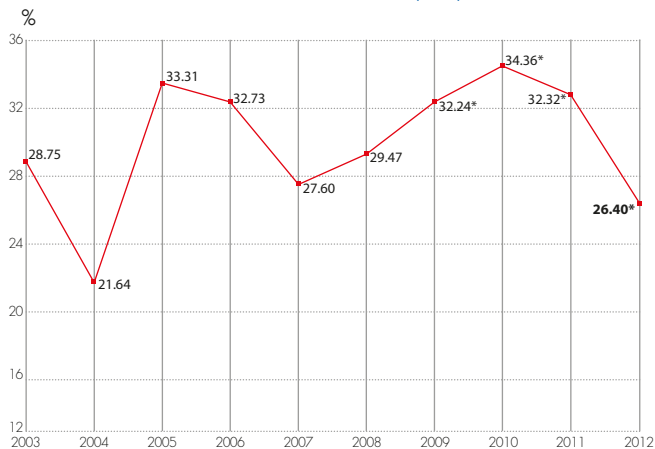
NET PROFIT AND EBITDA



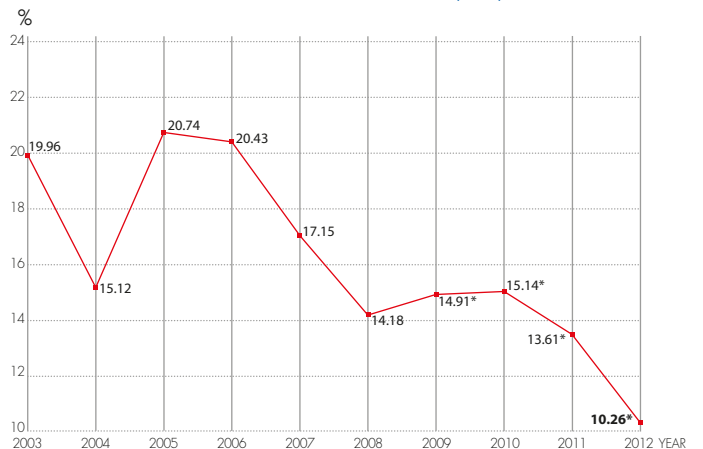
DIVIDEND PAID PER SHARE FROM OPERATING RESULT FOR THE YEAR



RETURN ON EQUITY (ROE)



RETURN ON ASSETS (ROA)



Remark : * It is the calculation from Consolidated Financial Statements.

** Dividend payment rate of the net profit from the separate financial statement, which has been approved from the board of Directors and waiting for approval from shareholders in the annual general shareholder's meeting, scheduled for April 26, 2012

HIGHLIGHTS

จุดเด่นในรอบปี

หน่วย : ล้านบาท
Unit : Million Baht

ผลการดำเนินงาน Operating Results	งบการเงินรวม Consolidated Financial Statements				งบการเงินซึ่งแสดงเงินลงทุนตามวิธี ส่วนได้เสีย Financial Statements in which the Equity Method is Applied to Investment	
	2555 2012	2554 2011	2553 2010	2552 2009	2551 2008	2550 2007
รายได้รวม Total Revenue	5,727.96	5,561.77	5,171.79	4,673.69	4,423.00	3,949.59
กำไรสุทธิ Net Profit	203.45	225.22	243.06	216.57	194.63	183.80
กำไรสุทธิต่อรายได้รวม Net Profit Margin (%)	3.55	4.05	4.70	4.63	4.40	4.65
กำไรต่อหุ้น (บาท) EPS (Baht)	0.57	0.63	0.68	0.67	0.60	0.57
มูลค่าหุ้นทางบัญชีต่อหุ้น (บาท) Book Value per share (Baht)	2.06	2.03	2.12	2.02	2.05	2.00
สินทรัพย์รวม Total Assets	2,625.97	2,458.99	2,244.29*	2,125.39	1,826.49	1,740.30
หนี้สินรวม Total Liabilities	1,691.36	1,728.85	1,459.28*	1,381.58	1,172.54	1,073.19
ส่วนของผู้ถือหุ้น Shareholders Equity	873.30	668.24	725.39	689.56	653.95	667.11
ทุนที่ออกและชำระแล้ว Paid - up Capital	356.31	323.92	323.92	323.92	323.92	323.76
อัตราผลตอบแทนต่อสินทรัพย์ ROA (%)	10.26	13.61*	15.14*	14.91	14.18	17.15
อัตราผลตอบแทนต่อส่วนของผู้ถือหุ้น ROE (%)	26.40	32.32	34.36	32.24	29.47	27.60
ณ วันที่ As of	28/12/2555 28/12/2012	30/12/2554 30/12/2011	30/12/2553 30/12/2010	30/12/2552 30/12/2009	30/12/2551 30/12/2008	28/12/2550 28/12/2007
ราคาหุ้นสุดท้าย (บาท) Last Price (Baht)	9.70	10.40	10.60	8.05	5.85	9.50
มูลค่าหลักทรัพย์ตามราคาตลาด Market Cap.	3,456.24	3,368.78	3,433.56	2,607.57	1,894.94	3,075.77

Remark * Certain financial ratios are not consistent with the financial ratios published on the website of Stock Exchange of Thailand because the 2010 and 2011 financial statements were recategorized to comply with the 2012 financial statement.

Financial Ratios

LIQUIDITY RATIO

Ratio	Consolidated financial statements		
	2012	2011	2010
Current Ratio (Time)	0.69	0.82	1.04
Quick Ratio (Time)	0.40	0.55	0.74
Cash Flow Ratio (Time)	0.15	0.32	0.37
Accounts Receivable Turnover (Time)	8.96	8.02	8.16
Average Debt Collection Period (Day)	40	45	44
Inventory Turnover (Time)	10.20	10.32	9.05
Average Selling Period (Day)	35	35	40
Payable Turnover (Time)	2.98	3.10	3.14
Average Payment Period (Day)	121	116	115
Cash Cycle (Day)	(46)	(36)	(31)

PROFITABILITY RATIO

Ratio	2012	2011	2010
Gross Profit Margin (%)	31.84	31.44	31.48
Operating Profit (%)	4.62	5.84	6.40
Other Profit (%)	1.47	1.41	1.16
Cash to Earnings Ratio (%)	93.14	150.07	199.21
Net Profit Margin (%)	3.55	4.05	4.70
Return on Equity (%)	26.40	32.32	34.36

EFFICIENCY RATIO

Ratio	2012	2011	2010
Return on Assets (%)	10.26	13.61	15.14
Return on Fixed Assets (%)	28.62	42.96	55.20
Assets Turnover (Time)	2.25	2.36	2.37

FINANCIAL POLICY RATIO

Ratio	2012	2011	2010
Debt to Equity Ratio (Time)	1.81	2.37	1.86
Interest Capability Ratio (Time)	63.63	127.49	136.22
Debt Service Coverage Ratio (Time)	0.42	0.72	1.32
Dividend Payout Ratio (%)	72.00*	59.13	97.28

Remark : * Dividend payment from the net profit of the separate financial statement from the operating result in 2012 is paid by cash at the rate of THB 0.41112 per share (and paid in the form of stock dividend in the ratio of ten (10) current shares per one (1) dividend share, which totals THB 0.51112 per shares). The dividend rate has been proposed by the Board of Directors for an approval from shareholders in the annual general shareholder's meeting, scheduled on April 25, 2013.



SE-ED's Corporate Highlights

- The company's commitment formulated 38 years ago was to *"doing business in knowledge dissemination with a view to developing the full potential of Thai people in essential areas for national development such as science, engineering and education."*
- Mission: SE-ED seeks to do business in areas that promote education for knowledge in the fields that is necessary to the development of the nation. It operates in the business that will make "Thais Smarter" developing the sustainable business with a continuous earning growth at above the industry average, being a role model company that can create work results deemed beneficial and accepted by society at large with happy staffs, and be able to deliver and maintain an attractive long-term investment return at satisfactory levels.
- *SE-ED's Determination is to make "Thais Smarter"*. The Company focuses on taking the country's problem regarding human development and social ideology as its business objectives that help it grow at a sustainable pace, and practice such ideology from day one, continuing through the present day,
- Being a pioneer of printing books and magazines in the area of knowledge, distributing books and opening bookstore chains in shopping centers with several models until succeeded and admired by publishing business in Thailand.
- Being a Thai leading publishing firm in all the three lines of publishing as: -
 - **A publisher** with sales volumes through local bookstores across the country stays in the early top rank emphasizing engineering, science, management, business, juvenile-youth supplement, substantial general knowledge and reference books, especially on outside reading books in English and maps.
 - **A distributor** with the largest sales volume that distributes books to local bookstores and also has a distributing system deemed to be the best of the country in books business by developing the system called Standing Order Distributing System for Thailand.
 - **A bookstore** chain owner with the highest number of branches and highest sales since 1999. Moreover, SE-ED had been conferred from the books distributing promotion club (books distributors club) under the publishers and booksellers association of Thailand "Outstanding Bookstore Chain 2002 and 2003 Award" and "Outstanding Bookstore of the decade (2004)"
- In 2011 of all the companies in Thailand, SE-ED's total revenue ranked no.689, allowing the company to become the largest publishing company in Thailand. (Information from Business+ magazine, the special Edition "Top 1000 companies" of 2012-2013 which ranked the companies in Thailand according to their total revenues as reported in 2011 financial statement database of the Ministry of Commerce. The magazine was published in December 2012 by ARIP Public Company Limited.)
- SE-ED has been the main shareholder and involved in managing PlearnPattana school (located on Bhuddhamonthon 2 road, with an area of 20 Rai) which is a new concept school to develop Thai children's potential in a favorable track of the country's requirement. The curriculum conforming to the ministry of education from pre-kindergarten, (*start from one and half year*) up to Matayom 6. At the present time the school has about 1,122 students.
- A registered company listed in the Stock Exchange of Thailand with the following interesting points:
 - A company with the highest Average Revenue Growth Rate among 49.7 times within 21 years or the annually growth average at 20% since the first year listed in the Stock Exchange of Thailand up to the year 2012.
 - Received 'SET AWard of Honor' of Corporate Governance report for the second time (4 consecutive years of Top Corporate Governance Report Awards) from the SET Award Banking Magazine. The Company is the only listed company outside SET100 to receive this award.
 - Received Investors' Choice Award for receiving 100% scores from the evaluation of Annual General Shareholders Meeting for 4 consecutive years (2009-2012). The Company Investors Association.



SE-EDUCATION Public Co.,Ltd. received the "SET Award of Honor of Corporate Governance Report" from SET Awards 2012



SE-ED's Corporate Highlights



Mr. Thanong Chotisrayuth, Managing Director of SE-EDUCATION received the "Royal Trophy from Her Royal Highness Princess Maha Chakri Sirindhorn" from the second Sufficiency Economy Award.



Mr. Somboon Chinsawananon, Chairman of SE-EDUCATION received the "Board of The Year for Distinctive Practices" for 2010 / 2011



Mr. Thanon Chotisrayuth, Managing Director of SE-EDUCATION received the SET Award of Honor of Corporate Governance and Outstanding Corporate Social Responsibility from the SET Awards 2011

- The Company received the Board of the Year for Distinctive Practices 2010/2011 Award. The award will be given to the boards of directors of the listed companies in the Stock Exchange of Thailand with an effective and productive practice, under the good corporate governance principle, with the consideration of transparency and justice for all stakeholders. The award was given by Thai Institute of Directors in corporation with 6 leading private organizations.
- Received 'Outstanding Corporate Social Responsibility Awards' from the SET Awards 2011 organized by the Stock Exchange of Thailand and Money & Banking Magazine.
- The IOD has appraised SE-ED to be excellent (5 stars) level in Corporate Governance Report of Thai Listed Companies 2012, 2011, 2010, 2009 and 2008 appraisal for five consecutive years. The Company is the only company from the publishing business category in the service industry to be evaluated 'excellent' for 5 consecutive years.

In 2011 there were 497 listed companies in the Stock Exchange of Thailand to be evaluated. 47 Companies were rated 'excellent' (5 stars). SE-ED was the only company in the Service Industry Group, under Media and Publishing category, to be rated 'excellent' for four consecutive years.

In 2010 there were 480 listed companies in the Stock Exchange of Thailand to be evaluated. 70 Companies were rated 'excellent' (5 stars). SE-ED was the only company in the Service Industry Group, under Media and Publishing category, to be rated 'excellent' for three consecutive years.

In 2009 there were 290 listed companies in the appraisal with 52 firms to be excellent 5 stars level while SE-ED was the only company in the publishing group that has been appraised.

In 2008 there were 448 firms appraised with 22 being excellent 5 stars level and SE-ED was one of six companies in the medium and small capital group that has been appraised, the others were large capital companies in SET100 and were in groups of energy businesses and financial institutes.

- Received the H.R.H. Princess Maha Chakri Sirindhorn cup award from the second contest for the philosophy of sufficiency economy achievement in business practices in the category of large scale business in 2010, which was the only one from 5 companies who won these awards not listed in SET50.
- Received 'Top Corporate Governance Report Awards' 2009 and 2010 for two consecutive years from the SET Awards organized by the Stock Exchange of Thailand and Money & Banking Magazine. There were 10 companies granted this award while only SE-ED was not in SET50.
- Received 'Corporate Social Responsibility Awards' 2009 and 2010 for two consecutive years from the SET Awards organized by the Stock Exchange of Thailand and Money & Banking Magazine. There were 4 companies granted this award while only SE-ED was not in SET100.



SE-ED's Corporate Highlights

- Received Best Shareholder Treatment Awards 2008 arranged by The Thailand Securities Depository Co., Ltd. (TSD) corporated with Stock Exchange of Thailand, Thai Investors Association, Thai Listed Companies Association and Thai Investor Relations Club. There were 6 companies granted this award while only SE-ED was not in the SET100.
- To be one of three companies outside SET group for final round IR Excellence Awards 2008 arranged by Stock Exchange of Thailand and financial and banking magazine.
- To be one of ten companies for final round Corporate Social Responsibilities Awards 2008 arranged by Stock Exchange of Thailand and financial and banking magazine. SE-ED was the only company not in SET100.
- Received the “Board of The Year for Distinctive Practices” award, 2006/2007 from Thai Institute of Director or IOD co-operated with The Stock Exchange of Thailand, Board of Trade of Thailand, Federation of Thai Industries, The Thai Bankers’ Association, Thai Listed Companies Association, and Federation of Thai Capital Market Organizations. The awards were granted to 19 companies for 2006/2007 (14 companies with distinctive practices award and 5 companies for exemplary practices award) from more than 400 listed companies. SE-ED was one of the two middle market capital (less than 5,000 million Baht) companies that took home the award this year. Others were large market capital companies, most of them have been in the energy and banking business sector.
- The company was rated as “Excellent” in the 2007, 2008, 2009, 2010, 2011 and 2012 valuation in the Annual General Meeting (AGM) of the shareholders by the Securities and Exchange Commission in cooperation with the Listed Companies Association and the Thai Investors Association. The company has been in the group of over 100 points which has been praised as a good example from SEC. The objective of this appraisal was to increase awareness of stockholders’ rights and good corporate governance principles.

In 2012 SE-ED received 100 point and SE-ED was one of the 74 companies from 450 companies to be praised ‘exemplary’.

In 2011 SE-ED received 100 points and SE-ED was one of the 64 companies from 416 companies to be praised ‘exemplary’.

In 2010 SE-ED received 100 points and SE-ED was one of the 63 companies from 479 companies to be praised ‘exemplary’.

In 2009 achieved 100 points with 4 stars extra point from 5 stars which was the first year of changing extra points from 10 points full to be extra 5 stars instead and was one of 41 companies appraised as a good example among an overall of 497 firms.



SE-EDUCATION Public Co.,Ltd. received the Investors' Choice Award. The honorable award was given to a listed company who is aware of the importance of shareholders meetings by considering the rights and equality of all shareholders.



Mr. Thanong Chotisrayuth, Managing Director of SE-EDUCATION received the Corporate Social Responsibility Awards 2010 and Top Corporate Governance Report Awards 2010 from the Stock Exchange of Thailand.



Mr. Thanong Chotisrayuth, Managing Director of SE-EDUCATION received the Corporate Social Responsibility Awards 2009 and Top Corporate Governance Report Awards 2009 from the Stock Exchange of Thailand.



SE-ED's Corporate Highlights



Mr. Thanong Chotisrayuth, Managing Director of SE-EDUCATION received the 'Best Shareholder Treatment Awards 2008' and certificates for final round 'IR Excellence Awards 2008' and 'CSR Awards 2008'



Mr. Somboon Chinsawananon, Chairman of SE-EDUCATION received the "Board of the Year for Distinctive Practices" for 2006/2007

In 2008 achieved 107.50 points being one of 74 companies praised for being a good example by SEC from an overall 486 firms.

In 2007 achieved 103.75 points and appraised as one of 19 good examples from SEC among an overall of 460 firms.

With such an excellent appraisal coming from the meeting with good corporate governance, it was transparent and allowed wider opportunity for shareholders to ask questions, have them cleared and left with no doubts.

- SE-ED has been chosen to be one of six securities in YRC 2007 and four of five set winning awards have been chosen to analyze SE-ED.

The Young Researcher Competition (YRC) is the project for undergraduate students ranging from junior level up to postgraduate students. The project focuses in enhancing knowledge to every participant. Every candidate passing each round will be granted a more complicated training course to be prepared for analyzing the selected securities. The winning in the third round (containing of 30 students divided into 15 for SET and 15 for mai) have to present their analyses to the committee to select the Top Five SET Young Researchers and the Top Five mai Star Researchers respectively. After that, in the final round the committee will choose the winner for SET Young Researcher and mai Star Researcher respectively.

The Young Researcher Competition is the co-operation of SET, Money Channel television, and Securities Analyses Association with support from TSI, MAI, Settrade, Association of Investment Management Companies, Listed Companies Association, Association of Securities Companies, Thai Investors Association, Chulalongkorn University, Assumption University, Chiang Mai University, Mae Fah Luang University, Khon Kaen University, Ubon Ratchathani University, Prince of Songkhla University, and Naresuan University.

YRC 2007 started from August 2007 and finished the final round on January 10, 2008. The selected securities to be analyzed for SET were HMPRO, SE-ED, and EGCO and for mai were TRT, ETG, and DEMCO.

The SET winning first prize (100,000 Baht in cash +others) and second prize have selected SE-ED for their analyses. The other two in three winning prizes also analyzed SE-ED for their selection.

- The company was rated as "Excellent" for the second consecutive in year the Opportunity Day activity provided by the Stock Exchange of Thailand for Q4/2006 and Q4/2005. Furthermore, the company has also been rated as the highest outstanding in three aspects: namely, the usefulness of information, the method, and appropriateness the of presentation's time, compared with the other 48 and 68 listed companies in which participated
- Appraised from the Thai of Directors Association with support from the Stock Exchange of Thailand (SET) according to which is rated as "Very Good", to be one of publishing listed company rated as "Very Good – Excellent" and to be one of the top 71 listed companies of 402 listed company with best corporate governance rated as "Very Good – Excellent" for the year 2006.



SE-ED's Corporate Highlights

- Appraised by the Thai Institute of Directors Association with support from the Stock Exchange of Thailand (SET) and the Office of Securities Exchange Commission (SEC) to be one of the top 85 listed companies with best corporate governance (Top Quartile Companies) for the year 2003.
- Appraised from Thai Institute of Directors Association to be one of the top 20 companies with the best corporate governance for the year 2002 which surveyed from 234 companies listed in the Stock Exchange of Thailand.
- Declared and conferred from the Office of Securities and Exchange Commission the “Disclosure Report Award 2002” and “Disclosure Report Award 2003” as “a listed company that should be commended for disclosure data to investors”. The SEC set up this award in order to promote good corporate governance in Thailand.
- One of 200 small companies outside the U.S. which are the Best under \$1 billion in revenue for 2002 (200 Companies for 2002, Best under a Billion), declared on October 28, 2002, FORBES Magazine Global edition, a world class business magazine, selected from 20,000 companies all over the world outside the U.S.
- Nowadays SE-ED share has been recognized as one of the Value Stock of Stock Exchange of Thailand.
- The producer of the “Book Variety” TV program on air every Monday from 5.30-6.00 p.m. on Nation Channel, via PSI satellite and local cable tv all across the country. with the first programme broadcasted in January 2011.
- The organizer of “Thailand Electronics & Industrial Technology”, the country’s greatest annual Electronics and Industrial Trade Fair.
- The company owned the website, www.se-ed.com, which is one of the most popular websites in book business category.

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General Information

Name and Location of Head Office, Warehouse and SE-ED Learning Center

Name	: SE-EDUCATION Public Company Limited
Abbreviated Name	: SE-ED
Head Office	: 1858/87-90 TCIF Tower, 19 th Floor, Bangna-Trat Road, Bangna, Bangkok 10260, Thailand
Warehouse	: 99 Moo 1, King Kaeo Road, Rachathewa, Bang Phli, Samut Prakan 10540, Thailand
	: Pitaktham Warehouse 1/12, 1/17, 1/29 King Kaeo Road, Rachathewa, BangPhli, Samut Prakan 10540, Thailand
SE-ED Learning Center	: Chamchuri Square Building 2 nd Floor 319 Samyarn Intersection, Payathai Road, Pathumwan, Bangkok 10330, Thailand
Website	: www.se-ed.com
Tel.	: 66-2739-8000
Fax.	: 66-2751-5999
E - mail	: Company Secretary cs@se-ed.com
	: Independent Director id@se-ed.com
	: Investor Relations ir@se-ed.com
Business	: Company's business operation consist <ul style="list-style-type: none">• Publisher of educational books and magazines• Book distributor• Bookstore chain, SE-ED Book Center, and network stores (including campus bookstores and kiosks operated by the company) in Bangkok and other provinces• SE-ED Learning Center is an education center that provides services and activities aiming to develop potentials and aptitudes of Thai children such as supplementary math and English courses.• Plearnpattana School, open for pre-kindergarten to Matayom 6
Registered No.	: 0107536000285
Registered Capital	: THB 356,313,243 (356,313,243 ordinary shares @ Baht 1.00 par value each)
Paid-up share capital	: THB 356,313,209 (356,313,209 ordinary shares @ Baht 1.00 par value each)

Name and Location of Subsidiary Companies

Name	: Plearn Patt Co., Ltd.
Address	: 33/39-40 Moo 17, Suan-Phak Road, Sala Tham Sop, Thawi Watthana, Bangkok 10170, Thailand
Tel.	: 66-2885-2670-5
Fax.	: 66-2885-2670-5 Ext. 1201
E-mail	: webmaster@plearnpattana.com
Website	: www.plearnpattana.com
Business	: Private school, operated by Plearnpattana School, which is a school for pre-kindergarten up to Matayom 6
Registered Capital	: Fully paid up THB 169,475,500 for 16,947,550 shares at THB 10 per share. SE-ED holds 48.97% of shares.

Name : **SE-ED Book Center Co., Ltd.**
Address : 1858/87-90 TCIF Tower, 19th Floor, Bangna-Trat Road, Bangna, Bangkok 10260, Thailand
Tel. : 66-2739-8000
Fax. : 66-2751-5999
Business : Business Consultancy
Registered Capital : THB 100,000 which consists of 10,000 shares at THB 10 each and already fully paid up. SE-ED holds 99.93% of shares.

Name and Location of Associated Company

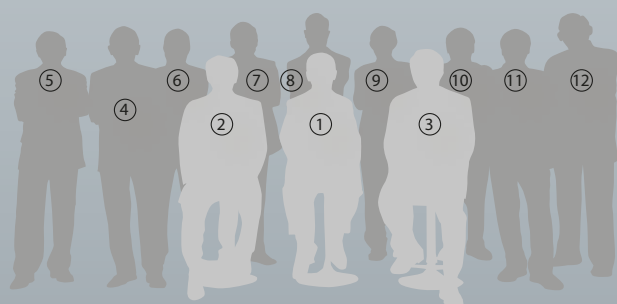
Name : **M & E Co., Ltd.**
Address : 77/111 Sin Sathorn Tower Bldg. 26th Floor, Krung Thonburi Road, Klongtonsai, Klongsarn, Bangkok 10600, Thailand
Tel. : 66-2862-1396-9
Fax. : 66-2862-1395
Website : www.me.co.th
Business : Magazine and Book publishing for Engineer.
Registered Capital : Fully paid up THB 400,000 for 4,000 shares at THB 100 per share. SE-ED holds 25% of shares.

References

Stock Registrar : **Thailand Securities Depository Co., Ltd.**
Address : 62 The Stock Exchange of Thailand Building, 4th, 6-7th Floor, Ratchadaphisek Road, Klong Toey, Bangkok 10110, Thailand
Tel. : 66-2229-2800, 66-2654-5599
Fax. : 66-2359-1262-3
Call center : 66-2229-2888
E-mail : contact.tsd@set.or.th
Website : www.tsd.co.th
Auditor : **Miss PIMJAI MANLTKAJOHNKIT Auditor ID: 4521 and/or Miss RUNGNAPA LERTSUWANKU Auditor ID: 3516 and/or Mr. CHAYAPOL SUPPAEDTANON Auditor ID: 3972**
Address : Ernst & Young Office Limited.
 33rd Floor, Lake Rajada Office Complex 193/136-137 New Rajadapisek Road Klongtoey, Bangkok 10110
Tel. : 0-2264-0777
Fax. : 0-2264-0789
E-mail : Ernstyoung.thailand@th.ey.com
Website : www.ey.com
Legal Consultant : **Chuan and Associates Law Office**
Address : 1153/44 Soi Ladprao 101, Ladprao Road, Klongjun, Bangklapi, Bangkok 10240, Thailand
Tel. : 66-2731-5337 and 66-2731-5338
Fax. : 66-2731-5759
Bond holder Representative : No bonds



BOARD OF DIRECTORS
SE-EDUCATION PUBLIC COMPANY LIMITED



1. Mr. Somboon Chinsawananon
2. Mr. Saroch Lamlerprasertkul
3. Mr. Thanong Chotisorayuth
4. Mr. Wattana Chiengkul
5. Mr. Pravit Tantiwasinchai
6. Mr. Suwat Damrongchaitham

7. Mr. Vorasit Pokachaiyapat
8. Mr. Kachen Benjakul
9. Assoc. Prof. Yuen Poovarawan
10. Mr. Yongsak Ekprachyasakul
11. Mr. Phairat Sittakul
12. Mr. Viboolsak Udomvanich

BOARD OF DIRECTORS

1. Mr. Somboon Chinsawananon

Chairman of the Board and Independent Director

Highest Qualification

- Master of Management (Finance), Kellogg School of Management, Northwestern University, U.S.A
- B.Eng. in Engineering (Electrical), Chulalongkorn University

IOD Certifier

- - None -

Number of Shares (Proportion)

- 171,426 shares (0.0481%)

Relation among family within the executives

- - None -

Working Background

- 2005 - present : Chairman and Independent Director, SE-EDUCATION Public Co., Ltd.
- 2006 - present : Chairman Recruitment and Remuneration Committee, SE-EDUCATION Public Co., Ltd.
- 1995 - 2005 : Director and Independent Director, SE-EDUCATION Public Co., Ltd.
- Dec. 2009 - present : Chairman of Director, VijitThai Garment Industry Co., Ltd.
- 1980 - present : Director, VijitThai Garment Industry Co., Ltd.
- 2004 - 2011 : Qualified Director of Policies Committee of Financial Institutions Bank of Thailand
- 1995 - 1999 : Deputy Managing Director, Kasikorn Bank Public Co., Ltd.

Positions in the Present

- In listed Companies
 - None -
- In non - listed Companies
 - 1 Company
 - Director, VijitThai Garment Industry Co., Ltd.

4. Mr. Wattana Chiengkul

Director, Authorized director to sign for and bind the Company

Highest Qualification

- B.Eng. in Engineering (Electrical), Chulalongkorn University

IOD Certifier

- Director Accreditation Program (DAP)

Number of Shares (Proportion)

- 4,530,121 shares (1.2714%)

Relation among family within the executives

- - None -

Working Background

- Nov. 2010 - present : Director of Recruitment and Remuneration Committee, SE-EDUCATION Public Co., Ltd.
- Apr. 2010 - present : Director, SE-EDUCATION Public Co., Ltd.
- 2005 - Apr. 2010 : Independent Director, SE-EDUCATION Public Co., Ltd.
- 1990 - 2005 : Director, SE-EDUCATION Public Co., Ltd.
- 2002 - present : Principal Consultant Physical Asset Management, Productivity Associates Co., Ltd.
- 1997 - 2002 : Maintenance Business Development and Maintenance Engineering Manager, ABB Co., Ltd.

Positions in the Present

- In listed Companies
 - None -
- In non - listed Companies
 - 1 Company
 - Principal Consultant Physical Asset Management, Productivity Associates Co., Ltd.

2. Mr. Saroch Lamlerprasertkul

Chairman of Audit Committee and Independent Director and Vice - Chairman of the Board of Directors

Highest Qualification

- MBA (Accounting), Thammasart University
- BBA (Accounting), Thammasart University

IOD Certifier

- Director Certification Program (DCP)
- Audit Committee Program (ACP)

Number of Shares (Proportion)

- - None -

Relation among family within the executives

- - None -

Working Background

- Feb. 2009 - present : Vice-Chairman of the Board of Directors, SE-EDUCATION Public Co., Ltd.
- 1999 - present : Chairman of Audit Committee and Independent Director, SE-EDUCATION Public Co., Ltd.
- Jan. 2012 - present : Managing Director, C3 BKK, Co., Ltd.
- Mar. 2012 - present : Director, Ark Holding Co., Ltd.
- 2006 - present : Managing Director, ACT Management Co., Ltd.
- 2000 - present : Managing Director, CAS Management Co., Ltd.

Positions in the Present

- In listed Companies
 - None -
- In non - listed Companies
 - 4 Companies
 - Managing Director, ACT Management Co., Ltd.
 - Managing Director, CAS Management Co., Ltd.
 - Managing Director, C3 BKK, Co., Ltd.
 - Director, Ark Holding Co., Ltd.

5. Mr. Pravitt Tantiwasinchai

Audit Committee and Independent Director

Highest Qualification

- Bachelor Certificate (Audit), Chulalongkorn University
- Bachelor Degree (Accounting), Chulalongkorn University

IOD Certifier

- Director Accreditation Program (DAP)

Number of Shares (Proportion)

- - None -

Relation among family within the executives

- - None -

Working Background

- 1999 - present : Audit Committee and Independent Director, SE-EDUCATION Public Co., Ltd.
- 2012 - present : Director, MK Restaurant Group Public Company Limited.
- 2012 - present : Deputy Managing Director of Accounting and Finance Group, MK Restaurant Public Co., Ltd.
- 2006 - 2011 : Deputy Managing Director of Accounting and Finance Group, MK Restaurant Co., Ltd.
- 1994 - 2006 : Accounting & Financial Executive Manager, MK Restaurant Co., Ltd.

Positions in the Present

- In listed Companies
 - None -
- In non - listed Companies
 - 1 Company
 - Director, MK Restaurant Group Public Co., Ltd.
 - Deputy Managing Director of Accounting and Finance Group, MK Restaurant Public Co., Ltd.

3. Mr. Thanong Chotisorayuth

Director and Managing Director, Authorized director to sign for and bind the Company

Highest Qualification

- Master of Education, Education Management, Chulalongkorn University
- B.Eng. in Engineering (Electrical), Chulalongkorn University

IOD Certifier

- Director Certificate Program (DCP)

Number of Shares (Proportion)

- 10,834,716 shares (3.0408%)⁽¹⁾

Relation among family within the executives

- Mrs. Montalee Chotisorayuth's Husband

Working Background

- 1987 - present : Director and Managing Director, SE-EDUCATION Public Co., Ltd.
- 2010 - 2012 : Acting Director of Engineering Research and Development, SE-EDUCATION Public Co., Ltd.
- 1985 - 1987 : Director and Deputy MD (Marketing, Science), SE-EDUCATION Co., Ltd.
- 2001 - present : Director, SE-ED Book Center Co., Ltd.
- 2010 - present : Director of Pleampattana School, Plearn Patt Co., Ltd.
- 2006 - present : Chairman of the Board of Directors of Pleampattana School, Plearn Patt Co., Ltd.
- 2003 - 2006 : Director and Executive Director, Plearn Patt Co., Ltd.
- 2012 - present : Director, MK Restaurant Public Co., Ltd.
- 1984 - present : Director, M&E Co., Ltd.
- 2009 - 2011 : Consultant to the Institute of Business for Society, Stock Exchange of Thailand

Positions in the Present

- In listed Companies
 - None -
- In non - listed Companies
 - 4 Companies
 - Director, SE-ED Book Center Co., Ltd.
 - Director of Pleampattana School, Plearn Patt Co., Ltd.
 - Director, M&E Co., Ltd.
 - Director, MK Restaurant Public Co., Ltd.

6. Mr. Suwat Dumrongchaitham

Director

Highest Qualification

- BBA (Marketing), Assumption University

IOD Certifier

- - None -

Number of Shares (Proportion)

- - None - (Representative of Major Shareholder)

Relation among family within the executives

- - None -

Working Background

- Nov. 2010 - present : Director, SE-EDUCATION Public Co., Ltd.
- 2005 - present : Executive Director, GMM Grammy Public Co., Ltd.
- 2004 - present : Managing Director of Digital Business, GMM Grammy Public Co., Ltd.
- 1998 - Jun. 2010 : Managing Director of Grammy Big Division, GMM Grammy Public Co., Ltd.
- 2007 - present : Director, 3-RD Co., Ltd.
- 2006 - present : Director and Managing Director, Digital Arms Co., Ltd.
- 2005 - present : Director, GMM Digital Domain Co., Ltd.
- 2004 - 2005 : Managing Director, Siam Infinit Co., Ltd.
- 2002 - 2005 : Managing Director, GMM Music Publishing Co., Ltd.

Positions in the Present

- In listed Companies
 - 1 Company
 - Executive Director, GMM Grammy Public Co., Ltd.
 - Managing Director of Digital Business, GMM Grammy Public Co., Ltd.
- In non - listed Companies
 - 3 Companies
 - Director, 3-RD Co., Ltd.
 - Director and Managing Director, Digital Arms Co., Ltd.
 - Director, GMM Digital Domain Co., Ltd.

BOARD OF DIRECTORS

7. Mr. Vorasit Pokachaiyapat

Independent Director

Highest Qualification

- M.S. (Computer and Database Management), Bantley Collage, Massachusetts, U.S.A.
- BBA, Carnegie-Mellon University, Pennsylvania, U.S.A.

IOD Certifier

- Director Certification Program (DCP)

Number of Shares (Proportion)

- - None -

Relation among family within the executives

- - None -

Working Background

- 2006 - present : Director of the Recruitment and Remuneration Committee, SE-EDUCATION Public Co., Ltd.
- 2005 - present : Independent Director, SE-EDUCATION Public Co., Ltd.
- 1998 - 2005 : Director, SE-EDUCATION Public Co., Ltd.
- 1991 - present : Managing Director, Finansia Public Co., Ltd.
- 2008 - present : Director, Palanamai Co., Ltd.
- 1990 - 1991 : Assistant Manager Director, Chase Manhattan Bank Thailand

Positions in the Present

- In listed Companies
 - 1 Company
 - Managing Director, Finansia Public Co., Ltd.
- In non - listed Companies
 - 1 Company
 - Director, Palanamai Co., Ltd.

8. Mr. Kachen Benjakul

Audit Committee and Independent Director

Highest Qualification

- Master of Arts in International Economic and Finance, Chulalongkorn University
- Bachelor of Industrial Engineering (I.E.), Chulalongkorn University

IOD Certifier

- Director Accreditation Program (DAP)

Number of Shares (Proportion)

- 430,210 shares (0.1207%)⁽¹⁾

Relation among family within the executives

- - None -

Working Background

- Nov. 2009 - present : Audit Committee, SE-EDUCATION Public Co., Ltd.
- 2005 - present : Independent Director, SE-EDUCATION Public Co., Ltd.
- 2008 - present : Consultant for Human Resources, Plearn Patt Co., Ltd.
- May, 2012 - present : Audit Committee, Project Planning Service Public Co., Ltd.
- 2006 - 2008 : Executive Director, Plearn Patt Co., Ltd.
- 2001 - 2004 : Senior Equity Analyst, Government Pension Fund (GPF)
- 2000 - 2001 : Analyst, Government Pension Fund (GPF)

Positions in the Present

- In listed Companies
 - 1 Company
 - Audit Committee, Project Planning Service Public Co., Ltd.
- In non - listed Companies
 - 1 Company
 - Consultant for Human Resources, Plearn Patt Co., Ltd.

9. Assoc. Prof. Yuen Poovarawan

Director

Highest Qualification

- M.Eng. in Industrial Engineering and Management, Asian Institute of Technology (AIT)
- M.Eng. in Engineering (Electrical), Chulalongkorn University
- B.Eng. in Engineering (Electrical), Chulalongkorn University

IOD Certifier

- - None -

Number of Shares (Proportion)

- 6,326,191 shares (1.7755%)⁽¹⁾

Relation among family within the executives

- - None -

Working Background

- 1990 - present : Director, SE-EDUCATION Public Co., Ltd.
- 2011 - present : Special Expert, Kasetsart University
- 2003 - present : Consultant, Plearnpattana School, Plearn Patt Co., Ltd.
- 2002 - 2011 : Vice-President for Information Technology, Kasetsart University
- 1991 - 2000 : Director, Office of University Computer Services, Kasetsart University

Positions in the Present

- In listed Companies
 - None -
- In non - listed Companies
 - None -

10. Mr. Yongsak Ekprachyasakul

Director

Highest Qualification

- Mini MBA, Thai Chamber of Commerce University
- The Boss Class 30, Management and Psychology Institute

IOD Certifier

- Director Accreditation Program (DAP)

Number of Shares (Proportion)

- - None - (Representative of Major Shareholder)

Relation among family within the executives

- - None -

Working Background

- 2005 - present : Director, SE-EDUCATION Public Co., Ltd.
- 2007 - present : Director of U-Star (Thailand) Co., Ltd.
- 2002 - present : Director and Managing Director (Sales and Marketing Division), GMM Grammy Public Co., Ltd.
- 1999 - 2002 : Sales Director, MGA Co., Ltd.
- 1988 - 1999 : Sales Manager, MGA Co., Ltd.

Positions in the Present

- In listed Companies
 - 1 Company
 - Director and Managing Director (Sales and Marketing Division), GMM Grammy Public Co., Ltd.
- In non - listed Companies
 - 1 Company
 - Director, U-Star (Thailand) Co., Ltd.

11. Mr. Phairat Sittakul

Director

Highest Qualification

- B.Eng. in Engineering (Electrical), Chulalongkorn University

IOD Certifier

- Director Accreditation Program (DAP)

Number of Shares (Proportion)

- 5,325,826 shares (1.4947%)⁽¹⁾

Relation among family within the executives

- - None -

Working Background

- 2011 - present : Director, SE-EDUCATION Public Co., Ltd.
- 2005 - 2011 : Independent Director, SE-EDUCATION Public Co., Ltd.
- 2005 - Nov. 2009 : Audit Committee, SE-EDUCATION Public Co., Ltd.
- 1974 - 2005 : Director, SE-EDUCATION Public Co., Ltd.
- 2008 - Sep. 2010 : Assistant Director of operation and maintenance of electricity generator project, electricity generating Rajburi Co., Ltd.
- 2002 - 2008 : Level 11 Engineer, EGAT
- 1999 - 2002 : Maintenance Services Bureau-Manager, EGAT
- 1997 - 1999 : Engineering-Maintenance Services Bureau-Manager, EGAT

Positions in the Present

- In listed Companies
 - None -
- In non - listed Companies
 - None -

12. Mr. Viboolsak Udomvanich

Director and Deputy Managing Director, Authorized director to sign for and bind the Company and Company Secretary

Highest Qualification

- B.Eng. in Engineering (Electrical), Chulalongkorn University

IOD Certifier

- Director Accreditation Program (DAP)

Training from other institutions

- Listed Company Association (TLCA) : Corporate Secretary Development Program

Number of Shares (Proportion)

- 6,485,627 shares (1.8202%)⁽¹⁾

Relation among family within the executives

- - None -

Working Background

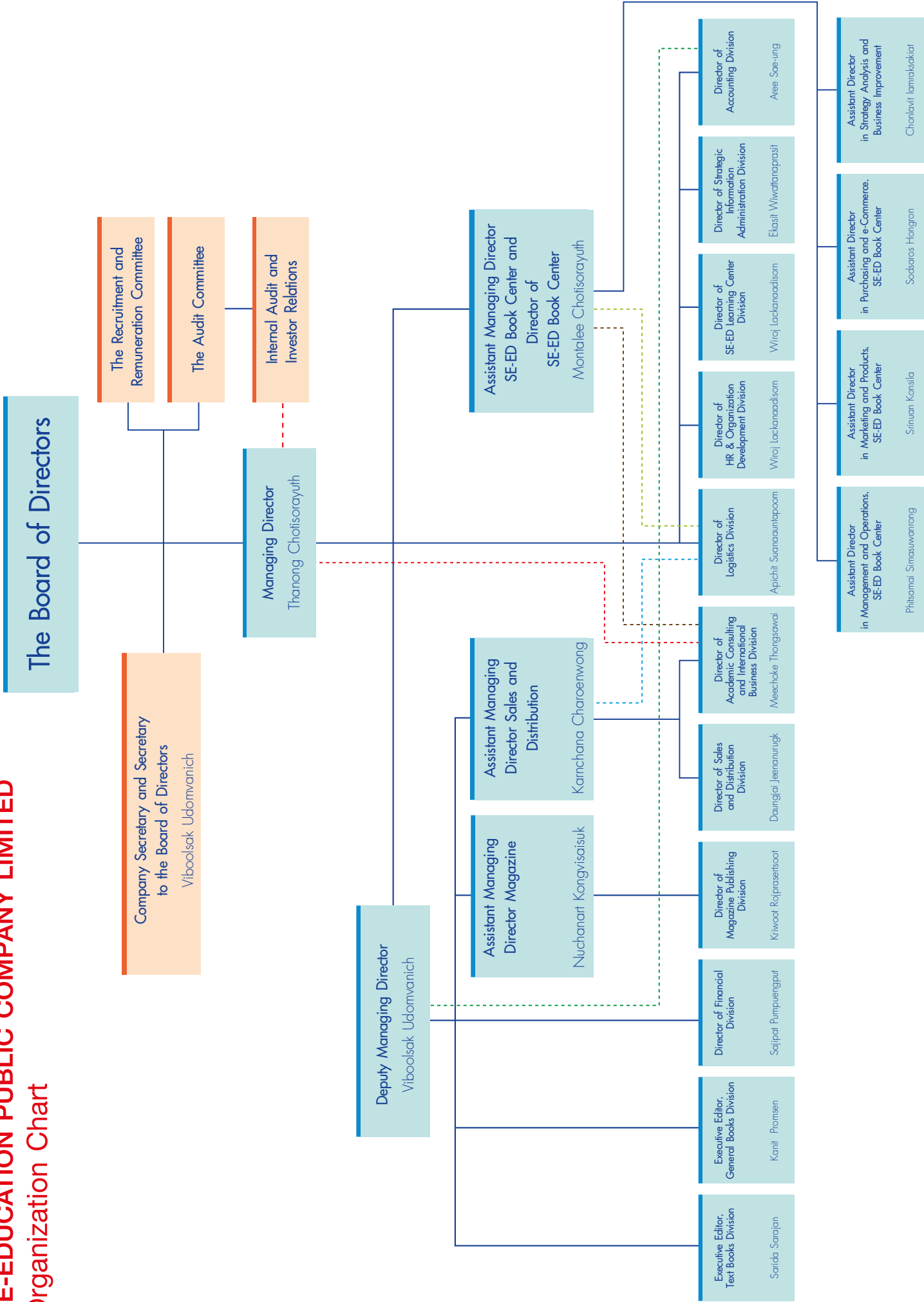
- 2007 - present : Company Secretary, SE-EDUCATION Public Co., Ltd.
- 1987 - present : Director and Deputy Managing Director, SE-EDUCATION Public Co., Ltd.
- 2003 - 2012 : Acting Assistant Managing Director of Publishing Division SE-EDUCATION Public Co., Ltd.
- 1985 - 1987 : Director and Deputy Managing Director - Production, SE-EDUCATION Co., Ltd.
- 2001 - present : Director, SE-ED Book Center Co., Ltd.
- 2003 - present : Executive Director, Plearn Patt Co., Ltd.
- 1992 - present : Director, Unity Binding Center Co., Ltd.
- 1990 - present : Director, Unity Graphics, Co., Ltd.
- 2009 - present : Honorary Director, Language Institute, Thammasat University

Positions in the Present

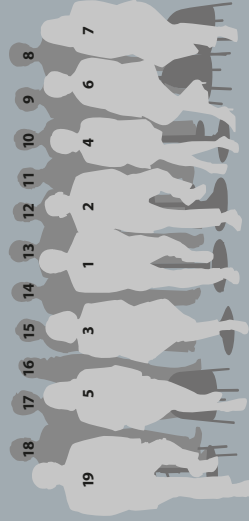
- In listed Companies
 - None -
- In non - listed Companies
 - 4 Companies
 - Director, SE-ED Book Center Co., Ltd.
 - Executive Director, Plearn Patt Co., Ltd.
 - Director, Unity Binding Center Co., Ltd.
 - Director, Unity Graphics, Co., Ltd.

Remarks : (1) Number of Shares of directors and executive managers include shareholding of spouse and children who have not attained of majority as well as related legal person in section 258.

SE-EDUCATION PUBLIC COMPANY LIMITED
Organization Chart



EXECUTIVE SE-EDUCATION PUBLIC COMPANY LIMITED



- | | | |
|--------------------------------|--------------------------------|----------------------------------|
| 1. Mr. Thanong Chotisrayuth | 8. Mr. Chonlavit lamraksakiat | 15. Mrs. Phitsamai Simasuwanrong |
| 2. Mr. Viboolsak Udomvanich | 9. Ms. Daungjai Jeenanurugk | 16. Ms. Sodaros Hongron |
| 3. Mrs. Montalee Chotisrayuth | 10. Mrs. Kanit Promsen | 17. Mrs. Srinuan Konsila |
| 4. Mrs. Kamchara Charoenwong | 11. Ms. Sarda Sarajan | 18. Mr. Meechoke Thongsawai |
| 5. Mrs. Nuchanart Kongvisaisuk | 12. Mr. Kriwoot Rojprasertsoot | 19. Mr. Wiroj Lackanaadlorn |
| 6. Ms. Sajipat Pumpuengput | 13. Mr. Ekasit Wiwattanaprasit | |
| 7. Ms. Aree Sae-ung | 14. Mr. Apichit Suananuntapoom | |

1. Mr. Thanong Chotisrayuth**Director and Managing Director, Authorized director to sign for and bind the Company****Highest Qualification**

- Master of Education, Education Management, Chulalongkorn University
- B.Eng. in Engineering (Electrical), Chulalongkorn University

IOD Certifier

- Director Certificate Program (DCP)

Training from other institutions

- Capital Market Academy (CMA) : Executive MBA Class 3

Number of Shares (Proportion)

- 10,834,716 shares (3.0408%)⁽¹⁾

Relation among family within the executives

- Mrs. Montalee Chotisrayuth's Husband

Working Background

- 1987 - present : Director and Managing Director, SE-EDUCATION Public Co., Ltd.
- 2010 - 2012 : Acting Director of Engineering Research and Development, SE-EDUCATION Public Co., Ltd.
- 1985 - 1987 : Director and Deputy MD (Marketing, Science), SE-EDUCATION Co., Ltd.
- 2001 - present : Director, SE-ED Book Center Co., Ltd.
- 2010 - present : Director of Plearpattana School, Plearn Patt Co., Ltd
- 2006 - present : Chairman of the Board of Directors of Plearpattana School, Plearn Patt Co., Ltd.
- 2003 - 2006 : Director and Executive Director, Plearn Patt Co., Ltd.
- 2012 - present : Director, MK Restaurant Public Co.,Ltd.
- 1984 - present : Director, M&E Co., Ltd.
- 2009 - present : Consultant to the Institute of Business for Society, Stock Exchange of Thailand

Positions in the Present

- In listed Companies
 - None -
- In non - listed Companies
 - 4 Companies
 - Director, SE-ED Book Center Co., Ltd.
 - Director of Plearpattana School, Plearn Patt Co., Ltd.
 - Director, M&E Co., Ltd.
 - Director, MK Restaurant Public Co., Ltd.

4. Mrs. Karnchana Charoenwong**Assistant Managing Director Sales And Distribution****Highest Qualification**

- B.S. (Accounting), Kasetsart University

IOD Certifier

- - None -

Number of Shares (Proportion)

- - None -

Relation among family within the executives

- - None -

Working Background

- 1998 - present : Assistant Managing Director Sales and Distribution, SE-EDUCATION Public Co., Ltd
- 1991 - 1995 : Assistant Managing Director, SE-EDUCATION Public Co., Ltd.
- 1981 - 1991 : Accounting and Financing Manager, SE-EDUCATION Co., Ltd. : Director, Chakaj Co. Ltd.
- 2001 - present : Director, Chakaj Co., Ltd.

Positions in the Present

- In listed Companies
 - None -
- In non - listed Companies
 - 1 Company
 - Director, Chakaj Co., Ltd.

2. Mr. Viboolsak Udomvanich**Director and Deputy Managing Director, Authorized director to sign for and bind the Company and Company Secretary,****Highest Qualification**

- B.Eng. in Engineering (Electrical), Chulalongkorn University

IOD Certifier

- Director Accreditation Program (DAP)

Training from other institutions

- Listed Company Association (TLCA) : Corporate Secretary Development Program

Number of Shares (Proportion)

- 6,485,627 shares (1.8202%)⁽¹⁾

Relation among family within the executives

- - None -

Working Background

- 2007 - present : Company Secretary, SE-EDUCATION Public Co., Ltd.
- 1987 - present : Director and Deputy Managing Director, SE-EDUCATION Public Co., Ltd.
- 2003 - 2012 : Acting Assistant Managing Director of Publishing Division SE-EDUCATION Public Co., Ltd.
- 1985 - 1987 : Director and Deputy Managing Director - Production, SE-EDUCATION Co., Ltd.
- 2001 - present : Director, SE-ED Book Center Co., Ltd.
- 2003 - present : Executive Director, Plearn Patt Co., Ltd.
- 1992 - present : Director, Unity Binding Center Co., Ltd.
- 1990 - present : Director, Unity Graphics, Co., Ltd.
- 2009 - present : Honorary Director, Language Institute, Thammasat University

Positions in the Present

- In listed Companies
 - None -
- In non - listed Companies
 - 4 Companies
 - Director, SE-ED Book Center Co., Ltd.
 - Executive Director, Plearn Patt Co., Ltd.
 - Director, Unity Binding Center Co., Ltd.
 - Director, Unity Graphics, Co., Ltd.

5. Mrs. Nuchanart Kongvisaisuk**Assisting Managing Director Magazine****Highest Qualification**

- BBA. (Marketing), Ramkhamhaeng University

IOD Certifier

- - None -

Number of Shares (Proportion)

- 1,722,180 shares (0.4833%)

Relation among family within the executives

- - None -

Working Background

- 2001 - present : Assistant Managing Director - Magazines Group, SE-EDUCATION Public Co., Ltd.
- 1999 - 2000 : Director of Electronics and Industrial Magazine Group, SE-EDUCATION Public Co., Ltd.
- 1979 - 1999 : Advertising Manager of Electronics Magazine Group, SE-EDUCATION Public Co., Ltd.

Positions in the Present

- In listed Companies
 - None -
- In non - listed Companies
 - None -

3. Mrs. Montalee Chotisrayuth**Assistant Managing Director SE-ED Book Center****Highest Qualification**

- B.S. (Education), Srinakarinwirot University

IOD Certifier

- - None -

Number of Shares (Proportion)

- 10,834,716 shares (3.0408%)⁽¹⁾

Relation among family within the executives

- Mr. Thanong Chotisrayuth's wife

Working Background

- 1996 - present : Assistant Managing Director SE-ED Book Center, SE-EDUCATION Public Co., Ltd.
- 1990 - present : Director of SE-ED Book Center, SE-EDUCATION Public Co., Ltd.
- 1993 - 1998 : Executive Editor - Education book, SE-EDUCATION Public Co., Ltd.
- 1981 - 1984 : Assistant Executive Editor - Education book, SE-EDUCATION Public Co., Ltd.

Positions in the Present

- In listed Companies
 - None -
- In non - listed Companies
 - None -

6. Ms. Sajipat Pumpuengput**Director of Finance Division****Highest Qualification**

- BBA. (Management), Sukhothai Tammatirat University

IOD Certifier

- - None -

Number of Shares (Proportion)

- 134,354 shares (0.0377%)

Relation among family within the executives

- - None -

Working Background

- 2004 - present : Director of Financial Division, SE-EDUCATION Public Co., Ltd.
- 1991 - 2003 : Financial Manager, SE-EDUCATION Public Co., Ltd.

Positions in the Present

- In listed Companies
 - None -
- In non - listed Companies
 - None -

7. Ms. Aree Sae-ung**Director of Accounting Division****Highest Qualification**

- Certified Accounting Auditor
- MBA, Burapha University
- Bachelor Certificate (Audit), Thammasat University
- BBA (Accounting), Rajamangala Institute of Technology

IOD Certifier

- - None -

Number of Shares (Proportion)

- - None -

Relation among family within the executives

- - None -

Working Background

- 2004 - present : Director of Accounting Division, SE-EDUCATION Public Co., Ltd.
- 2001 - 2003 : Accounting Manager, SE-EDUCATION Public Co., Ltd.
- 2000 - 2001 : Internal Audit Manager, SE-EDUCATION Public Co., Ltd.
- 1994 - 2000 : In - charge, AMC Co., Ltd.

Positions in the Present

- In listed Companies
- None -
- In non - listed Companies
- None -

8. Mr. Chonlavit Iamraksakiat⁽²⁾**Assistant Director in Strategy Analysis and Business Improvement, SE-ED Book Center****Highest Qualification**

- Master of Science, Applied Statistics, National Institute of Development Administration
- Bachelor of Engineering, Mechanical Engineering, Chulalongkorn University

IOD Certifier

- - None -

Number of Shares (Proportion)

- 3,000 shares (0.0008%)

Relation among family within the executives

- - None -

Working Background

- 2012 - present : Assistant Director in Strategy Analysis and Business Improvement, SE-ED Book Center, SE-EDUCATION Public Co., Ltd.
- 2012 - present : Manager of Internal Audit and Investor Relations Department, SE-EDUCATION Public Co., Ltd.
- 2010 - 2012 : Manager of Internal Audit and Business Efficiency Development, SE-EDUCATION Public Co., Ltd.
- 2007 - 2010 : Project Manager, Business Efficiency Development, SE-ED Book Center, SE-EDUCATION Public Co., Ltd.

Positions in the Present

- In listed Companies
- None -
- In non - listed Companies
- None -

9. Ms. Daungjai Jeenanurug⁽²⁾**Director of Sales and Distribution Division****Highest Qualification**

- BBA (Accounting), Ramkhamhaeng University

IOD Certifier

- - None -

Number of Shares (Proportion)

- 20,393 shares (0.0057%)

Relation among family within the executives

- - None -

Working Background

- 2011 - present : Director of Sales and Distribution Division, SE-EDUCATION Public Co., Ltd.
- 1999 - 2011 : Distribution Division Manager, SE-EDUCATION Public Co., Ltd.
- 1996 - 1998 : Sales and Distribution Manager, Nation Multimedia Group Public Co., Ltd.
- 1993 - 1996 : Shop Manager, McThai Co., Ltd.
- 1991 - 1993 : Accountant, Loxley Aluminum and Engineering Co., Ltd.

Positions in the Present

- In listed Companies
- None -
- In non - listed Companies
- None -

10. Mrs. Kanit Promsen⁽²⁾**Executive Editor, General Book Division****Highest Qualification**

- Master of Business Administration, Ramkhamhaeng University
- Bachelor of Science, Plant Pathology, Chiang Mai University

IOD Certifier

- - None -

Number of Shares (Proportion)

- 289,333 shares (0.0812%)

Relation among family within the executives

- - None -

Working Background

- 1992 - present : Executive Editor, General Books Division, SE-EDUCATION Public Co., Ltd.
- 1991 - 1992 : Office Administrator, PAC RIM GROUP
- 1990 - 1990 : Cultural Orientation Teacher, The American Consortium

Positions in the Present

- In listed Companies
- None -
- In non - listed Companies
- None -

11. Ms. Sarida Sarajan⁽²⁾**Executive Editor, Text Books Division****Highest Qualification**

- Bachelor of Arts (Political Science), Ramkhamhaeng University

IOD Certifier

- - None -

Number of Shares (Proportion)

- 20,449 shares (0.0057%)

Relation among family within the executives

- - None -

Working Background

- 2005 - present : Executive Editor, Text Books Division, SE-EDUCATION Public Co., Ltd.
- 1999 - 2005 : Managing Editor, Text Books Division, SE-EDUCATION Public Co., Ltd.
- 1992 - 2004 : Deputy Managing Editor, Text Books Division, SE-EDUCATION Public Co., Ltd.
- 1983 - 1992 : Assistant Managing Editor, Text Books Division, SE-EDUCATION Public Co., Ltd.

Positions in the Present

- In listed Companies
- None -
- In non - listed Companies
- None -

12. Mr. Kriwoot Rojprasertsoot⁽²⁾**Director of Magazine Publishing Division****Highest Qualification**

- Bachelor of Engineering, Telecommunications Engineering, King Mongkut's Institute of Technology Ladkrabang

IOD Certifier

- - None -

Number of Shares (Proportion)

- 13,420 shares (0.0038%)

Relation among family within the executives

- - None -

Working Background

- 2013 - present : Director of Publishing Division, Project Director, STEM Education, SE-EDUCATION Public Co., Ltd.
- 2012 - 2013 : Director of FAN Math Curriculum, SE-EDUCATION Public Co., Ltd.
- 2002 - 2011 : Executive Director, Electronics Magazines, SE-EDUCATION Public Co., Ltd.

Positions in the Present

- In listed Companies
- None -
- In non - listed Companies
- None -

13. Mr. Ekasit Wiwattanaprasit⁽²⁾**Director of Strategic Information Administration Division****Highest Qualification**

- M.S. Assumption University
- B.S. (Business Computer), Rajabhat Bansomdej Chopraya University

IOD Certifier

- - None -

Number of Shares (Proportion)

- - None -

Relation among family within the executives

- - None -

Working Background

- 2005 - present : Director of Strategic Information Administration Division, SE-EDUCATION Public Co., Ltd.
- 2005 - 2005 : Senior Manager - IT Management, Compass East Industry Public Co., Ltd.
- 2003 - 2005 : Senior Consultant, Deloitte Touche Tomatsu Co., Ltd.
- 2001 - 2003 : Strategic System Analyst, Banpu Public Co., Ltd.

Positions in the Present

- In listed Companies - None -
- In non - listed Companies - None -

14. Mr. Apichit Suananuntapoom⁽²⁾**Director of Logistic Division****Highest Qualification**

- MBA (Finance), Ramkhamhaeng University
- B.Eng. (Automotive - engineering), Chulalongkorn University

IOD Certifier

- - None -

Number of Shares (Proportion)

- 89,232 shares (0.0250%)

Relation among family within the executives

- - None -

Working Background

- 2004 - present : Director of Logistic Division, SE-EDUCATION Public Co., Ltd.
- 2003 - 2004 : Executive Officer - Marketing and Supply Chain Management, Toyota Motor Asia Pacific Pte., Ltd.
- 2002 - 2003 : Senior Engineer - Procurement Department, Isuzu (Thailand) Co., Ltd.
- 1999 - 2002 : Engineer - Purchasing Department, Isuzu (Thailand) Co., Ltd.

Positions in the Present

- In listed Companies - None -
- In non - listed Companies - None -

15. Mrs. Phitsamai Simasuwanrong⁽²⁾**Assistant Director in Management and Operations, SE-ED Book Center.****Highest Qualification**

- Bachelor of Arts, Chiang Mai University

IOD Certifier

- - None -

Number of Shares (Proportion)

- 331,056 shares (0.0929%)

Relation among family within the executives

- - None -

Working Background

- 2010 - present : Assistant Director in Management and Operations, SE-ED Book Center, SE-EDUCATION Public Co., Ltd.
- 2010 - present : Manager of Administration and Coordinates Department, SE-ED Book Center, SE-EDUCATION Public Co., Ltd.
- 1996 - 2011 : Operations Manager of SE-ED Book Center, SE-EDUCATION Public Co., Ltd.
- 1992 - 1995 : Store Assistant Manager SE-ED Book Center, SE-EDUCATION Public Co., Ltd.

16. Ms. Sodsaros Hongron⁽²⁾**Assistant Director in Purchasing and E-Commerce, SE-ED Book Center****Highest Qualification**

- Master of Business Administration, National Institute of Development Administration
- Bachelor of Arts, Chiang Mai University

IOD Certifier

- - None -

Number of Shares (Proportion)

- 51,920 shares (0.0146%)

Relation among family within the executives

- - None -

Working Background

- 2012 - present : Assistant Director in Purchasing and E-Commerce, SE-ED Book Center, SE-EDUCATION Public Co., Ltd.
- 2000 - 2011 : Manager of Purchasing and E-Commerce Department, SE-ED Book Center, SE-EDUCATION Public Co., Ltd.
- 1997 - 2006 : Manager of Purchasing Department, SE-ED Book Center, SE-EDUCATION Public Co., Ltd.
- 1994 - 1997 : Store Manager, SE-ED Book Center, SE-EDUCATION Public Co., Ltd.

Positions in the Present

- In listed Companies - None -
- In non - listed Companies - None -

17. Mrs. Srinuan Konsila⁽²⁾**Assistant Director in Marketing and Products, SE-ED Book Center****Highest Qualification**

- Bachelor of Arts, Chiang Mai University

IOD Certifier

- - None -

Number of Shares (Proportion)

- 359,590 shares (0.1009%)

Relation among family within the executives

- - None -

Working Background

- 2012 - present : Assistant Director in Marketing and Products, SE-ED Book Center, SE-EDUCATION Public Co., Ltd.
- 1996 - present : Manager of Marketing Department, SE-ED Book Center, SE-EDUCATION Public Co., Ltd.
- 1994 - 1995 : Store Manager SE-ED Book Center, SE-EDUCATION Public Co., Ltd.

Positions in the Present

- In listed Companies - None -
- In non - listed Companies - None -

18. Mr. Meechoke Thongsawai⁽²⁾**Director of Academic Consulting and International Business****Highest Qualification**

- MBA, Assumption University
- BBA, Assumption University

IOD Certifier

- - None -

Number of Shares (Proportion)

- 110,000 shares (0.0309%)

Relation among family within the executives

- - None -

Working Background

- 2011 - present : Director of Academic Consulting and International Business, SE-EDUCATION Public Co., Ltd.
- 2003 - 2011 : Foreign Books Division Manager, SE-ED Book Center, SE-EDUCATION Public Co., Ltd.

Positions in the Present

- In listed Companies - None -
- In non - listed Companies - None -

19. Mr. Wiroj Lackanaadisorn⁽²⁾**Director of HR & Organization Development Division****Highest Qualification**

- MBA (Finance), Chulalongkorn University
- B.Eng. (Automotive - engineering), Chulalongkorn University

IOD Certifier

- - None -

Number of Shares (Proportion)

- 660 shares (0.0001%)

Relation among family within the executives

- - None -

Working Background

- 2003 - present : Director of HR & Organization Development Division, SE-EDUCATION Public Co., Ltd.
- 2013 - present : Director of SE-ED Learning Center, SE-EDUCATION Public Co., Ltd.
- 2000 - 2003 : Consultant, Novo Quality services Co., Ltd.
- 1998 - 2000 : QA. Engineering, Isuzu motor (Thailand) Co., Ltd.

Positions in the Present

- In listed Companies - None -
- In non - listed Companies - None -

Remarks : *The list of the Company's directors and executives as of January 1st, 2013.*

- (1) *Number of Shares of directors and executive managers include shareholding of spouse and children who have not attained of majority as well as related legal person in section 258.*
- (2) *Not the executive managers defined by SEC's announcement.*

SEE - EEP



Message from the Board of Directors

Dear Shareholders,

In the aftermath of the great flood in the previous year, the Company faced another challenging year in 2012 in which the labor wage became a critical problem. Effective in April 2012, the government announced a new policy to change the minimum wage in 7 pilot provinces to 300 Baht per day and to increase it by 39.5% in the other provinces. Moreover, the starting salary of government officers who are a bachelor's degree holder was adjusted to 15,000 Baht per month. Even though the government tried to help by decreasing the corporate tax rate from 30% to 23%, the Company could not compensate for the excessive expenses from the wage hike. In addition, the Company's bookstore business could not change the price of books to correspond to the rise in expenses while there was an aggressive competition among department stores and a change in consumer behaviors from various impulses. Moreover, customers' purchasing power in general has dropped because of the increasing expenses from the first-car project and the purchase of smartphones. Therefore, the Company also suffered from the slight drop in same-store sales.

In order to relieve the problem, the Company changed the proportion of product mix and pushed the sales of high-margin products. At the same time, the Company tried to prevent losses and improve the efficiency in operation so that the total profit did not suffer a significant decrease.

However, the labor wage will continue to be a critical problem in 2013 which is the year the 300-Baht minimum wage policy will be implemented across the country. This results in the rise in the employees' wages and other expenses that will be affected from the wage increase such as the transportation fee. On top of that, the lack of labors in the retail business and other industries will become another problem alongside the fact that rental fees in shopping centers tend to increase continuously. Consequently, since last year, the Company has prepared to increase the sales of books and other products through the e-commerce system by improving the IT, purchasing, and logistics system that will support the online sales. It is expected that the system will be fully active in 2014.

On the other hand, with the attempt to adopt the country's problem and change it to its business objective, the Company has expanded into the education business with SE-ED Learning Center. The center offers supplementary curriculums to improve the capacity of Thai people in English, maths and science. So far SE-ED Learning Center has offered two primary-levelled curriculums; FAN Math to improve math skills and ACTive English to improve English proficiency. It is forecast that within several years, the expansion of SE-ED Learning Center in franchise model will make education business an important contribution to the Company's growth in the future.

In terms of the operation performance in 2012, the Company had expanded its works in every business unit. As of the end of 2012, there were 47 new SBC branches, allowing the Company to reach a total of 438 branches in operation nationwide. Even though the Company was affected by the uncontrollable factors, the Board of Directors, executive staff and every employee remain determined to maintain the smooth business operation in order to generate satisfactory profits for the Company's shareholders. In 2012, the Company's performance can be summed up as follows:

According to the consolidated financial statement of 2012, the Company and its subsidiary's net revenue totals 5,726.21 million Baht, an increase of 2.99%. The revenue according to the separated financial statement totals 5,600.61 million Baht, an increase of 2.93% from the previous year.

According to the consolidated financial statement of 2012, the Company and its subsidiary's net profit that belongs to the Company's shareholders totals 203.45 million Baht, a decrease of 9.66%. The profit according to the separated financial statement totals 205.15 million Baht, a decrease of 7.94 million Baht from the previous year.

Meanwhile, the Company is still determined to operate its business based on the principles of good governance and corporate social responsibility. The Company's conducts are also acknowledged as exemplary in many aspects, which result in the Company's receipt of multiple honorable awards as follows:

The Company received the SET Award of Honor in Corporate Governance Report for the second time in SET Awards 2012. This is the fourth year that the Company received an honor award in corporate governance report from Stock Exchange of Thailand and Money & Banking magazine.

The Company was evaluated 'excellent' by receiving 5 stars from the corporate governance evaluation for 5 consecutive years (2008 – 2012) from Thai Institute of Directors (IOD).

The Company was evaluated 'excellent and exemplary' in organizing the annual general shareholders' meeting for 6 consecutive years (2007 – 2012).

The Company received Investors' Choice Award from receiving the perfect score (100%) in the evaluation of the organization of the annual general shareholders' meeting for 4 consecutive years (2009 – 2012).

Lastly, the Board of Directors, executive staff and every employee would like to thank all shareholders, valuable customers, business partners, and stakeholders that have contributed in the building of the Company's strength and have been an essential force in making the Company a competitive organization with the ability to create valuable works for the development of Thai people.



Mr. Somboon Chinsawananon

Chairman of the Board



Mr. Thanong Chotisrayuth

Managing Director



Some of the Company's Honorable Awards



SE-ED seeks to do business in the areas that promote education in the fields that is necessary to the development of the nation. It operates the business that will make “Thais Smarter” by developing the sustainable business with a continuous earning growth at level above the industry’s average, being a role-model company that can create work result deems beneficial and accepted by society at large with happy staffs, and able to deliver and maintain an attractive long-term investment returns at the satisfactory level.”

The company has run business on the basis of “good company example” for all the past 38 years and practiced the good governance continuously with determination to run business transparently so that effected to received acceptance from public and received awards from several institutes as follow:

- Received ‘SET Award of Honor’ of Corporate Governance report for the second time (4 consecutive years of Top Corporate Governance Report Awards) from the SET Award Banking Magazine. The Company is the only listed company outside SET100 to receive this award.
- Received Investors’ Choice Award for receiving 100% scores from the evaluation of Annual General Shareholders Meeting for 4 consecutive years (2009-2012). The Company Investors Association.
- The Company received the ‘Board of the Year for Distinctive Practices’ 2010/2011 Award. The award will be given to the boards of directors of the listed companies in the Stock Exchange of Thailand with an effective and productive practice, under the good corporate governance principle, with the consideration of transparency and justice for all stakeholders. The award was given by Thai Institute of Directors in corporation with 6 leading private organizations.
- Received ‘Outstanding Corporate Social Responsibility Awards’ from the SET Awards 2011 organized by the Stock Exchange of Thailand and Money & Banking Magazine.
- The IOD has appraised SE-ED to be excellent (5 stars) level in Corporate Governance Report of Thai Listed Companies 2012, 2011, 2010, 2009 and 2008 appraisal for four consecutive years. The Company is the only company from the publishing business category in the service industry to be evaluated ‘excellent’ for 5 consecutive years.



SE-EDUCATION Public Co.,Ltd. received the “SET Award of Honor of Corporate Governance Report” from SET Awards 2012



SE-EDUCATION Public Co.,Ltd. received the Investors' Choice Award. The honorable award was given to a listed company who is aware of the importance of shareholders meetings by considering the rights and equality of all shareholders.



Mr. Thanong Chotisrayuth, Managing Director of SE-EDUCATION received the "Royal Trophy from Her Royal Highness Princess Maha Chakri Sirindhorn" from the second Sufficiency Economy Award.

- Received the H.R.H. Princess Maha Chaki Sirindhorn cup award from the second contest for the philosophy of sufficiency economy achievement in business practices in the category of large scale business in 2010, which was the only one from 5 companies who won these awards not listed in SET50.
- Received 'Top Corporate Governance Report Awards' 2009 and 2010 for two consecutive years from the SET Awards organized by the Stock Exchange of Thailand and Money & Banking Magazine. There were 10 companies granted this award while only SE-ED was not in SET50.
- Received 'Corporate Social Responsibility Awards' 2009 and 2010 for two consecutive years from the SET Awards organized by the Stock Exchange of Thailand and Money & Banking Magazine. There were 4 companies granted this award while only SE-ED was not in SET100.



Mr. Somboon Chinsawananon, Chairman of SE-EDUCATION received the "Board of the Year for Distinctive Practices" for 2010/2011



The Board of Directors of SE-EDUCATION Public Co., Ltd. was awarded the prize "Board of the Year for Distinctive Practice" Awards 2010-2011 from Thai Institute of Director or IOD.



Mr. Thanong Chotisrayuth, Managing Director of SE-EDUCATION received the SET Award of Honor of Corporate Governance and Outstanding Corporate Social Responsibility from the SET Awards 2011



Mr. Thanong Chotisrayuth, Managing Director of SE-EDUCATION Public Co., Ltd. received the Corporate Social Responsibility Awards 2010 and 2009 and Top Corporate Governance Report Awards 2010 and 2009 from the Stock Exchange of Thailand.

- Received Best Shareholder Treatment Awards 2008 arranged by The Thailand Securities Depository Co., Ltd. (TSD) corporate with Stock Exchange of Thailand, Thai Investors Association, Thai Listed Companies Association and Thai Investor Relations Club. There were 6 companies granted this award while only SE-ED was not in the SET100.
- To be one of three companies outside SET group for final round IR Excellence Awards 2008 arranged by Stock Exchange of Thailand and financial and banking magazine.
- To be one of ten companies for final round Corporate Social Responsibilities Awards 2008 arranged by Stock Exchange of Thailand and financial and banking magazine. SE-ED was the only company not in SET100.
- Received the 'Board of The Year for Distinctive Practices' award, 2006/2007 from Thai Institute of Director or IOD co-operated with The Stock Exchange of Thailand, Board of Trade of Thailand, Federation of Thai Industries, The Thai Bankers' Association, Thai Listed Companies Association, and Federation of Thai Capital Market Organizations. The awards were granted to 19 companies for 2006/2007 (14 companies with distinctive practices award and 5 companies for exemplary practices award) from more than 400 listed companies. SE-ED was not of the two middle market capital (less than 5,000 million Baht) companies that took home the award this year. Others were large market capital companies, most of them have been in the energy and banking business sector.
- The company was rated as "Excellent" in the 2007, 2008, 2009, 2010, 2011, and 2012 valuation in the Annual General Meeting (AGM) of the shareholders by the Securities and Exchange Commission in cooperation with the Listed Companies Association and the Thai Investors Association. The company has been in the group of over 100 points which has been praised as a good example from SEC. The objective of this appraisal was to increase awareness of stockholders' rights and good corporate governance principles.
- Declared and conferred from the Office of Securities and Exchange Commission the "Disclosure Report Award 2002" and "Disclosure Report Award 2003" as "a listed company that should be commended for disclosure data to investors". The SEC set up this award in order to promote good corporate governance in Thailand.
- SE-ED had been conferred from the books distributing promotion club (books distributors club) under the publishers and booksellers association of Thailand "Outstanding Bookstore Chain 2002 and 2003 Award" and "Outstanding Bookstore of the decade (2004)".
- One of 200 small companies outside the U.S. which are the Best under \$1 billion in revenue for 2002 (200 Companies for 2002, Best under a Billion), declared on October 28, 2002. FORBES Magazine Global edition, a world class business magazine, selected from 20,000 companies all over the world outside the U.S.



Mr. Thanong Chotisrayuth, Managing Director of SE-EDUCATION Public Co., Ltd. received the Best Shareholder Treatment Awards and certificates for final round IR Excellence Awards 2008 and CSR Awards 2008.



The Board of Directors of SE-EDUCATION Public Co., Ltd. Was awarded the prize "Board of The Year for Distinctive Practices" award, 2006/2007 from Thai Institute of Director or IOD and other 6 organizations.



Mr. Somboon Chinsawananon, Chairman of SE-EDUCATION Public Co., Ltd. received the "Board of The Year for Distinctive Practices" for 2006/2007.

▶ 2012 Operation Report

- Publishing Business in 2012
 - Industry Overview and Competition
 - Business Direction
 - Important Development and Changes in 2012
 - Corporate Social Responsibility (CSR)

Publishing Business in 2012



In the aftermath of the great flood in the previous year, the Company faced another challenging year in 2012 in which the labor wage became a critical problem. Effective in April 2012, the government announced a new policy to change the minimum wage in 7 pilot provinces to 300 Baht per day and to increase it by 39.5% in the other provinces. Moreover, the starting salary of government officers who are a bachelor's degree holder was adjusted to 15,000 Baht per month. Even though the government tried to help by decreasing the corporate tax rate from 30% to 23%, the Company could not compensate for the excessive expenses from the wage hike. In addition, the Company's bookstore business could not change the price of books to correspond to the rise in expenses while there was an aggressive competition among department stores and a change in consumer behaviors from various impulses. Moreover, customers' purchasing power in general has dropped because of the increasing expenses from the first-car project and the purchase of smartphones. Therefore, the Company also suffered from the slight drop in same-store sales.

In regards e-books, the market in Thailand is relatively small even though e-Book are gaining more popularity in the west from the growth of e-Book readers and tablets. This is partly because there are not many Thai e-Book available for purchase and convenient enough for readers to read. Therefore, it can be expected that it will take some time before the popularity of e-Book will affect the print book market. However, e-Magazine in Thailand are becoming more popular and already have some effect on the sales of print magazines. Anyhow, the Company has already prepared necessary facilities to support the online sales of both e-Book and print books in order to become the country's biggest online bookseller in both electronic and print formats.



Industry Overview and Competition

The book business is an industry with a continuous growth, there is still the support from the government sector with the policy to campaign the years 2009 - 2018 the *“decade of reading”*. It is believed that there is still room for the market to expand. As a result there were more business operators entering the book and magazine publishing and bookselling businesses, causing more competitions in this industry and the market to grow faster.

However, the bookstore business faced a major problem in labor wage. Effective in April 2012, the government announced a new policy to change the minimum wage in 7 pilot provinces to 300 Baht per day and to increase it by 39.5% in the other provinces. Moreover, the starting salary of government officers who are a bachelor's degree holder was adjusted to 15,000 Baht per month. Even though the government tried to help by decreasing the corporate tax rate from 30% to 23%, it was not possible to compensate the excessive expenses from the wage hike. In addition, the bookstore business could not change the price of books to correspond to the rise in expenses while there was an aggressive competition among department stores and a change in consumer behaviors from various impulses. Therefore, the overall sales performance in book business has dropped.

Opportunities and Threats Government agenda currently promotes more advanced education for its citizens to prepare them for the global challenge by setting 2009 to 2018 as *‘The Decade of Reading’*. This, in turn, triggers an increase in books demand, causing a positive outlook for book business. However, there is the increasing cost in book business from the sharp rise of labor wage in 2012 and 2013, the increase in transportation fee, and the more aggressive competition among bookstores. Consequently, bookstore business in general has a tendency to generate fewer profits than before. On top of that, people nowadays have many distractions in everyday life and tend to spend less time reading books.

Key Success Factors The factors that contribute to the Company's current leading position and the Company's more important role in the future book business can be summarized as follows :

- **Business policy is evidently conducive to national development** Since the beginning the Company has all along adhered to its business in knowledge dissemination, with a view to developing the full potential of Thai people in areas essential to the national development. The Company's continued growth is in line with the national development, and fortunately, not severely affected by the economic slump. Besides, its corporate image is clear, well received, and trusted by every party concerned.
- **Tools and business components for future business operation** Nowadays, the Company's different business divisions support one another efficiently and render more opportunities for success.
 1. The Company has its own largest distribution channel and network store, SE-ED Book Center. The stores spread into major communities all over the country and the Company is always the first to receive offers to select new locations for new branches. As a result, the distribution business had more chances to grow while the bookstore business's cost was lower. Moreover, it allows more possibilities of success for book publishing, as there are direct distribution channels that allowed the customers to receive the products faster and more conveniently.
 2. The Company also has its own media and PR tools, including www.se-ed.com, www.thailandindustry.com, www.se-edlearning.com, magazines, Book Variety.

Quantity and Size of Competitors As the book business is one of the continuously growing businesses and still has a potential to grow while the business barrier for new operators is low, many people are interested in this business each year, both as a publisher and bookseller, despite that fact that many went out of business already. Because each of the operators tries to differentiate themselves from one another, this result in the flourishing of books and the number of books readers keeps expanding. That's why the company isn't heavily affected by this.

Moreover, as the Company's business model covers publishing, distributing and bookstores, the company always benefits from the new comers in the book business, as the result the effect of competitors is slightly.

For the bookstore business, there are more competitors from several large firms interested in doing this business but the market has divided which conform to the products mixed in the stores and to location, as such, this causes not much effect to the Company. While the Company as the market leader with strong financial position and receiving great acceptance by general readers and being ready to expand new branches, the Company can keep a big step ahead by taking advantage of first priority to choose new location and has the lower operating investment. In the future the books business is expected to grow out of a few large firms who are well prepared to face the competition.

Market Share Although the Company is the market leader in 3 important businesses : the leading retailer in bookstores chain and book distributor (or wholesaler), and books publishers. Owing to the continuous growth of book business, numerous entrepreneurs show interest in joining and this causes the spread of business concentration. The proportion of the market shares for market leaders in this industry are not significantly different.

As book business has limitation in terms of completeness of database which makes the market share estimation in each segment contains some errors.

For retail bookstore business, the Company believes the network of SE-ED Book Center is the one of the major players who posses quite a large proportion of the market share.

For the business of distributing book to booksellers, the Company becomes the largest distributor in the market, but the proportion is still not high, due to the fact that market share in book business is less concentrated.

For publishing business, the Company always ranks between numbers 1 to 3 in the book market, depending upon which publishing, in each year, produces the best selling tittles more or less, but in general the market share is not that significant because it is less concentrated than usual.

Substitution products The rapid development in industry and business leads to a need to learning new things and developing knowledge to gain advantage over the competition. Regardless of how far the communication and computer technology progress, books still play an important role in imparting knowledge to people conveniently and inexpensively anywhere, anytime, and for a long time.

Bargaining power of buyers and sellers As the books business has a standard trading condition structure with several traders in which nobody can evidently dominate the market and the needs to be interdependent of each other, there are not many problems in bargaining. However, due to the fact that new large retailers in other businesses expand into the books business and may cause bargaining with publishers and distributors according to the general retail business nature but is still not much effect of the over all business as their market share is still not significantly large enough at present.



Business Direction

Throughout the past 30 years, the Company has been a leading initiator in publishing academic books, in “How-to...” category. This reputation as Thailand’s main publisher of technological books and journals enabled other Company’s operations to flourish and enjoy greater success.

The Company has set a long-term direction and marketing strategy which can be briefly described as follows :

Vision : SE-ED shall be a leader in providing easy and convenient access to knowledge to Thai people.

Mission : SE-ED seeks to do business in the areas that promote education in the fields necessary to the development of the nation. It operates the business that will make **“Thais Smarter”** by developing a sustainable business with a continuous earning growth at the level above the industry’s average, being a role-model company that can create work result deems beneficial and accepted by society at large with happy staffs, and able to deliver and maintain an attractive long-term investment returns at the satisfactory level.

Marketing Strategies : To achieve the stated vision and mission, the Company stresses the readiness in several areas to develop quality service which responds to the needs of target customers. To do so, the Company focuses on the expansion of SE-ED Book Center and the addition of interesting products in the stores. In addition, the Company will make e-Books and other services available in SE-ED App in order to accommodate the lifestyle change of customers. Lastly, the Company aims to expand its educational business in the future. Thus, the Company will concentrate on the following marketing strategies:

1. The Company determines to ensure growth and bookstore business strength by stressing on the of market expansion to build the potential to cover more sizable communities nationwide. SE-ED Book Center and network formats will be implemented and expanded, selecting the high potential areas for long-term growth, rather than solely taken into account of the initial profitability outcome as a main source of consideration, to promote and ease customer access to the stores more conveniently and equally. It also proceeds to strategically and thoroughly responds to the customers’ needs wherever they are, to maintain the Company as the leader in the business, and to support the growth of book business as a whole into the future while creates favorable brand perception and acceptance, with the emphasis on the idea of **“Think of buying books, think of SE-ED Book Center”**.
2. The Company emphasizes on providing products or services that are convenient fast, and punctual. To do this, the Company focuses on creating impressive experiences, under the idea of **“Think of reading books, you will get to read it by no later than tomorrow”**, therefore the Company launches the project called **“Order Today, Get It Tomorrow”**. The Company uses technology in combination with modern management to link production, warehousing, order picking and delivery together. SE-ED has also improved the books and products order system between branches and on website : www.se-ed.com. According to this integration, it allows more efficient logistic management at best. This reduces the need to acquire more space to support large volume of books in the market, making possible for an increase in service capability and wider coverage of store throughout the country that serve and respond more quickly to the customers’ need and create customers’ satisfaction. To add up, this fulfills the concept of **“a small store serves as a big one”**, the customers come and get whatever they want. At this point makes the Company more competitive and becomes the company’s advantage in competitions.
3. The Company seeks to find and develop attractive and interesting products and create marketing mix in the stores in a consistent manner to allow more attractive store outlook and more frequent customer visits to the stores, while able to acquire products that customers look for within a short period of time,

creating differentiation as compared to its counterparts. This results in much better profitability at each branch.

4. The Company understands the importance of excellent services and the promotion of Company's image, by concentrating on staff and team's consistent development, and also create professional working attitude to the staffs to really take care of each customer in more detail aspects, leading to the better customer's satisfaction.
5. The Company uses an integrated marketing communication model by developing suitable tools and channels to promote products, and reinventing itself with several models towards relentless promotional activities. That is to say the Company is stressing the importance of marketing activities as a value creation for business. With this, the Company also directs all of its efforts to the target customers, and in addition, directly respond to the customers' need, which allows success for most of the newly-launched products; such as promotion of products and services through advertisement and public relation via storefront LCD display system which will be installed in the branches to stimulate more books buying sentiment.
6. The Company promotes customer's relationship and business alliances that work closely together. The Company is committed to treating customers as promised, under the etiquette of business operation. The Company also seeks to work on the basis of mutual business success, for the Company opens to the exchange of views in doing business to seek ways in resolving conflicts and difficulties that might occur. For the better cooperation, the information learned can be used to improve the product development and management process to meet the unwavering standard and this should benefit all parties involved.
7. The Company builds and uses the marketing database more earnestly, through the database collection system by recording all historical data about the customers' needs. By providing products and services to customers in needs, the Company ensures the success in creating a good impression for customers. It also brings the information to analyze and use the information to improve services in the future.
8. The Company emphasizes on raising sales of the new products, therefore the Company sets up new channels to provide updates on events. And the Company has a specific team to focus on the new channels in order to increase sales and make the customers aware of the concept ***"think of books, think of SE-ED Book Center"***. In addition, the activities will be held so as to promote the interesting products in SE-ED Book Center.
9. The Company has developed SE-ED App, its IT facilities, and other facilities involving logistics and sales services in order to support the growth of e-Books and the change in customers' purchasing behavior that corresponds with the progress of technology.
10. The Company's business objective comes from the attempt to solve the country's problem in education and to develop Thai people's potential in English, math and science. Therefore, the growth of the Company will also be the improvement of the country. With such objective, the Company has expanded SE-ED Learning Center business as well as other business units in order to develop a research-based comprehensive business model that offers the most efficient and time-effective solution that will enhance educational achievement of Thai people. In the initial phase, the Company has launched two educational programs for primary students: FAN Math to improve math skills and ACTive English to develop English language proficiency. It is expected that in a few years from now SE-ED Learning Center will grow into a franchise business, making the Company's education business a major contribution in the Company's growth.

Policy and Marketing Pricing Policy : Pricing policy is set to meet the purchasing power of each target group, and the production costs, while maintaining reasonable profits in a long run. However, this will not be applied to magazines sales, which depend on advertising income as the main revenue earning.

Distribution Channels : The Company distributes books and magazines through networks of SE-ED Book Center, and other bookshops in Bangkok and other provinces by managing the distribution channels according to customers, products and services as follows :

- 1. Books and Magazines Retail Customers** The customers are general readers and working people. The Company distributes books and magazines through the network of SE-ED Book Center's 470 branches with 438 branches still operating including 6 branches for network bookstores (as of December 31, 2012) and on www.se-ed.com which the centers of books and entertainment for family and working people, located in shopping centers and supercenter in Bangkok and other provinces and also in the higher educational institutes.
- 2. Books and Magazines Wholesale Customers** This group of customers is accounted for around 6,300 different stores. The Company is responsible for distributing all books and magazines that the Company has the sole rights to distribute to all the bookshops in Bangkok using its own transportation. For distribution to other provinces, the Company uses private transportation company as found appropriate.
 - However, for the distribution of magazines published by SE-ED, the Company uses several transportation companies in each region to distribute to bookshops.
 - For the circulation and distribution to stores in Bangkok and around its vicinity, the Company utilizes the "Standing Order" distribution system, a combination of consignment and non-returnable sales system. For most of booksellers in other provinces, a non-returnable sales system has been applied with a limit of returnable quantities.
- 3. Advertisers** Major companies in the industrial circle including the computer and electronic circle are both regular and non-regular advertisers in the Company's monthly magazines.

Important Developments and Changes in year 2012



In 2012 the Company still expanded in the direction that led to a long-term growth, as the Company believes that there is room to grow for books and education business, by emphasizing on the continuity of increasing the number of bookstore branches for SE-ED Book Center, and, in addition, stressed even more emphasis on the role of being books distributors and book publishers to align with the growth of books business in the larger picture. However, the Company has developed the information technology system, communication system for all bookstores branches and headquarters and distribution center in order to support more services which deem to soar in the future, so as to increasing efficiency and reducing the change to waste any sale potential.

Apart from a normal business operation, the Company had some important developments and changes in 2012, as in the following:

1. The Company increased more branches of SE-ED Book Center and renovated the existing stores that had a potential by enlarging them to create better sales and better modernization. The details are as follows:
 - New 47 branches were opened. As in December 31, 2012 there were in the total of 438 stores, and 24 points of sales currently in operation.
 - Renovated 19 existing branches, some branches had been moved to a new and suitable location, some branches had more space according to the more demands and some branches were modernized to have a more attractive look. Branches that were affected by the political unrest and flood crisis were also renovated.
2. SE-ED Learning Center : The center has been officially opened since September 2008 at Chamchuri Square Building, Samyarn, opposite to Hua Lam Phong Temple, with the enduring objective of knowledge dissemination, inspiration creation for youth, and wider public. In addition to SE-ED Kiddy Camp which has been initiated since 2002 and added several different learning Camps to the program, the Company has added other courses during the weekend, whereby In 2012, the Company has changed SE-ED Learning Center to becoming a supplementary school and learning center that provides activities and programs to increase children's potential and intelligence in the fields necessary to the development of the country. The programs offered at SE-ED Learning Center include FAN Math, a mathematics program that focus on problem solving through animation-based contents, and ACTive English, an English program that uses interactive multimedia to encourage children to use English in classroom through fun and educational activities.
3. SE-ED Channel system, a system that allows total control of both visual and audio contents from the headquarters via readily-installed long distance communication lines, has already been in operation since the middle of 2008. In 2012, the Company has continued to install. Until now, the field installation SE-ED Channel system is finished in more than 400 Branches. The system that helps to promote products and services presently available at the storefronts to all customers who visited the stores. This also helps the training course and communication between branches and the headquarters.

4. Developed Book Variety, a TV program that presents many aspects of knowledge from books such as healthcare, dharma, management, stock and finance, children's books. The program contents include book introductions and interviews with people in book business such as writers, translators or editors. The program is aired on every Monday from 05.30-06.00 p.m. on National Channel, via PSI satellite and local cable TVs nationwide.
5. SBC Event Organizing Team has continued their full operation to boost sales volumes and promote SE-ED Book Center as the full functional bookstore that can serve people to that can be claimed that "when you think of buying books, think of SE-ED Book Center". The team is also responsible for strengthening relationships between fellow publishers, local executives, teachers and all supportive customers.
6. Bilingual Kids Project is a new publication line developed under the belief that children has unlimited potential to improve their language skills if they use appropriate materials and live in the right environment. Parents and teachers, who may not be proficient in foreign languages, can use books and materials from the Bilingual Kids Project to stimulate natural language acquisition of children. Publications from Bilingual Kids Project include SE-ED Smart Flash Cards for Bilingual Kids, SE-ED Books for Bilingual Kids, extensive reading materials for children in kindergarten level and above, and SE-ED Smart Chinese, materials and books in Chinese language specifically designed for Thai children.
7. "SE-ED Enjoy Reading for Kids" is a project that supports Thai children to improve their English skill through reading English graded reading books purchased by the donation money from "Changes for Kids" campaign that aims to buy books and education resources for schools in need across the country. Every school that participated in the project was given a set of graded reading books from "SE-ED Enjoy Reading" series. Students from the schools will be monitored the progress for two semesters or one academic year by the Company.
8. "Books for Kids" Project now entered its 7th year. The purpose of this project is to donate books to libraries. Up to December 31, 2012 this project has donated 1.64 million books worth THB 264 million to 2,996 schools. In 2012, the project donated THB 37.83 worth of books to 581 educational institutions nationwide.
9. Total Solution to English Proficiency 2012 aims to develop teaching efficiency of teachers and English language proficiency of students. The project offers a systematic English teaching model that teachers can apply in classroom. In addition, there are teachers trainings to improve teaching efficiency to the standard of "Oxford Language Program". Development of teachers will be evaluated by students' achievement. The project offers the teaching models for two levels: primary level and secondary level.

In 2012, the Company hosted an academic seminar for teachers for 4 consecutive years. The seminar served as a venue for exchanging teaching ideas and techniques in classroom. There were over 1,200 teachers participating in the seminar.

10. The Company was the main sponsor of the 4th SE-ED Translation Championship Thailand Princess Cup, a translation contest for high school students who are interested in English. The contest encourages students to apply for skills: English grammar, analytic reading, translation principles and command of Thai language. The main objective is to increase awareness among schools in Thailand of the importance of developing English proficiency that students can apply in both communicating and academic scenarios.
In 2012, the contest was held in 12 provinces across the country, with over 2,000 students participating. The winner received Princess Maha Chakri Sirindhorn's trophy and won an opportunity to publish a translated work with SE-EDUCATION PUBLIC COMPANY LIMITED.
11. The Company has continued for the Third year the A3 performance improvement project for the employees to review and improve their performance or the quality of relevant tasks continuously. The project aims to encourage employees to work more effectively with fewer steps or work more happily. All the ideas of improvement will be summed up in an A3 paper and can be implemented without an order from the executives. This will support the growth of leadership skill in employees and their participation in improving and sharing the Company's vision that will give them a chance to discuss and exchange ideas of improvement with the executives. The project started in mid 2010.
12. The online purchasing system was improved to enable bookstores, academic institutions and organizations to place orders more conveniently and promptly through www.se-ed.com/wholesale. The work in internal operations, allowing the company to operate faster.
13. Book Expo Thailand 2012 at Queen Sirikit National Convention Center was organized under the theme "Read around Thailand, Read More and More" The Company's bestselling item in the event was Tales Runner Comic series. Other items that gained a lot of interests include stock and investment books, For example, Khemtid Cheewit Mankhong (Stable Life Compass), Mahadsajan Cheewit (Miracle of Life), management and investment books, books of which authors made a presence at the event. For example Mayura Savetsila, Bandit U-ngrangsi, Ple Nakorn Silachai, Andrew Biggs.
14. The Company constructs the new distribution center Bangna-Trat Road k.m.21 that will enhance the logistic system to support the business expansion for the new distribution center that is planned to be opened with a full operation in late 2013.
15. Received 'SET Award of Honor' of Corporate Governance Report for the second time (4 consecutive years of Top Corporate Governance Report Awards) from the SET Awards 2012 organized by the Stock Exchange of Thailand and Money & Banking Magazine. The Company is the only listed company outside SET100 to receive this award.
16. Received Investors' Choice Award for receiving 100% scores from the evaluation of the Annual General Shareholders Meeting for 4 consecutive years (2009-2012). The Company was one of the 17 companies to receive this award from Thai Investors Association.
17. The IOD has appraised SE-ED to be excellent (5 stars) level in Corporate Governance Report of Thai Listed Companies 2012, 2011, 2010, 2009 and 2008 appraisal for five consecutive years. The Company is the only company from the publishing business category in the service industry to be evaluated 'excellent' for 5 consecutive years.

18. The company was rated as “Excellent” in the 2007, 2008, 2009, 2010, 2011 and 2012 evaluation in the Annual General Meeting (AGM) of the shareholders by the Securities and Exchange Commission in cooperation with the Listed Companies Association and the Thai Investors Association. The company has been in the group of over 100 points which has been praised as a good example from SEC for 6 consecutive years. Among 450 listed companies that participated in this project, the Company is 1 in 74 companies that received 100 points.

CSR: Corporate Social Responsibility



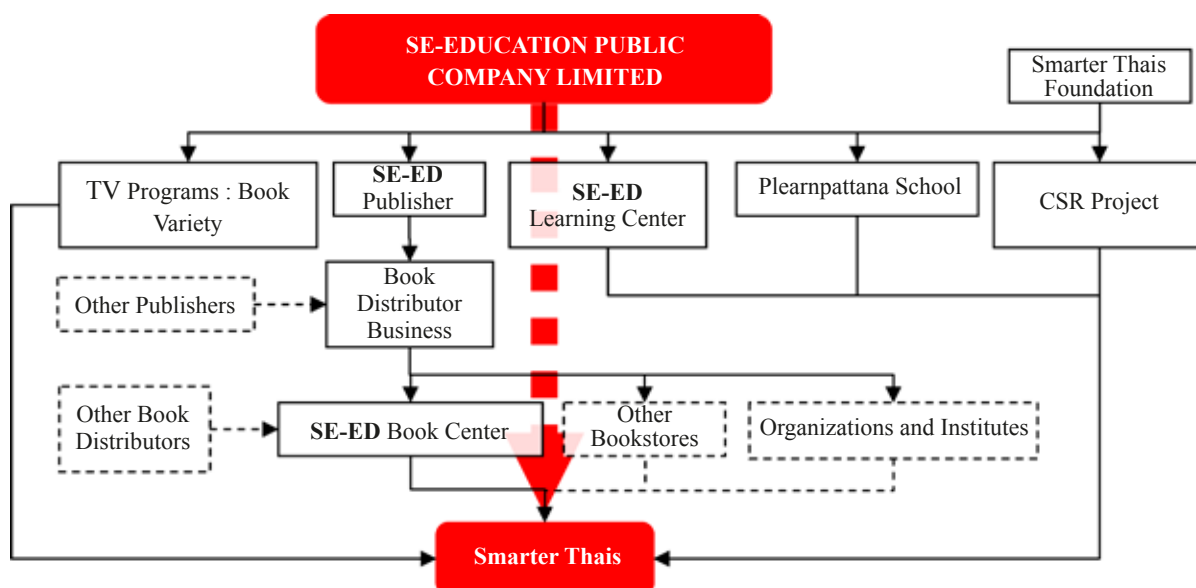
The Company was established by a group of ten electrical engineers. Each of them had experiences in knowledge promoting activities from their participation in Academic Club as a student at the Faculty of Engineering, Chulalongkorn University. They realized that Thailand needed to develop many more of academic resources but no one had been interested in the academic development. Thus, the Company was established in 1974 under the objective “to do business in knowledge dissemination, with a view to developing the fullest potential of Thai people in areas essential to the national development.” The Company’s name also emphasizes the objective. “SE–ED” is derived from the words **S**cience, **E**ngineering and **E**Ducation because engineering, science and education are vital fields needed for the development of the country. The Company’s vision and mission reflect the strong determination to be a part of Thailand’s sustainable development.

Vision : *SE-ED shall be a leader in providing easy and convenient access to knowledge to Thai people.*

Mission : SE-ED seeks to do business in the areas that promote education in the fields necessary to the development of the nation. It operates the business that will make **“Thais Smarter”** by developing a sustainable business with a continuous earning growth at the level above the industry’s average, being a role-model company that can create work result deemed beneficial and accepted by society at large with happy staffs, and able to deliver and maintain an attractive long-term investment returns at the satisfactory level.

Sustainability Framework :

The Company can sustainably operate a business that grows alongside the society while being able to survive in the long term if the executives and employees share the commitment and inspiration to drive the organization into becoming the “knowledge provider” who makes Thai people smarter. From the past up to present, the Company has seriously operated the business along with creating new innovations to serve the mission ‘to make Thais Smarter’. The Company’s business operation can be summarized into the following chart:



The operation chart displays many activities that have been integrated into the Company's business operation as in the following:

- **SE-ED Publisher :** The publishing unit is responsible for publishing books, magazines and other education resources to help Thai people improve their potentials. The unit has been active since 1974.
- **Book Distribution Business :** As a distributor SE-ED has distributed good books from both in-house publications and other publishers' to SE-ED Book Center and other bookstores across the country. The distribution unit began its operation since 1998.
- **SE-ED Book Center :** The Company's bookstore business has been in operation since 1991 with the determination to expand branches across the country, giving convenient access to knowledge and good books for Thai people. Books sold in SE-ED Book Center are of mixed varieties and exclude any books that contain inappropriate contents, encourage violence, violate laws or contradict to the moral value of Thai society.
- **SE-ED Learning Center :** The Company started organizing education camps (Computer and Nature Camps) in 1987 as a sample to interest other operators to begin providing more education camps. Later in 2002, SE-ED revived the project and transformed it to "SE-ED Kiddy Camp" available in every school break. To support the expansion of this business line, in September 2008 the Company opened "SE-ED Learning Center" on the 600 square meters space at Chamchuri Square building, the property of Chulalongkorn University. The Center's mission is to provide supplementary courses and activities for young children to improve their potentials and boost their development. Moreover, the Center has provided training courses and workshops in developing professional skills and personal performance for general public. The Center is planned to expand its services to more parts of the country in the future.



- Plearnpattana School :** This is an alternative school that takes students from pre-kindergarten to Matayom 6. SE-EDUCATION PUBLIC COMPANY LIMITED is one of the founders. The school has been in operation since the 2004 academic year onwards. The school's curriculum is designed to equip students with knowledge skill, working skill and life skill that will support students to develop their full potential and become an eligible adult who possesses a voluntary mind, good moral and awareness of his/her social responsibility.

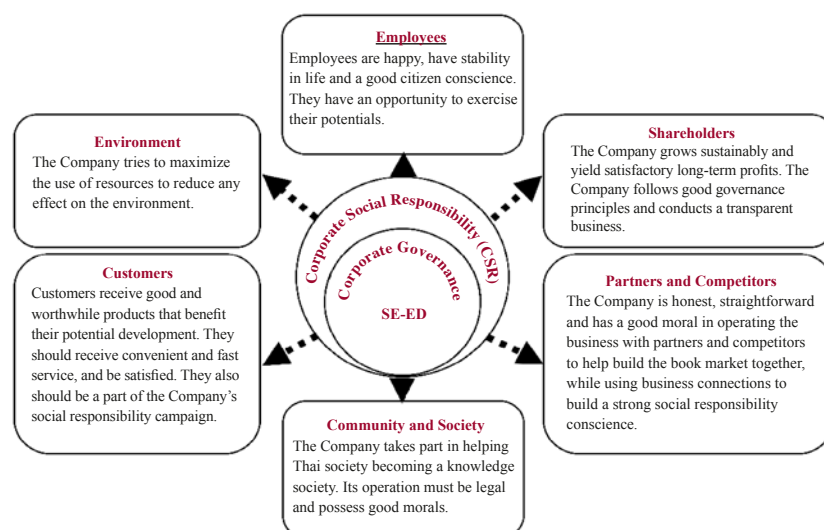


- **TV Programs to Support Reading Habit :** At the present the Company is the producer of Book Variety presents many aspects of knowledge from books such as healthcare, dharma, management, stock and finance, children's books. The program contents include book introductions and interviews with people in book business such as writers, translators or editors. The program is aired on every Monday from 05.30 p.m. - 06.00 p.m. on National Channel, via PSI satellite and local cable TVs nationwide.
- **CSR Project :** The Company takes its corporate social responsibility as a part of the driving strategy and business operation. CSR, or "CSR in Process" has become the core operation of the organization, in which there is no department directly responsible for CSR activities. However, the Company had been involved in many activities that required cooperation and operation to enhance the effectiveness of CSR activities. Thus the Company decided to set up CSR Department in 2009 to support the Company's CSR activities. This department focuses on helping children and insufficient communities to access to knowledge easier by donating books and educational media to schools in rural areas. In 2012, the Company has donated books, over 38 Millions Baht worth, to 581 schools in need. The Company donated book shelves to make school libraries well organized and attract students to libraries so they can improve their life-long reading habits.

In addition, the Company's "*Smarter Thais Foundation*" was officially established on September 23, 2011. The foundation's objective is to initiate activities that support the development of Thai people's potentials that will allow them to be a valuable human asset and possess a better life quality so that they can apply their potentials in developing and driving the country to be competitive in the international community. The foundation will work closely and effectively with the Company's CSR project to help Thai people smarter and build a sustainable society.

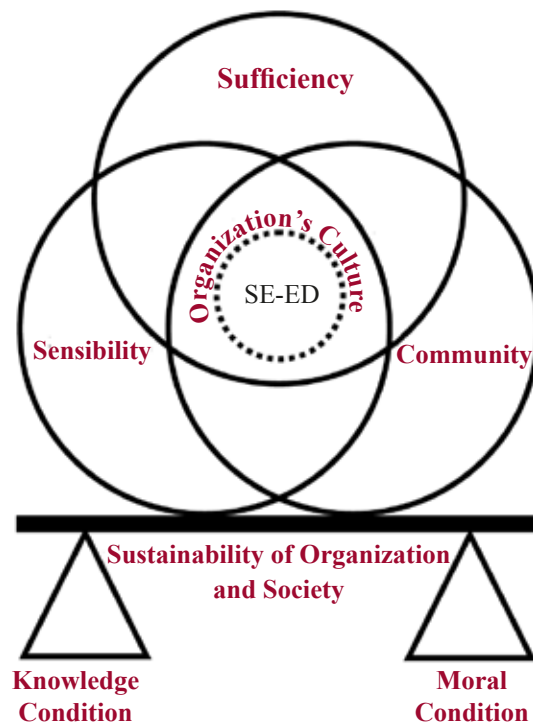
It can be concluded from the above that the Company's business operation has a role in solving major problems of the country and driving the country to a sustainable development. The Company is also the mechanism that supports the development of Thai people's potential until they can become a valuable human asset for the nation's sustainable development. As a result, the corporate social responsibility along with the faithfulness to business ethics and determination to being a good role model become the important mission that the Company has to strictly hold firm too.

The Company has adopted the principles of Corporate Responsibility and Corporate Governance, which become the Company's strategy. The Company's business operation also needs to take into account the balance satisfaction of stakeholders including customers, employees, business partners, shareholders, communities, society, and environment, which are appropriately prioritized in the following :



Moreover, the Company has adopted the principle of sufficiency economy into its business operation so that the Company can run its operation reasonably and sufficiently, with immunity. It needs to be assured that the Company has used IT information and knowledge in different areas to make operational decisions with the principles of good morals and ethics as the guideline.

Moreover, when considering the Organization's 'culture' that the Company has tried to impose on every employee, it can be found that the culture of the organization is in line with the sufficiency economy philosophy as shown in the following chart:



The Company realized that it could only maintain the sustainable operation by promoting a positive working culture for every employee. A good culture will produce shared values and positive attitudes in work and life among employees. A good organizational culture will also continuously bring about success factors that answer to the objectives and business nature of the organization. Such culture is a drive force to creating pioneer works that require strong cause, ideology and determination. It is a work that is not only creative but beneficial to the country at large. Every employee is ready to adapt to changes and listen to reasons with open mind. They focus on their productivity to make profits and sustainability for the organization and society. A culture that has been planted into the attitudes of every employee will become a common work ethic shared through team working experiences within the organization. The Company is confident that every employee is ready to apply the philosophy of sufficient economy in their own lives effectively. The organizational culture of SE-EDUCATION PUBLIC COMPANY LIMITED is illustrated in the following:

Operation Philosophy and Driving Force

- We will take on our ideology and turn it into our profession. We will produce creative and pioneer works with happiness because we believe that we can transform our dreams into something great for Thai society.
- We will think big, never think small.

Transparency and Moral Values

- We will be a good role model as a company.
- We will not cheat or violate the law. We will be fair and maintain our work ethics and social responsibility.
- We will have a moral standard in treating our customers, business partners, competitors and colleagues.

Adaptability

- Every rule can be changed with reason and as long as the change will improve our employees and does not cause any negative effect on the Company.
- We are ready to change anything. We will listen, think, learn and improve for better. We will not feel humiliated and be chained to the traditional framework. We will break through any problems or obstacles.
- Nothing is perfect at SE-ED.
- Employees will be given an opportunity to work on what they truly like.

Personal Ethics

- Be economical, humble and self-sufficient
- Be down to earth and treat everyone with respect
- Spend money and resources reasonably when it is needed without being stuck to the old tradition. Every money spent is worthwhile and benefits the works. It is known as the Zero-Based Budgeting.

Common Values

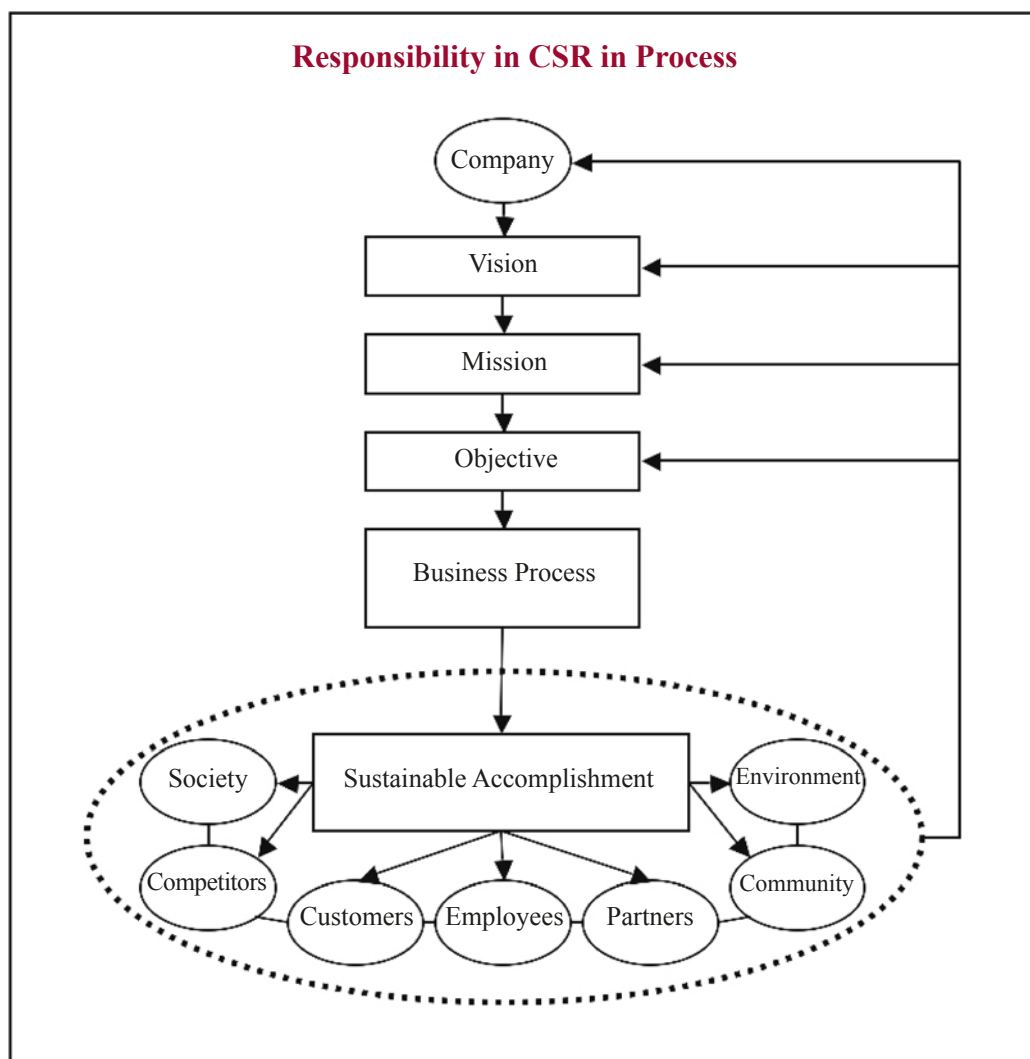
- Be positive towards life and obstacle
- Be understanding and believe in the goodness in people
- Ignore showing off but care only what matters.
- Creating positive working atmosphere that encourages people to work hard and have fun with the challenging works
- Live and love as one family

Emphasis on CSR in the Process

It could be said that the Company's business objective comes from the country's problem in developing the human resources and the Company's social ideology. Such objective will allow the Company, stakeholders and the whole society grow together with sustainability. From the first day of establishment the objective has been carried on and seen through with determination. It has been passed on through the culture of the Company, through the attempt to become a 'good role model' in every aspect, through the works produced and through the growth in different areas.

The Company believes that the corporate social responsibility means that the Company must operate its business with ethics. Success of the Company must go along with the improvement of society. Every stakeholder is focused and treated with balance.

To achieve the above objective, the Company must make the Corporate Social Responsibility (CSR) the work and responsibility of every employee. It is in compliance with the objective of the establishment and usual business operation. CSR must be a part of the business process. CSR must not cost more than an ordinary process. CSR must involve employees. CSR must be in the actual work process. This is the reemphasis on the Company's management philosophy that we will not do anything differently from a normal business operation. We only change the '*way of thinking*' and operate the normal business with '*different methods*'.



Every business of the Company is aimed to answer the original objective of establishment. Books, magazines and educational resources are produced to benefit Thai society that still needs those materials. Distributing books for our publishers give a chance to good books to be widely distributed while publishers can survive, stay stronger and be ready to produce even more good books. The increase of SE-ED Book Center to different communities allow people to have an easy access to books that are selected and

displayed in a way that suits the lifestyle in each area. The development of purchasing and ordering books give an opportunity to people from anywhere in the country to learn and develop equally. Moreover, the Company has established SE-ED Learning Center to disseminate knowledge and inspire Thai people to learn and discover. The Center's activities include organizing Kiddy Camps, educational activities, training courses and seminars for general public to improve their working skills in different areas and increase their productivity. Moreover, the Company took an important role in founding and operating **“Plearnpattana School”**, which is an alternative school aiming to produce quality human resources for the country in the future. The school focuses on promoting knowledge skill, working skill, life skill, voluntary mind and awareness of the social responsibility.

Responsibility to society, community and environment is not just an additional work but the core of the business operation, the breath of SE-ED family who are creators, initiators and role models. Every employee in the Company is a part of this responsibility in one way or another. The Company could be claimed to have a vital role in breaking through the overall book business and quickly expanding the market for educational resources.

The Company believes that a sustainable organization can be developed from not only the ability to yield reasonable profits and growth rate for shareholder but also from the ability to improve itself to become a good role model that create works beneficial and acknowledgeable to the society at large. The Company's employees stay happy. Environmental awareness is a part of the business operation. The Company, thus, has operated the business on the interrelation of sustainable development with society and environment, with the founding belief that ***“Good Will shall lead to growth, leading to profits, to strength and eventually to sustainability”***.

Idea of Corporate Governance of SE-EDUCATION PUBLIC COMPANY LIMITED

The Company supports an effective, transparent and auditable system and emphasizes on business ethics, transparency, being exemplary, responsible and honest, equality, and rights of employees, directors and shareholders. This has become the ‘strong culture of the organization’. Starting from the Chairman, Directors, Managers and Managing Directors, everyone is the driving force to implement the Company's policy with transparency and responsibility to society. Every member in the organization, from employees, directors, and executives, is well aware of the core policy of the Company.

Every business plan for every process including operation procedures in the organization are under the balance responsibility of every stakeholder; shareholders, business partners, competitors, creditors, customers, employees, communities and society. Every employee must follow the ethical guideline that the Company has compiled and used as the guideline to plan any operation, process and procedure.

Moreover, the Company's directors realize the importance of an effective, transparent and auditable managing system. Every employee and new employee will be informed the Business Ethic Guideline, involving rules and regulations in operating business. The guideline helps build more confidence among shareholders, investors and all stakeholders who are the supporting and driving force towards the Company's strength, competitiveness and long-term success. The Company has undergone key activities to support good corporate governance principle:



- **Directors' Manual** The Company believes in good corporate governance, business ethics and responsibility to society. Every director and executive must perform their duties honestly and straightforwardly. The Directors' Manual and Corporate Governance Policy are the guidelines for directors and executives to comply by the laws and the Company's regulations, to possess business ethics in performing any activities, decision-making and any transaction of the Company. The Company intends to run the business with honesty.
- **Business Ethics Guideline** Every employee and new employee will be informed of the Business Ethic Guideline, involving rules and regulations in operating business. The guideline helps build more confidence among shareholders, investors and all stakeholders who are the supporting and driving force towards the Company's strength, competitiveness and long-term success.
- **Collective Action Coalition of the Private Sector to Defy Corruption** In early 2011 the Company agreed to endorse the Collective Action Coalition of the private sector to defy corruption. This is the corporation between Thai Institute of Directors, Thai Chamber of Commerce, The Thai Bankers' Association, and Thai Listed Company Association to declare the intention to operate the business transparently and lawfully to resist corruption and comply by the principle of Corporate Governance. The Company also has the policy to encourage employees to abide by the laws and be a good citizen of the country. The Company supports the transparent business operation of the partners as well with the objective to improve society.

Procedures of Corporate Social Responsibility of SE-EDUCATION PUBLIC COMPANY LIMITED

The Company has 3 main procedures to fulfill the corporate social responsibility:

1. General CSR activities of the Company must include all stakeholders who are customers, employees, business partners (and competitors), shareholders, communities, society, and environment. Every parties must be prioritized with balance so that everyone can be fully satisfied and accomplish together.
2. The Company focuses on CSR in Process. That means any CSR activities are a part of the responsibility of every employee in order to avoid creating a burden on top of the usual routines. "Social responsibility" then becomes the habit of every employee.
3. The Company determines to take on the problem of the country in education and potential development of Thai people. The Company tries to find a solution to the key problems including proficiency in English, Math, Science, and implanting in Thai children desirable qualities needed for the development of the country and sustainable society.

Evolving to “Smarter Thais Foundation”

Past and present CSR activities gave the Company an opportunity to use knowledge, potential, resources and connections to help develop the country with sustainability, and competitiveness in the international community.

In order to facilitate the operation of those activities to involve corporation from people and other organizations and enlarge the scale of the activities to the national level, the Company decided to set up ‘Thais Smarter Foundation’ in early 2011. The objective of the foundation is to *‘increase the role of social responsibility to produce tangible effects in a large scale’*. This is the core strategy of the Company that needs to be invested with all available resources to see it through.

Thais Smarter Foundation will support the development of Thai people’s potential in English, Math, and Science and build desirable qualities in Thai children through minor projects, mostly pilot projects, or projects that give opportunities to children in need. Any project must be able to operate in the long term with financial support from “Changes for Kids” donation from SE-ED Book Center’s customers and every Thai people. The donation will be used in Thai people’s potential and value development projects.

In 2011 Thai Smarter Foundation began to promote the idea of ‘replanting human values’ that will give an opportunity to desperate people in society to be trained professionally and able to general products and incomes to support themselves and their families. It is a sustainable project of which the role can increase continuously.

Corporate Social Responsibility in Customer’s Perspective

- **SE-ED Book Center Project :** SE-ED is determined to operate SE-ED Book Center nationwide as the provider to Thai society to fulfill the satisfaction of the customers so they can shop at the nearest store at their most convenience and to create equally opportunity for Thai people to seek for source of knowledge.



- **Logistics Development to Meet Substantial Orders :** Today, the logistics system of the company is developed and improved so all the order is promptly delivered to the customer within the very next day under the slogan ‘Order Today, Get It Tomorrow’. Furthermore, this particular service helps the customers to find books and other products easier and more convenient.
- **White Bookstore Project :** The company has a strict policy of providing good, ethical selection of books and products. We offer a wide range and variable genres of books and our stores will have no unethical, immoral, improper or culturally unacceptable in Thai society.



- **Production of Books, Magazines, and Academic Materials Plays the Significant Role in Developing Thai Society :** From the day one until today, the company has determined to publish books, magazines, and academic materials that greatly play significant role in improving Thai society. SE-ED has provided a variety category of books; for instance, engineering, computing, management, foreign languages, dictionaries, science and innovation, kids’ educational comics, science journal, technologies and industries, et cetera.



Corporate Social Responsibility in Employee's Perspective

- Mediation Program :** The company has always encouraged the employees to understand themselves as well as others. Therefore, the meditation program is initiated. This program has aimed to give the training to the practitioners' mind in order to aware of the consciousness, to gain insight and morality in order to purify and to consciously overcome doubts which lead to efficiently performance both at work place and in daily life.



- SE-ED Family Big Cleaning Day :** This is a voluntary activity in which employees could volunteer to help clean the houses of their fellow colleagues who were affected by the flood of the late 2011. There were many volunteers in this activity, resulting in the fast cleaning and recovering process of damaged houses. This activity also helped lifting the spirits of the flood-victim employees so they could bounce back from this crisis and had the courage to fight against all the problems and obstacles with the support from all their friends.



- **The relief program gives financial support to employees suffering from natural disasters** such as floods or rainstorms as well as other mishaps that cause major asset losses. The support will allow them to recover and return to work and live a normal life again. Moreover, the Company offers an interest-free loan to employees who have to renovate their houses that have been affected by such disasters.
- **Health Care Project :** The company is aware of the importance of its entire staff and families' health. We believe if they are physically and mentally healthy, they are happy as well. Therefore, these health check-up programs are offered throughout the year.
 - Annual health check-up An appropriate list of analysis and check-ups is provided suitably for the age range of the staff. A reasonable discount for the health check-up is provided for the immediate family members as well.
 - Health cover welfare This program aims to relieve its staff financial problem in case of hospital emergency admission. Special health insurance is also available for further family member with a reduced insurance rate.



- **Stability and Sustainability Life Improvement Program :** The company is aware of the importance of its staff quality life. To assure each individual staff its quality life, various programs are in action.
 - Life Insurance Worth 24 Months of the Latest Salary. In case of unpredictable and unfortunate death, the company offers 2 years of payment providing for the family of the lost one. This will help the family to cope with and adjust to the situation.
 - Flexible Time System. The flexibility of work period enables individual staff to choose their operating hours in compatible with each individual convenience or personal business. With this system, some who may be engaged in personal business can come to work after regular working time.
 - Retire Rich Fund Project. To promote the saving habit, SE-ED has encouraged its employees to save money for their retirement. This project aims to assure that they will have sufficient amount of money to survive to live happily ever after the retirement.

- **Reducing Debts Project.** A survey concerning debts has been conducted. After the survey, the jurist department has been assigned to aid the debtor and the creditor in making compromise. Moreover, the amount of the loan has been approved to help paying off debt so they can start their lives over.
- **Employee Value Project :** The company intends to promote and support potential proactive activities of all its employees. We encourage our employees to develop their leadership skill and cross functional management skill in a project called 'A3' and 'Project Leader Project' in which anyone can offer their sub-project to improve the organization. The board of directors always encourages and supports its employee to broaden their knowledge and prove their ability through their performance.



- **Communication Development Project :** The company has developed the communication system for its branch staff at all available branches across the country and its staff at headquarter and the warehouse. Together with ADSL phone system, iPOS system which allows staff at the branches and the headquarters exchanging their mails effectively, and LCD TV to interchange important information. These systems enable its entire staff to exchange important information even though they are not in the same place.



- **Safety and Emergency Project:** The company is aware of the safety of workplace. Thus, we continuously host fire drills and safety trainings. The facilities and safety equipments are sufficiently supplied in case of emergency.



Corporate Social Responsibility in Business Partner's Perspective and Shareholder's Perspective

- **Publication of Business Trends and Information for Partners and Interested Parties :** SE-ED is one of the leading publishing companies in Thailand. This results in sufficient database and Information Technology system that indicates trends as well as the efficiency and productivity of the publishing industry. This enables us to develop and strengthen the publishing industry. It also enables the branch managers to use the information to benchmarking as well as choose the Best Practice in the industry.

The company has previously announced this useful information at the annual '*Best Information in Publishing Industry*' in which has been hosted since 2004 onward. The company believes that by publicizing useful information, it will sustainably and efficiently improve and develop the publishing industry.



- Ethical Business Operation :** The company has operated the business by adopting the principles of good governance. The details and information associated with stockholders and investors are available to certify the ethics and morality in business operation. Individuality is encouraged to file a complaint regarding products, insufficient service, immoral and unethical operation of board of directors and staff at comment@se-ed.com, sbc@se-ed.com, or to independent director at id@se-ed.com.
- The Business Ethics and Moral Principles :** The company is determined to incorporate the business with morality and ethics. We trust in our commitment. Our business is operated under the laws and regulations with principles, values and standards, not taking advantage nor causing any inequality to business partners and customers.
- Strong Objectives Against Rights Violation :** The company has solid regulations and policy against any the production and the distribution that considered breaching rights. We have also encouraged our partners, writers and others to understand and aware of the copyrights and rights violation. For example, the seminar entitled ‘Copyrights: You Should Know’ was held to publicize and promote the awareness of copyrights.



Corporate Social Responsibility in Community's Perspective and Society's Perspective

Smarter Thais Foundation

- **Books for students Project by Smarter Thais Foundation :** In order to promote education, Smarter Thais Foundation supports the Books for Kids Project of SE-EDUCATION PUBLIC COMPANY LIMITED that has been conducted for 8 consecutive years. The foundation purchased books and learning materials to donate to underprivileged schools and libraries. For the past 2 years until the end of 2012, the foundation donated 44,436 educational books with the total value of 7.02 million Baht to 333 schools and organizations.



- **Enjoy Reading Project :** With the determination to improve English proficiency of Thai students, the foundation supports English textbooks and learning materials that will not only develop English proficiency but ignite the inspiration and instill the positive attitude towards the learning of English language and the reading habit for life-long learning experience.
- **The 4th SE-ED Translation Championship Thailand Princess Cup :** is the fourth translation contest for high school students who are interested in English. The contest encourages students to apply for skills: English grammar, analytic reading, translation principles and command of Thai language. The main objective is to increase awareness among schools in Thailand of the importance of developing English proficiency that students can apply in both communicating and academic scenarios. In 2012, the contest was held in 12 provinces across the country, with over 2,000 students participating. The winner received Princess Maha Chakri Sirindhorn's trophy and won an opportunity to publish a translated work with SE-EDUCATION PUBLIC COMPANY LIMITED.





SE-EDUCATION PUBLIC COMPANY LIMITED

- **Books for Students Project by SE-EDUCATION PUBLIC COMPANY LIMITED :** A selection of books is donated to school libraries across the country through this project to increase the opportunity of students in remote areas. Additionally, this allows the staff to participate in another program called 'Love Your Country', by submitting the name of school in which the book donation will be made and representing the company by delivering the donation.

Throughout 7 years of the project until 2012, the company has donated books to over 2,996 schools throughout the country. The donation was over 1.64 Million books and worth more than THB 264 Million. Furthermore, the company has participated by donating books and educational equipments to the Ministry of Education project's 'One Amphur, One Dream School' which supports academic materials to dream school in order to develop as model schools.



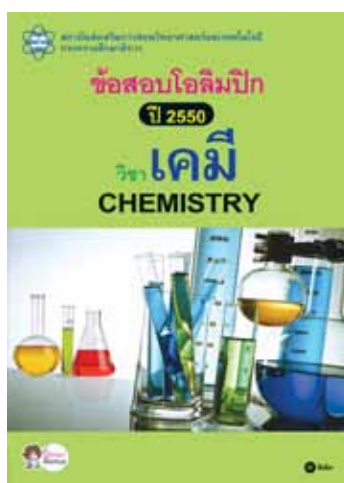
- Building Libraries for Schools in Need :** The company donated bookshelves, educational equipments, and books to build libraries in many schools in Bangkok as well as other provinces. In 2012 alone, the company had renovated the libraries for four schools across the country namely; Wat Chao Pad Song Trai School in Ayutthaya, Sri Bang Sai School in Ayutthaya, Tan Pooying Chantima Peung Baramee in Sakhon Nakhon, Wat Sapan Hin in Nonthaburi.



- Change for Kids Project :** This project enables SE-ED customers and others to participate in the donation activity through donation box at all SE-ED Book Center branches or by the donation bank account. This project will be operated under ‘Smarter Thais Foundation (Khon Thai Keng Kheun Foundation)’. Every penny of the donation is determined to organize activities that aim to develop proficiency, ability and life value of Thai people. We believe that this sustainable project will result in making Thai realizing their potential for this country.



- **Total Solution to English Proficiency 2012** : aims to develop teaching efficiency of teachers and English language proficiency of students. The project offers a systematic English teaching model that teachers can apply in classroom. In addition, there are teacher trainings to improve teaching efficiency to the standard of “Oxford Language Program”. Development of teachers will be evaluated by students’ achievement. The project offers the teaching models for two levels: primary level and secondary level. In 2012, the Company hosted an academic seminar for teachers for 4 consecutive years. The seminar served as a venue for exchanging teaching ideas and techniques in classroom. There were over 1,200 teachers participating in the seminar.
- **Genius Book Series Project** : SE-ED cooperates with the Institute for the Promotion of Teaching Science and Technology (IPST) in producing course books and development helper books that available in Mathematics, Science, Computer, Biology, Physics, and Chemistry. This includes tutoring books for an Academic Olympics.



- **Cooperating with National Science Museum (NSM) to build the science learning centers for children in towns** : SE-ED has a policy to encourage youth to have inspiration in Science and technology. Therefore the Company contributes support in finding the space in Shopping Malls, which are trading partners of SE-ED, to National Science Museum (NSM) for setting up the Science museums and learning centers. Moreover, the Company provides a special renting rate or renting-free for National Science Museum. Nowadays, there are five science museums and learning centers: Chamchuri Square, Carrefour in Chiangmai province, Sunee Plaza in Ubonratchani province, Laemthong Shopping Mall in Rayong province and Laemthong Shopping Mall in Chonburi province.

Corporate Social Responsibility in Environment's Perspective

- The natural conservation project : SE-ED emphasizes on saving energy and resources. Thus the Company launches many campaigns and activities on saving energy and resources as follows:
 - Replacing electronics in SE-ED Book Center with saving energy models.
 - Changing the light switches into individual string switches in the headquarters in order to save electrical energy on unoccupied workspaces.
 - Minimizing of paper usage project promoting employees to manage the important documents through electronic media (eDocument) to reduce papers usage and enable faster searching.
 - Saving water in the headquarters project by installing automatic piping valves in restrooms, working with the Contact Switch at toilets' doors. Valves will be turned on, if the door was closed only. This prevents wasting water.
 - Saving electrical energy in the SE-ED's warehouse and distribution center by changing T8 Fluorescent lamps (36 watt) to T5 Fluorescent lamps (28 watt) which help reduce electrical energy up to 33%. In addition, the Company uses T5 HO Fluorescent lamps instead of Sodium lamps on 15,000 square meters area. This enables the Company to save electric energy up to 50%.





Innovation of CSR

SE-ED always determined to one that make “Smarter Thais” and satisfy all stake holders. Therefore the purpose of research, development and innovation creating conform to fulfill this determination. The Company’s innovation must afford to provide benefits to book industry as a whole, to enable the easier ways to for Thais to access knowledge. The latest technology is applied to SE-ED’s business operation in order to develop the operation’s efficiency. There are many innovations, which reflect to social responsibility as follows :

Examples of innovations which contribute to the developing of Thai book business can be seen as follows :

- **‘Standing Order’, Developing Distribution System project :** Being the biggest book distributor of the country, the Company sees the problems in a stock management in book industry as a whole such as inaccurate sales monitoring, complications on billing, lack of credibility and etc. Thus the Company developed the innovative distribution system called ‘Standing Order’. It is the system that allows the new books be on stores without billing. This enables the stores to sell more new books. If some of the new books were best seller, the stores would fill up the stock and pay bills on the filling stock. The SE-ED employees will be fully responsible for sales checking. This, Standing Order System, gives enormous advantages to book industry. Firstly, the stores are willingly to add more new books. Secondly, Thais have better opportunities to access a variety of books. Thirdly, it reduces risks in business operating, thus the distributors and publishers can track all information about sales performance. This enables the better planning. Fourthly, it also enables the better billing system. Nowadays, this Standing Order System is accepted and adopted across the country.
- **Developing Product Management project :** SE-ED has developed the Distribution Model Program and Intelligent Automatic Reordering System (IARS) in order to manage a new books distribution and to fill up stock of SE-ED Book Centers which depends on its community’s needs and its actual sales performance. This reduces risks in business operating because the mass publishing, without information technology supporting, is not necessary. Moreover, the stable and accurate information technology allows all branches to fulfill its community’s needs. This also efficiently reduces costs and opportunities loss.
- **Developing websites supporting retail and wholesale systems :** The Company has developed and improved its websites: www.se-ed.com/eshop and www.se-ed.com/wholesale in order to support retail system (e-Commerce) and wholesale system.

Nowadays, www.se-ed.com is most visited website of the country. There are wide range of products and a variety of books for customers. Moreover, they provide the updated information about best sellers, interesting books and where to buy them. With these information, it enables customers have choices and can make a decision easier.



Additionally, the Company has launched its mobile website, m.se-ed.com, for mobile devices such as smart phones or tablets to allow customers more convenient alternatives to book shopping. The Company expects that such channel will support the increasing e-book trade in the future which is the result of the dramatically growing internet usage from general public.

- **Integral developing logistics system :** The Company has determined to develop logistics system to be highly efficient, to deliver goods to customers at low cost, and to be competitive. According to this philosophy, Thais could access the quality books quicker, and whenever they need.

Integral developing logistics system includes :

- ‘Order Today, Get It Tomorrow’ Project : The Company has developed and improved order picking system and www.se-ed.com under the concept of ‘a small store serves as a big one’. If the customers cannot find the books they need in SE-ED Book Center, they can go over the cashier counter and request for the books. With the developed, improved IT and logistics systems, the stores can deliver the books to the customers within 24 hours at their convenient branches without a delivery fee.
- Intelligent Point of Sale System (iPOS) : The Company has developed this system to support sales performance at SE-ED Book Centers and to provide useful information on books. This helps the customers make a decision easier.



- Developing a data linking system between branches, the headquarters and the warehouse into a real time computer network. This enables an efficient, fast, accurate operation.
- Digital Assorting System : The Company has developed products distribution into a digital system. This enables a flexible distribution to efficiently deal with the market situation. In addition, this system helps reduce papers usage up to 500,000 sheets.



Examples of innovations which contribute to developing Thai's potential can be seen as follows:

- Successfully develop the potential of Thai youth : The Company did a research to find a guideline to help young Thai people who do not live in an English speaking environment to be able to improve their English skill significantly. In addition this practice must no increase a burden for teachers and use minimum resources. The outcome of the research shows that by reading graded readers with the extensive reading approach, the English skills of student improved significantly as well as their attitude towards English language, the inspiration to study more by themselves and the reading habit which has a crucial role in changing the student into becoming a life-time self learners.

Consequently, the Company initiated SE-ED Enjoy Reading program in 2008. This program aimed to develop graded readers materials with the corporation from the world's leading publishers who specialize in extensive reading approach and graded readers. The program has selected many books in different levels and themes that will match the different interests of most students in the school system. Graded readers will be a tool to increase English proficiency of Thai students. From the research there will be a development of practice that can be employed in the schools across the country.

In 2009 – 2010, the Company began its research with 20 lacking schools in the elementary and secondary level. The outcome indicated a satisfactory improvement among students who read SE-ED Enjoy Reading materials with Extensive Reading Approach and toolkits from the program.

In order to magnify the outcome, the program has expanded its reach to teachers whose role can impose positive changes on children. In 2010 the program organized a training for the management staff and English teachers for over 70 school from the northern, central, southern and northeastern regions in order to prepare for an in-depth research. Every school participating would be provided SE-ED Enjoy Reading books, teachers training, teaching kits, and evaluation of English proficiency throughout one academic year.



In 2011, the Company, with the PR support from agencies of the Ministry of Education including the Office of the Basic Education Commission (OBEC) and the Office of the Private Education Commission (OPEC), organized a teacher training for over 1,000 teachers across the country. The training was under the idea of Total Solution to English Proficiency that focuses on improving the

whole system with proficiency-based teaching methods. The proficiency-based methods will allow students to improve listening, speaking, reading and writing skills that can be applied in everyday communication English as well as academic English. The improvement will take place in all aspects including the curriculum development, classroom evaluation, materials selection, teacher training, cultivation of reading habits among children, and extracurricular activities.

In 2012 the Company hosted the fourth academic seminar for teachers to exchange ideas and teaching techniques in classroom. There were over 1,200 teachers participating. The project aims to develop teaching efficiency of teachers and English language proficiency of students through a systematic teaching model that teachers can apply in classroom. In addition, there are teachers trainings to improve teaching efficiency to the standard of “Oxford Language Program”. Development of teachers will be evaluated by students’ achievement at the determined level.

Rewards of being good governance

Since the day that SE-EDUCATION was founded, SE-ED has strongly determined to be an organization that participates in developing human resources and making “Thais Smarter”. And every stake holders satisfy with this determination. All rewards was self-evidence that SE-ED always placed importance on being good governance. All rewards can be seen as follows:

- Received SET Award of Honor in Corporate Governance for the second time from SET Awards 2012. The award is for the excellence in corporate governance for 4 consecutive years.
- Received “excellence” or 5 stars from corporate governance evaluation for 5 consecutive years (2012, 2011, 2010, 2009, and 2008)
- Was evaluated “excellent and exemplary” in organizing the Annual General Shareholders Meeting for 6 consecutive years (2007-2012)
- Received Investors’ Choice Award for receiving 100% scores from the evaluation of the Annual General Shareholders Meeting for 4 consecutive years (2009-2012)
- Received ‘Board of the Year for Distinctive Practices Award 2010/2011’.
- Received ‘Outstanding Corporate Social Responsibility Awards’ from the SET Awards 2011 organized by the Stock Exchange of Thailand and Money & Banking Magazine.
- Achieved the Princess Cup from Her Royal Highness Prince Maha Chakri Sirindhorn for being a large organization which applied sufficiency economy philosophy with business operation (from Sufficiency Economy Contest 2nd).
- Awarded CSR Awards 2009 - 2010 (awarded for outstanding listed company who operates responsibly toward society and environment).
- Awarded the Top Corporate Governance Report Awards 2009 - 2010 (Outstanding in Good Governance Report).
- Won Best Shareholder Treatment Awards 2008.



- Received ‘Board of the Year for Distinctive Practices Award 2006/2007’.
- Scored “Excellence” for satisfied communicating with the investors and analysts during the event called “listed companies meet the investors” in several years.
- Awarded for “outstanding network bookstore 2002 - 2003” and awarded for “Excellence bookstore of the decade (year 2004)”.
- Selected by Forbes magazine, the Global issue, dated 28 October 2002, as 200 outstanding companies outside the US which has sales of less than US 1,000 Million.



Company Background and Management

- Background
 - The Proportion of Shareholding in the Company's Group and the Inter-Business Group
 - Shareholding and Management Structure
- Recruitment and Remuneration Committee's Report
 - Audit Committee's Report
 - Risk Factors
 - Good Corporate Governance
- Report of the Board of Directors Responsibilities for Financial Statements
 - Remuneration of Auditor



Changes in capital structure

SE-EDUCATION Public Company Limited (SE-ED) was established on October 10, 1974 with a registered capital of THB 99,000. Their objective was to do business in knowledge dissemination, with a view to develop the fullest potential of Thai people in areas essential to the national development. The Company founders were ten electrical engineering graduates from Chulalongkorn University, who used to be active in varsity activities during their academic years at the club of faculty of engineering, Chulalongkorn University. They thoroughly realized that Thailand still lacked the development of technical and academic materials.

The Company was approved as a listed company by the Stock Exchange of Thailand (SET) in the category of media and publishing under of the service industry sector, since 1991. The Company became a public company on April 29, 1993. Today the Company is popularly known, in short, by the name of “SE-ED”, which comes from Science, Engineering and Education.

In 2001, at the Annual General Shareholders Meeting 1/2001, dated April 30, 2001, the shareholders approved of additional shares registered by the amount of THB 137,141,560 by divided into the following :

- Warrants offered to shareholders are numbered at 10,549,356 shares, where the proportion of right to exercise per 1 unit can be used to buy common stock of 1 share at the price of THB 16.50 per share, with validity lasting for 5 years, from the date of issuing the paper, allowable for exercise every 3 months and the right to exercise is expired on December 15, 2006.
- Warrants offered to company’s directors, staffs, sub-agents are 3,164,800 shares, where the proportion right exercise per 1 unit can be used to buy common stock of 1 share at the price of THB 10 per share, with validity lasting for 5 years from the issuing date listed on the paper, allowable for exercised with the duration of 1 year per warrant and each warrant for every 3 months, with each warrant allowed to buy common stock at the rate of 10, 10, 10, 30 and 40 of the total warrants respectively, and the last date to exercise is on January 14, 2008.

As of 2003, at the Annual General Shareholders Meeting 1/2003, dated April 23, 2003, shareholders have agreed to approve the change of share value (share dilution) from previously THB 10 to THB 1, which the Company has proceeded to register with the Commerce Ministry on May 22, 2003.

In addition, in 2004, at the Board of Directors’ meeting as of 1/2004, dated February 4, 2004, the board resolved to allow the Company to re-purchase the shares, for the purpose of monetary management. As the Company had over-excess liquidity of 19,783,600 shares (total worth of THB 122.64 Million, re-purchase value of THB 6.20 per share) which according to the Ministerial rule with regards to “outline and method of share re-purchase, selling of re-purchase shares and cut-off for the Company’s re-purchase shares”, stipulated that the Company must sell the re-purchased shares within 3 years after date ending of share re-purchase activity, which was due on September 11, 2007. The Company could not finish the

re-purchasing of shares as committed by the Board of Directors resolution. Therefore, to follow the guideline of Ministerial rule, the Board of Directors' meeting as of 4/2007 dated on September 19, 2007, approved the capital reduction by way of reducing the share repurchase by 19,783,600 shares, resulting in the remaining capital of 328,345,090 shares. The Company registered the reduction of registered capital on October 24, 2007.

In 2011, during the 1/2011 general shareholders meeting on April 28, 2011, it was approved that the Company's authorized capital was reduced in order to comply with the paid-in capital. As a result, the Company's authorized capital remains 323,921,130 shares. The Company registered the reduction of registered capital on May 11, 2011.

In 2012, at General Shareholders Meeting No.1/2012 on April 26, 2012, it was resolved to approve the stock dividends to be issued at the rate of 10 existing shares per 1 dividend share in order to increase the company's stock liquidity and maintain the liquidity of the working capital to support future investments and expansions. It was approved to increase the Company's share capitals to support the aforementioned stock dividends. Therefore, the Company's share capital has increased to 356,313,243 shares. The Company registered change of the capital increase on May 8, 2012.

Development in business operation

At the beginning, the Company published the monthly magazine "Semiconductor Electronics" and was the distributor of electronic devices from abroad.

In 1978, the Company published the monthly magazine "Taksa, Science and Technology Edition" for the general and young readers whose interests are in the areas of science and technology.

In 1979, the Company launched the monthly magazine "Miti Tee See" that aimed at the creativity and imagination and, particularly, for those who don't like the heavy science, hoping to gain readers attention in science.

In 1980, the Company started to publish the engineering and scientific textbooks which were later became the textbook and academic books division.

In 1983, the Company published the monthly magazine "Microcomputer" and began to publish the books about microcomputer. At the same time, the Company set up the management books division for the purpose of publishing the books that can help people work more efficiently rather than publishing books that can only be sold in a short period of time.

In 1985, the Company adapted and introduced the Standing Order Distribution System and merged the magazine "Taksa, Science and Technology Edition" with "Miti Tee See" which resulted in the new magazine called "Rou - Rorb - Tua" magazine which was later transformed and changed its name into what is today called "UpDATE" magazine. In the meantime, the Company's Children Book division was born in 1986 and "Wittayasat Arn Sanook" - the first finest set of cartoon books aiming at teaching young learners - was published and warmly welcomed by general public.

The Company continued to take its lead in publication of magazines and educational books, becoming the forefront in knowledge publishing firm in the country with the best distribution system in the book business. The Company also became the book distributor for other publishers producing books in the same fields.

Although, compared to the average publishing industry, SE-ED had satisfied the expectation of both sales volume and sales growth, as at that time the Company is the publishing firm with highest sales volume through bookstores channels and the largest books distributor, the Company found that there were still limitations due to the fact that there were a few good quality bookstores existed in the market. Consequently, the Company's books could not be effectively circulated. This resulted in the inability to increase sales volume of each book sold at the desirable level.

Following an extensive research into the retail industry, the Company realized that the pre-existing bookstores could not be expanded or improved much further. At that time, many new shopping centers had been opened, and the Company believed that they would be good venues for the bookshop business. As the Company had confidence in those malls that they are attractive and able to bring in large communities and would likely change the buying behavior of Thais. Therefore, the strategy of providing more convenient purchasing channel for Thais which was to allow access to reading materials was to set up well-thought-out bookstores in those malls. But as the investment cost was high and no one had seriously ventured in this area of business before, the Company decided to start the bookstore business in leading shopping centers to avoid affecting the previously existing bookstores which were mostly located in commercial buildings.

In the third quarter of 1990 the Company was permitted to be listed on the Stock Exchange of Thailand and started the "SE-ED Book Center" project that allows Thai people to get access to books and to support the future growth of overall book market by focusing on opening branches in various leading shopping centers. SE-ED Book Centers will sell both books from its publications and also from the others. The first branch of *bookcenter for family and working people* opened in late 1991 at Fortune Town Shopping Center.

In the third quarter of 1996, SE-ED opened SE-ED Book Center in supercenters. The first branch was at Lotus Supercenter, Pattaya with strong belief that supercenters would be the new trend going forward and also suitable locations for the long-term business. The Company further improved its image to be more modern, by using bright and vivid colors. Newly designed bookshelves were installed so that it could be manufactured more easily and more cost effective. Consequently, SE-ED could put new bookstore branches in operation faster and more convenient. It also focused on developing the book distribution center to accommodate more books for more than 600 branches. In 2006, the Company expanded the distribution center area from 7,400 square meters up to about 10,000 square meters, at the end of 2008, the Company expanded the warehouse space by 3,000 square meters which made the total warehousing area to be as large as 13,000 square meters, or 30% increase. In 2010 the Company expanded the space of the warehouse from 13,000 square meters to approximately 15,000 square meters. The Company also developed and tested the business model that is suitable for the Company's competitiveness and business sustainability. At the same time the Company can open a new branch fast with lower operation costs and expenses, allowing the Company to have more chance to be successful.

Furthermore, SE-ED Book Center has developed a relationship with several shopping centers and super-centers, being recognized as an important business alliance. This has enabled SE-ED to develop its business format continuously. Nowadays SE-ED Book Center is a chain bookstore evolving and expanding very fast, becoming the full functional chain bookstore with highest sales volumes and also serving as the very heart of company's business growth since 1997.

SE-ED's business performance has remained at the satisfactory level. In 1997, when Thailand encountered serious economic crisis leading to business collapse and widespread unemployment resulting in lower purchasing power, the publishing business was affected in many ways. Several of SE-ED's major book suppliers encountered the severe loss and liquidity problems, to the point that SE-ED had to allocate

asset as bad debt account, largely due to the lower purchasing power and decrease of sales orders from bookstores. SE-ED was seriously aware of granting credit to customers to keep control of the possible bad debt. The competition also became tougher than before. As a result, the sales figures that came from both SE-ED's own published books and other non - SE-ED published books was not as it was hoped to be. It was considered the first time that SE-ED faced accounting losses in 1998, since listed in the Stock Exchange of Thailand.

However, after the severe economic crisis, the Company began to review its business structure's long - term strength. The Company started to diversify risk at a suitable level and, at the same time, tried to improve financial structure, increasing more capital for unforeseeable economic problems in 1998 and set the reliable financial standard for paying up the long - term loan from financial institutes and for incoming expansion. As a result, The Company can recoup from the almost fatal slump and finally came back to profitability with adequate liquidity and continuous expansion in 1999.

Moreover, in 2008, the Company opened SE-ED Learning Center with the space of 600 square meters, located at Chamchuri Square building -a part of Chulalongkorn University, to facilitate the expansion of youth activities in different forms in the future. This includes the training for professional activities to increase the potential of Thai people in different fields for the general public. In addition, the Company's new business strategies included the development of two supplementary curricular aiming to increase children's potential and intelligence in mathematics and English. The curricular are as follows:

- FAN Math is a supplementary mathematics program for kindergarten 3 to primary 6 levels. Teaching and learning materials are presented in animation format.
- ACTive English is a supplementary English program for kindergarten 2 to primary 6 levels. Teaching and learning materials are mainly interactive multimedia and consistent with the Common European Framework of Reference for Languages (CEFR).

Investment in Subsidiaries and associates

In 1984, the Company also invested in 25% of the shares in M & E Co., Ltd. with a paid-up share capital of THB 400,000. The M & E Co., Ltd. prints and publishes technical magazines and engineering manuals, distributed by SE-ED.

In 2003, the Company held 28.75% of the shares in Plearn Patt Co.,Ltd. (founded on September 25, 2002) with a registered paid-up share of THB 80 Million. In December 31, 2005, the Company increased percentages of share holdings to 48.82% of registered and paid-up share capital was THB 170 Million, and in the fourth quarter of 2009, Mr. Thanong Chostisorayuth, the managing director of SE-EDUCATION Public Co., Ltd. chaired the position of the acting school director of Plearnpattana School and became the Director of Plearn Pattana School in 2010. In the second quarter of 2012, Plearn Patt Co.,Ltd decreased its share capital and paid capital, with the remaining balance of 169,475,500 million Baht. Therefore, the Company's shareholding proportion has increased to 48.97%.

The registered name of Plearn Patt Co., Ltd. is the name of the school called "Plearnpattana School", located at Buddhamonthon 2 Road, enrolling students from pre-kindergarten year up to Matayom 6. The first academic year started in 2004. This was the important gathering of more than 70 education enthusiasts from several groups of people such as parents, teachers, academics and school executives, in collaboration with private organizations who played a significant role towards family institutions and education to create new concept schools, to create quality children for the country.

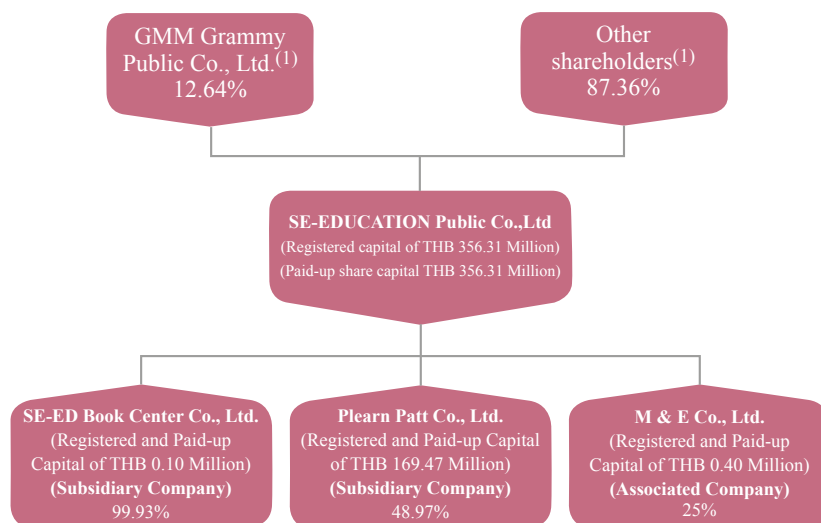
Nature of Business

Company's business operation consist of 5 parts as the following :

- 1. Bookstore Business :** SE-ED has operated SE-ED Book Center and network stores which consist of many university bookstores in Bangkok and other provinces as well as the network and sales area in various forms (representing 83% of the 2012 total revenue).
- 2. Distribution Business :** SE-ED distributes both books published by SE-ED and other publishers to bookstores all over the country and to other sales channels.
- 3. Publishing Business :** SE-ED publishes its own books and magazines, sells advertising space, provides the printing service for other parties, organizes the yearly exhibition "Thailand Electronics & Industrial Technology Exhibition" and many specialized technology exhibitions.
- 4. SE-ED Learning Center** SE-ED Learning Center to becoming a supplementary school and learning center that provides activities and programs to increase children's potential and intelligence in the fields of mathematics and English.
- 5. Plearnpattana School** is a joint investment to build an alternative school from pre-kindergarten to Matayom 6. The curriculum offers a flexibility in learning experience to encourage the full potential development for students who will become important for the development of the country in the future.

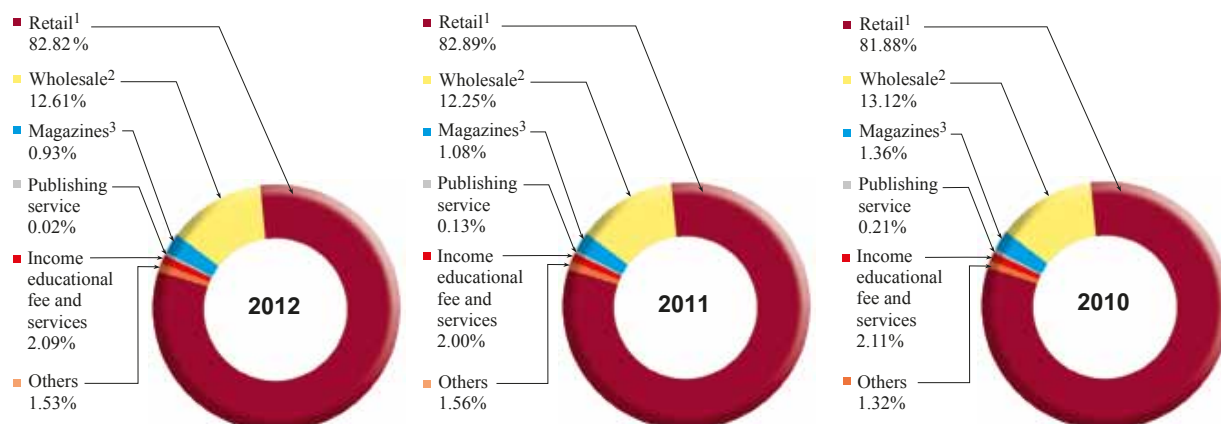
SE-ED continues to be a leader in the bookstore, distribution and publishing businesses while all five businesses work well in supporting and encouraging one another, resulting in the achievement of a competitive advantage, as well as increasing the Company's overall value added.

Shareholders' structure of SE-EDUCATION Public Co., Ltd., its subsidiaries, and associated companies



Remark ⁽¹⁾ Data on the last closing date of registration, dated on the 23rd of November 2012.

Total Revenue from Main Products Categorized by Sales Channels



Remark ¹ Retail - revenue from SE-ED Book Centers.

² Wholesale - revenue from books published sales volume of magazines and distributed to bookstores and other sales channels : such as education institutions and library etc.

¹ and ² - total sales of Company's own publications in 2012, 2011 and 2010 represents 7.00%, 6.89% and 7.36% of sales revenue respectively.

³ Magazines - total revenue from advertising publishing and "SE-ED Kiddy Camp". Organizing academic seminar and technology product sales.

Major Products and Services

The Company's products and services are the following:

- Books** Currently, SE-ED is one of the largest book publishers in Thailand, publishing books for bookstores nationwide. The Company pioneered in publishing knowledge books in several fields; such as administration/management, self-development, psychology, engineering in various fields, youth development books, language and dictionary, parenting, food and health, maps, non-book products (e.g. CD) which help to promote the development in many aspects.
- Magazines** At the end of 2012, the Company has published 7 magazines of science and technology which are,
 - Semiconductor Electronics Plus** : A monthly magazine emphasizing on electronics, launched in 1974, and later the Company changed the name of the magazine from 'Semiconductor Electronics' to the new name of "Semiconductor Electronics Plus", since January 2008, while maintaining similar types of contents to the previous issues.
 - UpDATE** : A monthly magazine catering to those readers who want to keep abreast of the latest developments in the world of science and technology, published since 1978.
 - MICRO COMPUTER** : A monthly magazine devoted entirely to the knowledge of Computer and information technology for Corporate, in circulation since 1983.
 - Hobby Electronics** : A monthly magazine specially preparing the knowledge of electronics for fledgling electronics enthusiasts and also interested readers was launched in early 1991.

- **Industrial Technology Review** : A monthly magazine provided reading material on major developments in industry technology and management for plant engineers and general readers, launched in mid-1994.
- **Mechanical Technology** : A monthly magazine related to mechanical engineers concerning operating techniques, and machine problem-solving guidance for engineers and general readers - first published in the middle of 2001.
- **The Absolute Sound & Stage** : A monthly magazine specially provided the knowledge of the sound and light systems on stage technology, work in the studio, and related devices and tools, launched since the end of May 2002.

The Company's revenue from magazines comes from the sales of magazines, advertisements and special editions, as well as revenue from organizing several activities.

3. **Distribution** The Company distributes books published by SE-ED and other publishers including the companies whose publishing is in the Company's direction, by distributing books to small and large scale stores nationwide roughly around 6,300 stores. And, the Company also sells directly to the educational institutions.

The Company has been appointed as Thailand's sole distributor of Oxford University Press (OUP) for books and related media for English language teaching and learning from January 1st 2007 onward. Under this agreed cooperation between SE-ED and OUP, the business activities of production and distribution associated with English language learning will be increased through the company's distributing channel which promptly allows SE-ED to share some responsibility of resolving the country's problem with regards to English language learning in Thailand in the much greater extent.

Presently, the Company is the largest book distributor to the chain bookstores. Books which were self-published by the Company is around 1,400 titles, while also help distributing 5,800 titles from other several publishers and organizations.

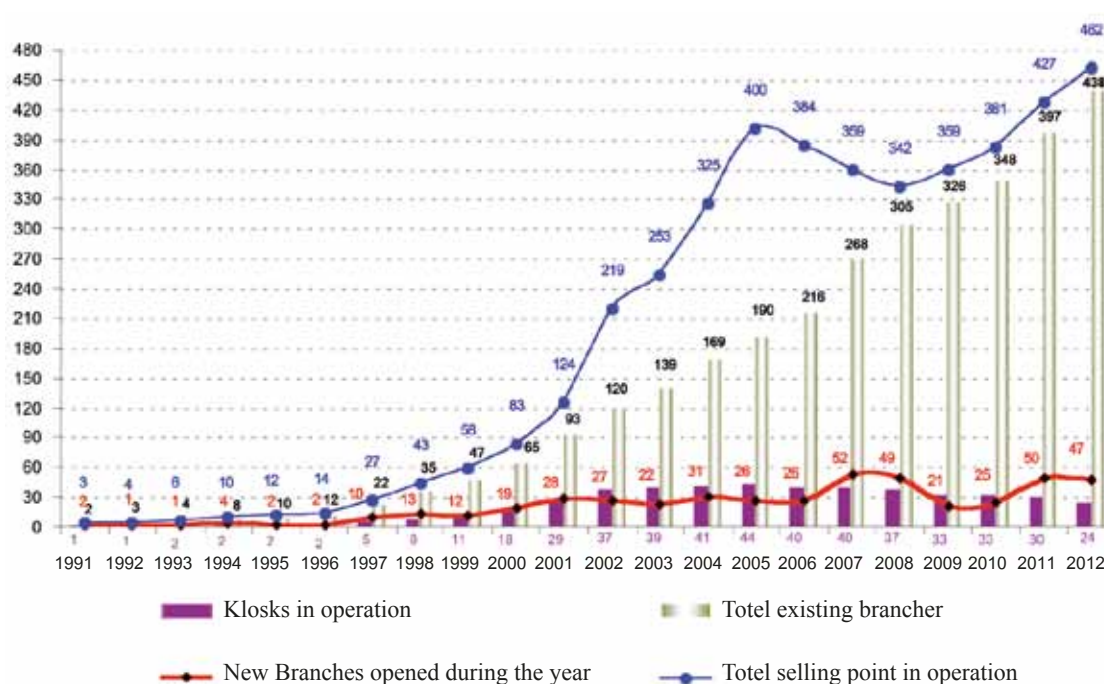
4. **Bookstore Business (SE-ED Book Center or SBC)** SE-ED operates SE-ED Book Center and network stores and "University bookstores" all located both in Bangkok and other provinces, including managing space in the selling areas in different models.

SE-ED Book Centers are medium-sized bookshops selling all kinds of books, with modern designs and good layout plans, efficiently selling and emphasizing being located in convenient locations for people to come to buy books. The main locations are located in leading supercenters (such as Tesco Lotus, Big C, etc.) leading shopping malls (such as Siam Paragon, Central, The Mall, Robinson, Future Park Rangsit, Future Park Bangkoe, provincial leading shopping centers, etc.) and education institutes (such as Ramkhamhaeng University, National Institute of Development Administration, Dhurakij Bundit University, Siam University, Khon Kaen University, University of the Thai Chamber of Commerce and Srinakharinwirot prasanmit University) in different models both in Bangkok and other provinces.

By the end of 2012, SE-ED has already opened 470 branches of SBC. From this mentioned figure, there are 438 branches in operation, with 152 branches in Bangkok and nearby provinces, and 286 branches in other provinces. With 432 bookstores operated by the Company, the other 4 branches are designated as SE-ED Book Center Network Bookstores (SE-ED Book Center fully supports the shops, as a book distributor supplying the books) and 2 branches are SE-ED Network Bookstores

(SE-ED does not fully support, since the shop owners can order books by themselves). Moreover, SE-ED is also responsible for managing the books and magazines sales space in Supercenters, and other shopping centers in different formats totaling more than 24 sales and service points. Today, SE-ED Book Center is the complete chain of bookstores with the highest sales in Thailand.

Number of SE-ED Book Center Branches and its Network Stores by the Year-End



- Remarks** - There is a reclassification of bookstore branches to be properly suited. Therefore, the number of branches may be different from other published documents by the Company. Branch includes the small size of bookshop of 20-50 square meters. Kiosk means mainly the newstand sales type. Points of sales means the sales type that the Company takes charge in managing the products in book corners (including newspapers and magazines) in supercenters of department stores.
- At the end of 2012 there are 438 existing branches in operation. There are 152 branches in Bangkok and its vicinity and 286 branches in other provinces. This figure has included the small scale of 16 branches.
 - At the end of 2012 there are 428 existing branches in operation, using the brand of, SE-ED book center, 4 branches in university book centers.
 - At the end of 2012, there are 4 SE-ED Book Center network stores (SE-ED is responsible for all books supplied to the network stores) and there are 2 SE-ED network stores (SE-ED provides special assistance and allows the stores to choose either the name of SE-ED Book Center or SE-ED network but the shop owners can order books by themselves), and 24 kiosks.

5. SE-ED Learning Center In 2006, SE-ED founded SE-ED Learning Center department for organizing all activities for kids. In September 2008, SE-ED has located SE-ED Learning Center on approximately 600 square meters at Chamchuri Square Building, the property of Chulalongkorn University, in order to provide complete services on occupational training and training in all sciences, available for the general public including youth and undergraduate students. Nowadays, In addition, the Company's new business strategies included the development of two supplementary curricular aiming to increase children's potential and intelligence in mathematics and English. SE-ED provides a variety of activities as follows:

- Organized SE-ED Kiddy Camp for young people from 8-14 years, which is normally held during school breaks. There are various types of camps to choose, from countryside camp, day-trip camp, to stimulate young people to learn more, while studying the learning behavior of children before the idea becomes amalgamated with other ideas that support the development of Thai children in greater numbers, teaching young participants the courage to learn the study of science, electronic experiments, teamwork, leaderships, self-learning, basic knowledge in survival, moral and, in particular, friendships. Moreover, it allows children to participate in several different enjoyable activities for example, young researcher activity, activity base, gaming, exercise, sports, etc.
- FAN Math is a supplementary mathematics program for kindergarten 3 to primary 6 levels. Teaching and learning materials are presented in animation format.
- ACTive English is a supplementary English program for kindergarten 2 to primary 6 levels. Teaching and learning materials are mainly interactive multimedia and consistent with the Common European Framework of Reference for Languages (CEFR).

As of December 31, 2012, SE-ED Learning Center opened 3 branches: SE-ED Learning Center Chamchuri Square, SE-ED Learning Center Suk-Anun Park, Saraburi, and SE-ED Learning Center Central Plaza Khon Kaen, Khon Kaen, Khon Kaen branch is the first franchised branch that aims to test efficiency and readiness of the franchise system, which will be the main direction of business expansion. In 2013, SE-ED Learning Center will expand its branches under the franchise model. It is estimated that by the end of 2013, there will be no fewer than 15 branches nationwide.

- 6. Plearnpattana School** SE-ED's proportion in the joint investment on Plearnpattana School accounts for 48.97% from the registered capital and paid capital worth 169,475,500 Baht. SE-ED has cooperated on administration for providing resources and knowledge in order to establish Plearnpattana School as an alternative school. Plearnpattana School is expected to develop Thai youth's potential, through its flexible curriculum, to be the mainspring of the nation in the future. Plearnpattana School takes children from pre-nursing through Matayom 6. Its location is on 32,000 square meters (20 Rai), the suburb of Bangkok.

According to past three academic years, the number of Plearnpattana School students each year can be seen as follows:

(unit : person)

Academic year	2012	2011	2010
The number of students	1,122	1,109	1,052

- 7. Other Activities.** The Company also performs additional activities in 2012 as in the following :

- Produced a cable TV program called "Book Variety", a program that offers a variety of knowledge from different points of view from books, for example: health, religion, managerial perspective, stocks and finance, children and youth books through recommendations and interviews of people involved in publishing. This includes writers, translators, or editors broadcasted on every Monday from 5.30 p.m. - 6.00 p.m. Nation Channel, through PSI satellite system and all cable TVs nationwide.

Procurements of Products and Services

Products from other publishers : in general, consists of 2 parts.

- **Books for distribution** : At present the books that are distributed to all bookstores through out the country come from the Company's own publishing house and other around 510 publishers who decide to grant the Company as their distributors to distribute their book nationwide. The Company will consider only the products which are in accordance with the Company's marketing direction and have an opportunity to sell.
- **Books and other goods SE-ED Book Center sells directly** : SE-ED Book Center receives goods from 2 main channels: the Company's distribution business unit and the other channel and mostly deals directly with suppliers by the marketing department of SE-ED Book Center in charge of consideration and selection of products for sales in the Company bookstores.

Relation with suppliers and the effect of losing them :

For value of products bought for reselling from each distributor will not be more than 30% of total selling cost, whereby the proportion of product value purchased from the 10 first largest trading partners against the cost of goods sold for the past 3 years is illustrated as follows:

(Unit : Million Baht)

Item	Year 2012		Year 2011		Year 2010	
	Value	%	Value	%	Value	%
Value of reselling products from the first 10 largest trading partners	1,397.28	52.64	1,284.26	49.30	1,348.86	51.77
Total cost of goods sold	2,654.40	100	2,605.11	100	2,605.51	100

In 2012, there is no specific revenue from sales considered to have severe effect on the Company. In addition, the Company is not involved, in any way, with the particular seller and has no obligation to place any order in the future.

Books published by SE-ED : Books and magazines published by the Company are the responsibility of the book publishing and magazine departments to prescribe the direction and selection of original manuscripts to publish including the production process of printing into complete copy before handover to the Company distribution group for distribution.

Production utilization ratio : As the Company does not own a printing press, the production of books and magazines are in the responsibility of in-house work groups to take care of the production throughout the complete cycle and spread the printing jobs to several printers matched with the schedule. Therefore the real production can be increased or decreased without any unnecessary delay.

Raw materials and suppliers : Paper is the main raw material which the Company purchases from local distributors in lump sums. The types of paper used in the production of books and magazines mostly are wood-free, newsprint, coated and cover coated.

Relation with raw material suppliers and the effect of losing them : For the purchasing value of paper, the Company has no particular relation with these suppliers and has no binding obligation to buy from them in the future. In the case that these suppliers can not provide the Company with paper, the Company can still procure them from other suppliers. The total value the Company expenses for raw materials and

finished goods to suppliers was 32.76% of the cost of products in 2012 or 1.57% of cost of goods sold, which can be considered that no specific supplier can cause severe effect to the Company.

Process and production technology : Production process for a new book starts from editorial teams calling for meetings to plan and consider the selection of manuscripts. This manuscript may come from the self-proposed original writer, or from the Company-assigned writer or translator in accordance with the Company's determined guidelines. Then, the editorial team will consider the content, correctness, and readability of the books which also include the activity involved, re-evaluating and opinionating the books in terms of marketability by Company's respectable book advisors who possess knowledge and interest in particular subject areas. After the team agrees on the book, the content may be re-adjusted and formatted at a suitable level for the market, and the use of copyright contract may be signed with a writer, a translator, or a foreign publisher.

In the mean time, the artwork team will start to design the book cover and when the finished manuscript is ready for print, the computer artwork will later take on its duty. After finishing the artwork, the step of proof-reading activity will be taken and corrected until the content and art design are completed. In the case of books, there will be additional step that are the naming of the book and pricing, which also involves the related marketing work that is suitable for the target audiences.

The process of producing magazines is quite similar to the process of book publishing, that is, the editorial team takes responsibility right from the market direction till the end of the production process.

For book and magazine manuscript works, the Company uses Macintosh computers and PC along with all other related tools and equipments, whereby all this computer technology shows sign of having higher efficiency but becoming less expensive. In addition, the editorial staff in the team are very experienced and possess expertise in writing. They come from people in the editorial team and also general writers.

After the manuscript is done, the Company will pay for the printer to print, while paper is supplied directly by the Company. The paper Company then delivers paper straight to the printing press at the determined time so that each manuscript is printed into book and magazine.

Capability, necessity, and expenses in modifying machines to be able to compete : As the Company does not own a printing press, there is no need for the Company to invest in the machinery and equipment in printing. It becomes unnecessary for the Company to develop machinery and equipment. And due to the competitive environment of the printing press business, it equips the Company with bargaining power and, with this, the Company is always allowed to have choices of printing press companies to choose from.

Environmental Impact : The core production team for the Company is actually the editorial team. Therefore, production process is only concerned the production of manuscript and coordination within offices of the Company. Such activity will not result in pollution that can affect the environment and the Company's business is not under the direct control of any government agency.

The Proportion of Shareholding in the Company's Groups and Inter-Business Groups

In 1984, the Company invested in 25% of the shares in M & E Co., Ltd. with a paid-up share capital of THB 400,000. The M & E Co., Ltd. prints and publishes technical magazines and engineering manuals, distributed by SE-ED.

The Company has also held 99.93% shares in SE-ED Book Center Co., Ltd. (founded on May 11, 2001), with a paid-up share capital of THB 100,000. The SE-ED Book Center Co., Ltd. does not operate any other business. The purpose of registering the name of “SE-ED Book Center Co., Ltd.” is to prevent the use of “SE-ED Book Center” from others who might seek to register it as a new Company.

In 2003, the Company held 28.75% of the shares in Plearn Patt Co.,Ltd. (founded on September 25, 2002) with a registered paid-up share of THB 80 Million. In 2005, the Company increased the percentage of share holdings to 48.82% of registered and paid-up share capital was THB 170 Million, and in the fourth quarter of 2009, Mr. Thanong Chostisorayuth, the managing director of SE-EDUCATION Public Co., Ltd. chairs the position of acting school director of Plearnpattana school and became the Director of Plearn Pattana School in 2010. In the second quarter of 2012, Plearn Patt Co.,Ltd decreased its share capital and paid capital, with the remaining balance of 169,475,500 million Baht. Therefore, the Company's shareholding proportion has increased to 48.97% .

The registering name of Plearn Patt Co., Ltd. is the name of the school called “Plearnpattana School”, located at Bhuddhamonthon 2 Road, enrolling students from pre-kindergarten year up to twelfth grade. The first academic year started in 2004. This was the important gathering of more than 70 education-loving enthusiasts from several groups of people such as parents, teachers, academics and school executives, in collaboration with private organizations who played a significant role towards family institutions and education to create new concept schools, that aim to to create quality children for the country.

As of December 31, 2012, the major shareholders of Plearn Patt Co., Ltd. were :

Major Shareholders	Share Capital Paid-up	Percentage of Paid-up share (%)
1. SE-EDUCATION Public Company Limited	8,300,000	48.97
2. Mr. Rit Thirakomen	2,000,000	11.80
3. RAK LUKE GROUP Co., Ltd.	700,000	4.13
4. Mrs. Thida Phitaksinsuk	400,000	2.36
5. Ms. Krongtong Bunprakong	400,000	2.36

Inter-Company Transaction

Related party transaction between the Company and probable conflicted persons appeared in the notes to financial statements no. 6 : Related party transactions.

Need and reasons of related party transactions Transactions amongst the Company, associated companies and related parties shall be approved by the Audit Committee in the meeting, for fair transactions and appropriate costs compared to other persons' transactions and no interest transfers between the Company subsidiaries, associated companies and other related companies and individuals.

The Board of Directors approved the principles and suggestion of the Office of Securities and Exchange Commission in accordance with the Section 89/12 (1) of Securities and Exchange Act (No.4) B.E. 2551 to allow the company management to enter in to any business transaction between the Company and its subsidiaries and directors, executives or related persons. The transaction has the same commercial terms as those an ordinary person would agree to, with any unrelated counterparty under similar circumstances, on the basis of business negotiation which is without any influence directly resulted from the company's positions of director, executive, or related person. However, the Board of Directors has assigned the Audit Committees the task to present the items which may pose a conflict of interest and any related items for the transaction over 2 Million Baht per quarter and reports it directly to the Board of Directors to acknowledge in a quarterly basis.

Policy and trend of future transactions The Company may have transactions with major shareholders and executives in the future which are in the forms of leasing, service providing, and copyright contracts for the mutual benefit of the Company by disclosure of the types and amount of related transactions between the Company and probable conflicted persons in accordance with the promulgations and regulations of the Office of Securities and Exchange Commission (SEC).

Shareholding and Management Structure

Major Shareholders

The List of the top 10 shareholders, according to article 258, Securities and Exchange Commission Act (B.E. 2535), as of November 23, 2012 (latest share register closed date) are as follows:

No.	Shareholders	Number of Shares	% of Paid-up Capital
1	GMM Grammy Public Company Limited	45,045,920	12.64
2	Mr. Rit Thirakomen	25,309,660	7.10
3	Krungsri Dividend Stock LTF	19,967,090	5.60
4	Best Fortune Property and Loan Fund	14,941,520	4.19
5	Mr. Pongsak Sivapatrakumpol	11,935,926	3.35
6	THAI NVDR CO., LTD.	11,885,516	3.34
7	Mr. Thanong Chotisorayuth	10,834,716	3.04
8	Ms. Nanjana Pooworawan	7,733,836	2.17
9	Ms. Nawan Pooworawan	7,482,703	2.10
10	Krungsri Dividend Stock Found (KFSDIV)	6,940,260	1.95
Total		162,077,147	45.49

Remarks - The paid-up capital, as of November 23, 2012, is equal to THB 356,313,209 Baht.

- Investors can view the current Shareholder's information from the Company's website before the date of the annual Shareholder's meeting.

Company's ordinary shareholders (SE-ED) held by Thai NVDR co., ltd. of 9,393,780 shares or 2.64% of the paid up capital as of November 23, 2012. The details are as follows.

No.	Shareholders	Number of Shares
1	UOB KAY HIAN PRIVATE LIMITED	4,950,000
2	CHASE NOMINEES LIMITED	4,443,780
Total		9,393,780

Remarks : <http://www.set.or.th/set/nvdr/nvdrholder.do?symbol=SE-ED&language=th&country=US>

Distribution of Shares

Distribution of shareholding as on November 23, 2012 (Book closing date of the last registration).

Item	Share Distribution						Total		
	Individual			Juristic individual					
	Number	Shares	%	Number	Shares	%	Number	Shares	%
Thai shareholders	4,708	236,754,231	66.44	41	117,212,391	32.90	4,749	353,966,622	99.34
Foreign shareholders	7	178,387	0.05	6	2,168,200	0.61	13	2,346,587	0.66
Total	4,715	236,932,618	66.49	47	119,380,591	33.51	4,762	356,313,209	100.00

At the last registration date, there were 4,749 Thai national shareholders totaling 353,966,622 shares (99.34%) which consist of 41 juristic persons and 4,708 individual shareholders, 13 foreign shareholders, totaling 2,346,587 shares (0.66%), which consisted of 6 juristic persons and 7 individual shareholders.

Names of main shareholders who practically have material influence in prescribing the company's management policy operation is GMM Grammy Public Company Limited.

Management Structure

The Board of Directors consists of 3 Boards: Board of Directors, Board of Audit Committee and the Recruitment and Remuneration Committee. The authorizations are as follows:

The Board of Directors has the duty to make recommendations and to draw Company policy, working strategy and other visions of the Company's operation. As of December 31, 2012 the Board consisted of the following 12 members:

Name	Position	Type of Directors	Term of Duty
1. Mr. Somboon Chinsawananon	Chairman of the Board of Directors	Independent Director	Started on April 29, 2010
2. Mr. Saroch Lamlerprasertkul	Chairman of Audit Committee and Vice-Chairman of the Board of Directors	Independent Director	Started on April 29, 2010
3. Mr. Pravitt Tantiwasinchai	Audit Committee	Independent Director	Started on April 28, 2011
4. Mr. Kachen Benjakul	Audit Committee	Independent Director	Started on April 28, 2011
5. Mr. Vorasit Pokachaiyapat	Director	Independent Director	Started on April 28, 2011
6. Mr. Phairat Sittakul	Director	Non-executive Director	Started on April 28, 2011
7. Mr. Wattana Chiengkul	Director	Non-executive Director and Authorized Signing Director	Started on April 29, 2010
8. Assoc. Prof. Yuen Poovarawan	Director	Non-executive Director	Started on April 30, 2012
9. Mr. Yongsak Ekprachyasakul	Director	Non-executive Director	Started on April 28, 2011
10. Mr. Suwat Dumrongchaitham	Director	Non-executive Director	Started on April 28, 2011
11. Mr. Thanong Chotisorayuth	Director and Managing Director	Executive Director and Authorized Signing Director	Started on April 30, 2012
12. Mr. Viboolsak Udomvanich	Director, Deputy Managing Director, and the Company's Secretary	Executive Director and Authorized Signing Director	Started on April 30, 2012

The shares held by the Board of Directors in 2012 and 2011 include shares held by spouses and children under legal age. Shareholders under the Securities and Exchange Commission Act (B.E. 2535) section 258 are shown as follow:

Name-Last name	Number of shares		
	December 31, 2012	December 31, 2011	Number of shares: Increase (Decrease) during the year
1. Mr. Somboon Chinsawananon	171,426	155,842	15,584
2. Mr. Saroch Lamlerprasertkul	None	None	-
3. Mr. Pravit Tantiwasinchai	None	None	-
4. Mr. Kachen Benjakul	430,210	391,100	39,110
5. Mr. Vorasit Pokachaiyapat	None	None	-
6. Mr. Phairat Sittakul	5,325,826	3,470,000	1,855,826
7. Mr. Wattana Chiengkul	4,530,121	4,118,292	411,829
8. Assoc. Prof. Yuen Poovarawan	6,326,191	13,174,940	(6,848,749)
9. Mr. Yongsak Ekprachyasakul	None	None	-
10. Mr. Suwat Dumrongchaitham	None	None	-
11. Mr. Thanong Chotisrayuth	10,834,716	9,849,742	984,874
12. Mr. Viboolsak Udomvanich	6,485,627	1,360,555	5,125,072

The Directors who are authorized to sign on behalf of the Company comprise of Director, Managing Director and Deputy Managing Director, with signatures of at least two-thirds of the authorized Directors and stamp of Company's seal of approval.

Scope of Duties of the Board of Directors : The Board of Directors has duties to make decisions and supervise the operation of the Company as follows:

1. To determine the vision, mission, and strategy of the Company that includes the objective and financial target to support the stability, balance and sustainable benefit for all elements concerned. This also includes the continuous value adding to the share holder.
2. To practice according to the laws, stipulations, and regulations associated with business activity and also shareholders' resolution, so that the Company's business interest will be maintained as to not result in conflict of interest which may affect the interested groups.
3. To determine the management guideline and overall risk management, as effective risk management procedure may be realized.
4. To assign the task of reports on financial status and ensure the openness, clarity, transparency, and reliability of such reports in accordance with the rules related to each department.
5. To supervise on the suitable communication channels between the Company and the shareholders and also the interested groups.
6. To ensure the availability of the suitable system or mechanism of executives' remunerations, creating a proper work incentive.
7. To approve budgets for the financial activity such as budgets for stock investments and loans, that will not result in the conflicts of interest toward any Committee member.

With exception, the following matters are required for the Committees to have approval from the shareholders' meeting prior to undertaking the plan.

1. Issues prescribed by law have to be approved for the resolution of general shareholders.
2. Issue of related-party transactions with the value of items needed to be approved from the resolution of general shareholders according to the regulation or promulgation of the Stock Exchange of Thailand about related-party transaction of listed companies.
3. Issue of buying or selling significant assets with the value needed to be approved from the resolution of general shareholders according to the regulation or promulgation of the Stock Exchange of Thailand about acquisition and disposal of assets of listed companies.

There was a review of duties of the Board of Directors in order to harmonize with the Good Corporate Governance Policy.

Moreover, the Company realized the importance of good supervision, as the result, 10 out of 12 Directors completed the Director Accreditation Program (DAP), Director Certification Program (DCP), Audit Committee Program (ACP), organized by Thai Institute of Directors Association. The Directors also attended the training course for the Corporate Secretary Development Program, organized by the Listed Companies Association of Thailand.

Company Secretary/Secretary to the Boards of Directors : The Board of Directors' Meeting No.5/2007 dated November 3, 2007 appointed Mr. Viboolsak Udomvanich, a Director, to be the Company's secretary whose qualification and experience deemed appropriate for the responsibility in monitoring the Company to comply with the rules and the Company's regulations and also in line with principles of Good Corporate Governance to allow effective management.

Scope of Duties of Company's Secretary/Secretary to the Boards of Directors

1. To give initial recommendations to the Directors concerning the issues of legality, regulations, and a number of different kinds of company information, and follow through to ensure that all regulations properly adhere, including the report concerning changes which are deemed significant.
2. To organize shareholders' meetings and the Board of Directors' meeting in accordance with the law and Company's rule.
3. To record and report the issues in the shareholders' and the Board of Directors' meeting, and also keep track of activities that have been decided in the shareholders' and the Board of Director's meeting.
4. To ensure the openness of information, which is in accordance with the Stock Exchange of Thailand, Securities and Exchange Commission and other supervisory authority.
5. To communicate with the shareholders, investors and supervisory authority, including the dissemination of information to the interested public and other interest groups.
6. To perform any other assignments that delegated by the Board or Directors.

Moreover, the Company also realized the importance of good supervision and, the Board's secretary also completed a training course called "Corporate Secretary Development Program" Class#17, organized by Thai Listed Companies Association, sponsored by Stock Exchange of Thailand and Thai Company Secretary Club.

The Audit Committee

As of December 31, 2012 the Audit Committee consisted of the following 3 members and 1 member of Secretary of the Audit Committee which consists of 3 independent Directors, where 3 of the Directors possess the direct knowledge and understanding or experience in accounting or finance, as the names are shown below:

Name	Position	
1. Mr. Saroch Lamlerprasertkul	Chairman of Audit Committee	Independent Director with accounting or finance experience
2. Mr. Pravit Tantiwasinchai	Audit Committee	Independent Director with accounting or finance experience
3. Mr. Kachen Benjakul	Audit Committee	Independent Director with accounting or finance experience

Mr. Chonlavit Iamraksakiat, Internal Audit and Investor Relations Department, is the secretary of the Audit Committee.

Scope of Duties of the Audit Committee

1. Ensure the accuracy and adequacy of financial reports.
2. Ensure the suitability and effectiveness of Internal Control and Internal Audit systems and examine the independence of Internal Audit, including the approval of position transfer, hiring termination of the head of Internal Audit or other division responsible for Internal Audit.
3. Ensure the Company's practice is in compliance with regulation Security and Exchange Commission and relevant law concerning the Company's business.
4. Consider, select and propose the nomination of independent person to perform the duty of the Company's Accounting Auditor and suggest remuneration for such a person, including: attending the meeting with Accounting Auditors without the presence of management by at least once a year.
5. Consider related items and disclose them in accordance with the law and regulation of the Security and Exchange Commission. This is to ensure that said items are reasonable and most beneficial to the Company.
6. Prepare report of Audit Committees and disclose the information in the Company's Annual Report under which the report be signed by the Audit Committees as follows:
 - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (b) an opinion on the adequacy of the Company's internal control system,
 - (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (d) an opinion on the suitability of an auditor,
 - (e) an opinion on the transactions that may lead to conflicts of interests,
 - (f) the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - (g) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter.
 - (h) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.
7. Take any action as assigned by the company under the approval of Audit Committees

Recruitment, Appointment and Term of Audit Committees

The Company's Board of Directors appointed the Audit Committees as proposed by the Recruitment and Remuneration Committees in which the consideration criteria is made from Company's Independent Directors and at least 2 Directors must have accounting and finance knowledge, with the term of 2 years. The Audit Committees whose term is expired is permitted to be re-appointed to the position once again.

The Audit Committees held a regular meeting by at least once every quarter with the outside accounting audit, and also the accounting department, and also report directly to the Board of Directors. Moreover, the Board of Directors has pressed the emphasis on the importance of being transparent and verifiable, therefore, it requests the Audit Committee to hold joint meetings with the accounting department without the presence of managing directors at the meetings, however, under their acknowledgement and Audit Committees meeting of 5/2012 on Monday, November 5, 2012 was a meeting between Audit Committees and Accounting Auditor without the presence of management, and 1 meeting was held.

Moreover, as the Company realized the importance of good corporate governance, one member of the Company's Audit Committee had completed Audit Committee Program (ACP) organized by Thai Institute of Directors Association.

The Recruitment and Remuneration Committees are appointed by the Board of Directors. Their duty is to search and recruit individuals to be the Company's managing director, head of the Directors, executives, and also to follow up on succession plan to select individuals suitable for higher executive position and reports directly to the Board of Directors for approval, or to advise to the share holders in some cases. Moreover, the Committees also review the annual remuneration for the management team to be commensurate with the responsibility and comparable to the outside labor market of the same industry, including the remuneration at the appropriate level with respect to the business growth, the operation result rate of increase in profit margin, as well as task and responsibility of committee, subcommittee, and the Company executives, to submit the proposal at the shareholder's meeting. As of December 31, 2012 the Recruitment and Remuneration Committees comprised of three respectable individuals, 2 from the independent Directors and 1 Director:

Name	Position	
1. Mr. Somboon Chinsawananon	Chairman of the Recruitment and Remuneration Committees	Non-executive director and an independent Director
2. Mr. Vorasit Pokachaiyapat	Director	Non-executive director and an independent Director
3. Mr. Wattana Chiengkul	Director	Non-executive Director

Scope of Duties of the Recruitment and Remuneration Committee

1. To short-list and select the candidates to be appointed in the position of managing director and senior executives and also follow up on succession plans to recruit the suitable individuals for the position of high executive when the term is expired.
2. To determine methods and criteria in recruiting the Directors and Managing Director, so that the process remains transparent.
3. To stipulate method and criteria short-listing of the candidates who possess the quality in advance from minority shareholders so as to treat all shareholders with fairness.

4. To have legitimate power in calling for documents or individuals related to the case in point for consideration.
5. To present the policy and criteria on payment of the remuneration for the Directors, Managing Director, Senior Executives, Advisors to the Board of Directors, Committees appointed by the Board of Directors.
6. To consider the annual remuneration of the Directors, Managing Director, Senior Executives, Advisors to the Board of Directors and the Committees appointed by the Board of Directors.
7. To perform the scope of duties as assigned by the Board of Directors.

Recruitment, Appointment, Term of the Recruitment and Remuneration Committees

The Board of Directors appointed Recruitment and Remuneration Committees for 2 year term.

As such, the method of candidate selection has been stipulated. Nevertheless, criteria to determine the method of recruiting managing director have been identified as follows:

1. The Recruitment and Remuneration Committees determine the structure, size and constituents of the Board of Directors, and stipulate the quality of Directors to be replaced in terms of overall knowledge, experience, and expertise in compliance with the element and quality stated in the related laws/regulations.
2. The Recruitment and Remuneration Committees determine the method of nominating the qualified candidate, including the procedure of nominating the qualified candidate in advanced from the minority shareholders.
3. The Recruitment and Remuneration Committees begin the search and consider suitable candidate for Directors.
4. The Recruitment and Remuneration Committees select the best candidate to be Directors and the recruitment result nominates the name of the person who is judged as the best candidate to be the Company's Director, together with the reasons and propose it to the Board of Directors through the Company's secretary.
5. The Board of Directors selected suitable candidates who possess the right qualities as proposed by the Recruitment and Remuneration Committee and present the candidate in the shareholder's meeting for consideration.

The Recruitment and Remuneration Committee's have, in advance, identified the method of nomination from the minority shareholders for the qualification and quality of candidates that must be met, as can be summarized below:

1. An individual who nominates the qualified person to be Directors must be a shareholder of the Company, which may be a single or consolidation of multiple shareholder(s) who own(s) a number of shares according what has been specified by the Recruitment and Remuneration Committee - that is to have the proportion of minimum share with no less than 5 percent of paid-up stocks in a continuous fashion at the minimum of 1 year and must hold shares at the date of nomination at the meeting or nominate the name of Directors together with certified documents that show the ownership of shares from the security company, other documents from Stock Exchange of Thailand or other documents which show the ownership of shares, and the consent document showing the name of the nominated individual to be submitted to the secretary of the Board of Directors.
2. The nominated candidates must possess all required qualifications and are not prohibited by public laws, securities and exchange laws and Good Corporate Governance practices.
3. Secretary of the Board of Directors presents the list of names to the Recruitment and Remuneration Committee for consideration of the suitability.

Remark *The Company's board of directors and the recruitment and remuneration committee assigned the Company's secretary to submit a letter asking for an advice from the Control Unit and Good Governance Promotion Department regarding the conflict between Securities and Exchange Commission Act (B.E. 2551) section 89/28 allowing shareholders whose aggregated shares account for 5% consider matters from shareholders and the principle of a good governance specifying the share proportion of the person that proposes an agenda should not exceed 5%. The Control Unit advised that to allow the share proportion of the person that proposes an agenda of less than 5% may violate the law. At present there is still no clear conclusion. Even though the Company would like to comply by the principle of good governance and allow the minimum share proportion of the person that proposes an agenda to be less than 5%, the Company's board of directors and the recruitment and remuneration committee decided to have the Company abides by the law strictly and agrees to be overlooked by the Control Unit's evaluation in the good governance about the minimum share proportion of the person that proposes an agenda of less than 5%.*

In 2012, the Recruitment and Remuneration Committees have held 2 meetings and have reported to the Board of Directors.

Company's Executives as of December 31, 2012 with the total of 19 individuals, as follows: (The executive's positions are ranked from 1 to 7 in accordance with the definition of SEC promulgation)

Name	Position
1. Mr. Thanong Chotisorayuth	Director / Managing Director / Authorized director to sign for and bind the company
2. Mr. Viboolsak Udomvanich	Director / Deputy Managing Director / Authorized director to sign for and bind the company / Company's Secretary
3. Mrs. Montalee Chotisorayuth	Assistant Managing Director - SE-ED Book Center Director of SE-ED Book Center
4. Mrs. Karnchana Charoenwong	Assistant Managing Director - Sales and Distribution
5. Mrs. Nuchanart Kongvisaisuk	Assistant Managing Director - Magazines
6. Ms. Sajipat Pumpuengput	Director of Financial Division
7. Ms. Aree Sae-ung	Director of Accounting Division
8. Mr. Wiroj Lackanaadisorn	Director of HR & Organization Development Division / Director of SE-ED Learning Center
9. Mr. Apichit Suananuntapoom	Director of Logistics Division
10. Mr. Ekasit Wiwattanaprasit	Director of Strategic Information Administration Division
11. Mr. Meechoke Thongsawai	Director of Academic Consulting and International Business Division
12. Ms. Daungjai Jeenanurugk	Director of Sales and Distribution Division
13. Mr. Kriwoot Rojprasertsoot	Director of Magazine Publishing Division
14. Ms. Sarida Sarajan	Executive Editor, Text Books Division
15. Mrs. Kanit Promsen	Executive Editor, General Books Division
16. Mrs. Phitsamai Simasuwanrong	Assistant Director in Management and Operation, SE-ED Book Center
17. Mrs. Srinuan Konsila	Assistant Director in Marketing and Products, SE-ED Book Center
18. Ms. Sodsaros Hongron	Assistant Director in Purchasing and E-Commerce, SE-ED Book Center
19. Mr. Chonlavit Iamraksakiat	Assistant Director in Strategy Analysis and Business Improvement, SE-ED Book Center

Report on changes of shares of Company's Executives, dated on December 31, 2012

Name-Last name	Number of shares		Number of shares: Increase (Decrease) during the year	Remark
	December 31, 2012	December 31, 2011		
1. Mr. Thanong Chotisorayuth	8,730,966	7,937,242	793,724	Spouse of Mrs.Montalee Chotisorayuth.
2. Mr. Viboolsak Udomvanich	372,025	1,360,555	(988,530)	
3. Mrs. Montalee Chotisorayuth	2,103,750	1,912,500	191,250	Spouse of Mr. Thanong Chotisorayuth.
4. Mrs. Karnchana Charoenwong	None	None	-	
5. Mrs. Nuchanart Kongvisaisuk	1,722,180	1,583,800	138,380	
6. Ms. Sajipat Pumpuengput	134,354	122,140	12,214	
7. Ms. Aree Sae-ung	None	None	-	
8. Mr. Wiroj Lackanaadisorn	660	600	60	
9. Mr. Apichit Suananuntapoom	89,232	81,120	8,112	
10. Mr. Ekasit Wiwattanaprasit	None	None	-	
11. Mr. Meechoke Thongsawai	110,000	100,000	10,000	
12. Ms. Daungjai Jeenanurugk	20,393	27,630	(7,237)	
13. Mr. Kriwoot Rojprasertsoot	13,420	12,200	1,220	
14. Ms. Sarida Sarajan	20,449	18,590	1,859	
15. Mrs. Kanit Promsen	289,333	263,030	26,303	
16. Mrs. Phitsamai Simasuwanrong	331,056	300,960	30,096	
17. Mrs. Srinuan Konsila	359,590	326,900	32,690	
18. Ms. Sodaros Hongron	51,920	47,200	4,720	
19. Mr. Chonlavit Iamraksakiat	3,000	None	3,000	

Scope of Duties for Managing Director : The managing director is empowered to act on behalf of all Directors in the following matters:

1. To administer Company affairs, follow objectives and obligations, including procedures and resolutions issued by the Committee and assume authority to direct all professional staff and employees. In managing Company business, the managing director is directly responsible on behalf of the Committee.
2. To hire, position, appoint, and punish professional staff and discontinue employment of staff and employees, including the promotion, or salary adjustment. This directive excludes professional staff and employees who are employed, positioned, and punished and dismissed by a Committee, or procedural regulations.
3. To determine the conditions of employment of professional staff and employees, to order or announce the procedure of administration and operation which does not obstruct the Company's regulations, the Committee's agreements, the labor law or other related laws.

4. To operate any other business following Company regulations and the Committee's agreement, including assigning operational functions to the Company's officers and employees.
5. To act and commit for endorsement of contracts permitted under license and any other contracts involving licenses with appropriate and careful consideration to prevent any violation of a licenses held by others.
6. For any business related to external sources, the managing director and authorized directors have the authority to act and commit within the scope of the authority, specified in regulation No.1, except any business in which the managing director and Authorized Directors might be in disagreement, or have some benefit from that business, or conflict with the Company or Company's subsidiaries. Conclusions should be reached when the Committee meeting includes the independent Directors. To achieve success, the managing director and the authorized Directors will assign any person as a representative to respond to that particular duty.
7. In absence or unavailability of managing directors, the deputy managing director will act on his or her behalf for general routine work and report to the managing director afterwards, other than that, the deputy managing director will request permission to proceed from the Chairman. When there is a vacancy for the position of Managing director, the acting Managing director will be selected from the list of directors or shareholders approved by the Recruitment and Remuneration Committee.
8. The approval of over-budget item beyond what has earlier been agreed upon by the Board of Directors must be presented in the meeting of Board of Directors for considerations and approvals according the Company's regulation or stipulated laws.

The Board of Director and management of the Company have qualifications in compliance with the article 68 of Public Company Limited Act (B.E. 2535) and possess no prohibited quality stipulated in the regulation of Security Exchange Commission concerning the request and permission to sell new shares. Moreover, no criminal records have been found for the past 10 years.

Nomination of the Board of Directors and Executives:

The nominations and appointments of Board of Directors and Company's executives will be proceeded as follows :

Component and Appointment of Directors According to the Company's regulations, the number of Directors will consist of no less than 5 persons and at least half of whom must have a residence in the Kingdom.

Recruitment of Directors: Method of Recruiting Individual to be nominated as Director is as Follows:

1. The Recruitment and Remuneration Committees determine the structure, size and constituents of the Board of Directors, and stipulate the quality of Directors to be replaced in terms of overall knowledge, experience, and expertise in compliance with the element and quality stated in the related laws/regulations.
2. The Recruitment and Remuneration Committees determine the method of nominating qualified candidates, including the procedure of nominating the qualified candidates in advanced from the minor shareholders. Shareholders can submit the name of a qualified candidate in advance from September 30 -December 31 in the year 2012. Shareholders will receive information from Stock Exchange of Thailand, the investor relation website of the company, and other investors' websites on which a nomination form will be available.

3. The Recruitment and Remuneration Committees begin the search and consider the name of suitable candidates for Directors.
4. The Recruitment and Remuneration Committees select the best candidate to be Directors and the recruitment result and nominate the name of the person who is judged as the best candidate to be the Company's Director, together with the reasons and propose to the Board of Directors through the Company's secretary.
5. The Board of Directors considers the selection of suitable candidates who possess the right quality as proposed by the Recruitment and Remuneration Committee and present the candidate in the shareholder's meeting for consideration.

Election of Directors in Annual General Meeting

As for the Directors' vote, the shareholder's meeting will elect Directors, whereby each shareholder has an equal voting right of 1 share per vote.

In voting for the Directors, the vote to elect a Director must be voted one Director at a time.

Persons who receive the maximum number of votes that are ranged according to the order of each candidates' score received from the vote will be elected as Directors, with the number of Directors equal to the number of Directors needed at the time of election. If too many candidates receive equal votes, they will draw for the raffle ticket to determine final selection.

At general annual meetings, one-third of Directors will be retired. If the number of Directors cannot be divided into three equal parts, the number of retirements may be calculated to the nearest one-third.

Directors are not allowed to operate in any other business, or to become partners or shareholders in another company that operates in the same business and compete with the Company, unless they have informed in the shareholders' meeting prior to the appointment.

Directors must inform the Company immediately if he or she benefits from the contract signed with the Company, or from their decrement and increment of bonds and shares of the Company and affiliates companies.

The signatures of 2 out of 3 Directors, who have been appointed and approved at the meeting of Board of Directors, together with the stamp of the Company's seal of approval, are thus resulted in a legal binding for the Company. The Board of Directors can identify the name of Director who will have the signing authority together with stamp of Company's seal of approval for any Company's legal binding documents.

Recruitment of Managing Director and Executives

For the position of Managing Director, the Recruitment and Remuneration Committees will select the best suitable candidate whose knowledge, ability, experience, and understanding of the book business are essential. Moreover, the candidate must manage to achieve objective or the Board of Directors pre-determined goal, whereby the Recruitment and Remuneration Committees will propose to the Board of Directors for appointment.

For executive positions from the position of Deputy Managing Director to department directors, the management will be responsible for recruitment consideration of the most suitable person according to the Human Resource management regulation, and report to the Board of Directors to acknowledge, except when there is an appointment of head of the Internal Audit team, it must first be approved by the Audit Committees.

Directors Representing Main Shareholders as at December 31, 2012 the Company has 2 Directors who represent the main shareholders, 2 Directors are representatives from GMM Grammy Public Company Limited.

Remuneration for Executives

The remuneration for Directors of the board and managing director, the Board of Directors has appointed the Recruitment and Remuneration Committee to consider the appropriateness and responsibility of each director and managing director, circumstance, economic environment, and relative compliance with other business within a similar industry. Moreover, the Recruitment and Remuneration Committee had proposed the remuneration policy and guidelines for considering the remuneration rate for each committee and propose to the general shareholders' meeting to review and approve annually. However, the compensation

of the Director of the Board of Directors, Sub-committee to the board has already been approved at the shareholder's general meeting.

(1) Compensation for the Company's Directors The resolution from shareholders' general meeting number 1/2012, dated Thursday April 26, 2012, has approved the compensation for directors as in the following details:

The salary compensation (same as in 2011) consists of

- Chairman of the Board: 15,000 Baht per month.
- Independent Director and Director: 10,000 Baht per month.

Meeting allowances are only for those directors who attend the meeting. However, in the Board of Directors or Sub-committee of the Board of Directors meeting, the Sub-committee may decide not to receive the allowance in a particular meeting, which depends upon the judgment and collective decision of the Sub-committee.

- Allowance for Chairman of the Board for each director: 20,000 Baht per meeting.
- Allowance for the Board of Directors for each director: 10,000 Baht per meeting.
- Allowance for Sub-committee to the Board of Directors
 - Chairperson of each Sub-committee 10,000 Baht per meeting.
 - Each Sub-committee member 7,000 Baht per meeting.

The Annual General Shareholder's Meeting 1/2012 approved the lump sum retirement payment for 2012 is no more than THB 5,000,000 by assigning the Recruitment and Remuneration Committees considered suitable payment allocation, and report to shareholders in the following year of the shareholders' meeting. The meeting of Recruitment and Remuneration Committees 2/2013 dated February 20, 2013 approved the allocation of lump sum retirement payment for 2012 by the amount of THB 3,656,711, which is less than the approved sum, from the AGM and less than director's remuneration fee for 2011.

Remuneration for Board of Directors consisting of 13 persons as of year 2012 is in the following:

(Unit : Baht)

Name of Directors	Position	Remuneration as of position and meeting allowance 2012				Remuneration from position-paid 2011	Total
		The Board of Directors	The Audit Committee	The Recruitment and Remuneration Committees	Emoluments		
1. Mr. Somboon Chinsawananon	Chairman of the Board and Independent Director	100,000	-	10,000	180,000	464,000	754,000
2. Mr. Saroch Lamlerprasertkul	Chairman of Audit Committee and Vice-Chairman of the Board of Directors and Independent Director	50,000	50,000	-	120,000	351,000	571,000
3. Mr. Pravitt Tantiwasinchai	Audit Committee and Independent Director	50,000	35,000	-	120,000	328,000	533,000
4. Mr. Kachen Benjakul	Audit Committee and Independent Director	50,000	35,000	-	120,000	328,000	533,000
5. Mr. Vorasit Pokachaiyapat	Director and Independent Director	50,000	-	7,000	120,000	281,000	458,000
6. Mr. Phairat Sittakul	Director	40,000	-	-	120,000	281,000	441,000
7. Mr. Wattana Chiengkul	Director and Authorized Director to sign for and bind the Company	50,000	-	7,000	120,000	281,000	458,000
8. Assoc. Prof. Yuen Poovarawan	Director	50,000	-	-	120,000	281,000	451,000
9. Mr. Yongsak Ekprachyasakul	Director	50,000	-	-	120,000	281,000	451,000
10. Mr. Suwat Dumrongchaitham	Director	40,000	-	-	120,000	281,000	441,000
11. Mr. Thanong Chotisrayuth	Director, Managing Director and Authorized Director to sign for and bind the Company	50,000	-	-	120,000	281,000	451,000
12. Mr. Viboolsak Udomvanich	Director, Deputy Managing Director, Authorized Director to sign for and bind the Company and Company's Secretary	50,000	-	-	120,000	281,000	451,000
13. Mr. Pongsak Sivapatrakumpol*	Director, Deputy Managing Director and Authorized Director to sign for and bind the Company	30,000	-	-	40,000	281,000	351,000
Total		660,000	120,000	24,000	1,540,000	4,000,000	6,344,000

Remark * In the board of directors' meeting no.1/2012 on Wednesday, February 22, 2012, the directors were informed of the directors who retired by rotation, Mr.Pongsak Siwapatarakumpol. The retirement is effective on the Annual General Shareholders Meeting 2012 on April 26, 2012.

Comparison Chart of the Directors' Compensation year 2012, 2011, and 2010

(Unit : Baht)

Compensation	2012		2011		2010	
	Number	Amount	Number	Amount	Number	Amount
Gratuity of retirement fund (Paid)	13	4,000,000	14 ⁽³⁾	4,000,000	13	3,420,000
Director's compensation	13 ⁽⁴⁾	2,344,000	13	2,274,000	14 ⁽³⁾	2,284,000
Total		6,344,000		6,274,000		5,704,000
Compensation per director per year		488,000		482,615		438,769
Budget for directors' compensation was approved by service business group shareholders. ⁽¹⁾		9,369,396		N/A		7,024,431
Average compensation of media and printing industry ⁽²⁾		N/A		523,426		495,072

Remark (1) Information about Compensation for directors and executives, average compensation of directors within the same industry are from the survey conducted by Stock Exchange of Thailand

(2) Information on directors and executives compensation, average directors compensation within the same industry has been surveyed by Institute of Director Thailand.

(3) In the board of directors' meeting no.4/2010 on Wednesday, November 10, 2010, the committee acknowledged the resignation of Mr. Sumeth Damrongchaitam and appointed Mr. Suwat Damrongchaitan as the replacement.

(4) In the board of directors' meeting no.1/2012 on Wednesday, February 22, 2012, the directors were informed of the directors who retired by rotation, Mr.Pongsak Siwapatarakampol. The retirement is effective on the Annual General Shareholders Meeting 2012 on April 26, 2012.

(2) Executives' Compensation

The Recruitment and Remuneration Committee will be a group to assess the performance of managing director and also consider the determination of compensation for managing director according to the said criteria. For the result of managing director' assessment, the Recruitment and Remuneration committee will be submitted to the Board of Directors to acknowledge and approve.

For the Compensation of top executives, the Recruitment and Remuneration Committee will determine the criteria and structure of executives compensation, which will consider them according to the principle and policy specified by the Board of Directors and also in accordance with the Company performance as well as the performance of each director. The managing director will be the person to consider the appropriateness in identifying the compensation of each individual staff and also the annual pay-rise of salary for high executives, and report all the reasonable compensation increase to the Board of Directors for later acknowledgment.

Remuneration for Management Directors and Management Executives for the first 4 executives next to the position of Managing Director and every executive in the same level as fourth management executive in total of 6 executives (in exclusion of the director of financial division and the director of accounting division) which can be illustrated in the table below. Table show the remuneration of management as defined by SEC in total of 6 individual (not include Finance Director, Accounting Director)

Items	Cash Remuneration 2012	
	Amount	Total (Baht)
Salary	6	19,223,484
Bonus	6	8,300,894
Other Remunerations :-		
- Contributions for the Provident Fund	6	837,544
- Other	6	501,000
Total		28,862,922

Dividend Payment Policy

Dividend Payment Policy of the Company

The Company declared a policy to pay dividend no less than 50% of the net profit after the deduction of the corporate income tax based on the separate financial statements by proposing that the dividends be paid on an annual basis the year following the Annual General Shareholders' Meeting, except the interim dividends payment. The Board of Directors has legal right to approve the dividends payment and reports to the shareholders to acknowledge in the following Shareholders' meeting.

Dividend Payment Policy of the Subsidiary (Plearn Patt Co., Ltd.)

The Company can pay dividend payment from the subsidiary when the Company withholds the capital reserve of no less than 5% of the annual total profit, deducted by the accumulated deficit (if any) until the reserve capital is accounted for no less than 10% of the registered capital. The Company may not pay dividends from other sources except for the profit money. In case the Company has an accumulated deficit, the Company may not pay dividends. The dividends will be divided by the numbers of shares evenly. However, the committee may pay occasional interim dividends if the profit amount is sufficient to appropriately do so and the committee will report it in the coming meeting. The dividend can be paid within one month from the shareholders' meeting date on the date of the committee's approval.

In addition, according to the Bill of Private Schools B.E. 2007 Section 45, the annual profits from the operation of schools in the system can be allocated by the committee as follows:

1. Schools in the system which are supported by the government allocate no more than 3% of the profit to the system's school support fund assigned by the committee.
2. No less than 10% of the profit is allocated to the capital reserve
3. No more than 40% of the profit is allocated to the licensee
4. In case there are other funds, the profit may be located to such funds. In case of no other funds available, the remaining profits may be allocated to the capital reserve

Recruitment and Remuneration Committee's Report

The board of directors of SE-EDUCATION Public Company Limited has appointed the recruitment and remuneration committee members consisting of 3 individuals: Mr. Somboon Chinsawananon, an independent board member, who is the Chairman of the committee, Mr. Vorasit Pokachaiyapat, an independent board member, and Mr. Wattama Chiengkul a non-executive board member. In 2012, the recruitment and remuneration committee members held 2 meetings.

The recruitment and remuneration committee has within its authority and capacity, duty and responsibility, as delegated by the board of directors which constitutes the task of setting procedures for recruitment of directors, managing director and also arrange a succession plan, as well as decisions on remuneration policy for management and employees.

On the recruitment of directors and executives, the recruitment and remuneration committee has proceeded to search and recruit suitable candidates in accordance with the criteria set by the board of directors and does not violate the regulations stipulated by supervisory authority. In 2012, the recruitment and remuneration committee presented the re-appointment of retiring directors to the consideration of the board of directors. Moreover, the committee provided a channel for minority shareholders to submit names of qualified persons for directorship to be considered by the committee.

In setting the remuneration for the board of directors, the executives, and employees, details of which have been declared in the annual report, the committee has considered the remuneration that is commensurate with their responsibility, skills, performance and taken into account the economic conditions and peer factors.

The recruitment and remuneration committee reported the details of the meeting after every meeting to the Board of Directors. In 2012, the committee acted with circumspection, prudence, and independence for the maximum benefit of the stakeholders.



(Mr. Somboon Chinsawananon)

Chairman of recruitment and remuneration committee

March 18, 2013

Audit Committee's Report



The Board of Directors of SE-EDUCATION Public Company Limited resolved in the appointment of the Company's Audit Committee which consists of three individuals -Mr. Saroch Lamlertprasertkul as the Committee Chairman; Mr. Pravit Tantiwasinchai, and Mr. Kachen Benjakul as the Committee members and Mr. Chonlavit Iamraksakiat as the secretary to the Audit Committee. Each member in the Committee possesses the qualifications required by the Office of Securities and Exchange Commission and the Stock Exchange of Thailand.

In 2012, the Audit committee held 6 meetings. Every audit committee members attended the meetings. Moreover, The Audit committee also held 1 internal meeting among committee members, independent members, and higher executives involving in accounting, finance, internal audit, in absence of management directors, but, they were well-informed and acknowledged the issues discussed in the meeting.

Audit Committee has performed the duty independently, within a certain authority and capacity limit, required by the Charter of Audit Committees, and assigned by the Board of Directors with the cooperation of all parties involved. The Audit committee understands the significance of internal audit, risk management, good corporate governance to ensure sufficient internal control, adequate and acceptable level of risk management, proper supervision, as well as proper and trustworthy financial report. The Audit Committee had a discussion with the board of management, top executives, internal auditors and auditors every quarter. The works of the Committee in the year 2012 can be summarized as follow:

1. Review annual financial report for year 2012 : The Audit committee has reviewed financial statements on a quarterly basis and annual financial reports for the year 2012 of the Company and its subsidiary prior to submitting the document This includes a proper, timely release of financial information, through cooperative meeting among accounting audit, management, accounting department, and internal audit department in considering the consolidated financial statement on quarterly basis and annual financial report to enquire upon complete, correct practice of generally accepted accounting principle, the selection of accounting policy, and proper openness, including the utilizing the observation suggestions from accounting auditor to improve and correct the preparation of the Company's financial statement. The audit committee agreed with accounting auditors that the Company's financial statement is in accordance with General Accepted Accounting Principles and has disclosed the information accurately and adequately.

2. Supervision of Good Corporate Governance : The Audit Committee realized the importance of good governance and reviewed the good governance policy of the Company annually. The Committee also encouraged executives and employees to adopt the principle of good governance until it became the culture of the organization. The business is operated on the moral value, transparency and social responsibility. As a result the Company was evaluated excellent in Corporate Good Governance for five consecutive years (2008 -2012) by Institution of Directors (IOD). The Company also received SET Award of Honor in Corporate Governance Report for the second time from SET Awards 2012 organized by Stock Exchange of Thailand in corporation with Money and Banking Journal. This award was granted to the Company for having received the good corporate governance award for 4 consecutive years.

3. Review of risk management : In overseeing the risk management, the Committee continued to ensure that the Company and its subsidiary's risk was at an acceptable level. The Committee reviewed the Company's risk management plan and acknowledged the report of the risk management practices, periodically. The audit committees agreed that the Company has risk management at an acceptable level.

4. Review of abiding of Security and Exchange laws, as well as the regulations stipulated by Stock Exchange of Thailand, and also other related laws related to the Company such as Revenue Code, and Public Company Act : The Audit Committee had reviewed to ensure that law and related regulations of stock exchange of Thailand and other concerned business units are properly abided. Based on the audit committees' opinion, there was no essential issue related to the issue of violation of laws and regulations stipulated by Stock Exchange of Thailand and other related Government supervision agencies.

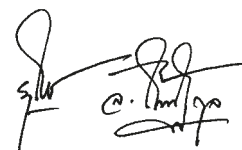
5. Review and provide opinions toward related items and items that may post a possible conflict of interest which includes the afore-mentioned information disclosure : The audit committees agreed that the Company has disclosed information completely and correctly as said in the regulations of Securities and Exchange of Thailand, and the items are ordinary items that are appropriate and beneficial to the Company.

6. Review of internal audit control assessment and internal audit : The Committee had reviewed the Company's internal audit control to ensure that the it is properly conducted and sufficiently effective for the usage of resources and business operation. The Audit Committee was reported the operation of the internal audit department in every quarter and gave advice for improvement as well as following up on the areas that need to be developed. The Audit Committee reviewed the audit plan of 2013 and realized there could be risks affected the operation and financial status of the Company. The Committee also emphasized the internal audit as a mean to enhance the business performance, increase revenues and decrease operation cost.

7. Select and submit for appointment of auditor : The Audit Committee performed the selection of the auditor. The Committee took into consideration the auditor's state of independence, knowledge, ability, auditing experience, auditing staff and appropriate compensation rate to be presented to the Board of Directors for the request of final approval during the Shareholders' meeting - number 1/2013, dated 20 February 2013 - by which date the decision was made with regard to the appointment of the Accounting auditor. The Accounting Audit was granted to SAM NAK-KGAN Ernst & Young Co., Ltd. for the year 2013.

The Audit Committee had performed the required duties in accordance with regulations stipulated by authority. Their performance was careful and sufficiently independent. They received good corporations from the management team, employees and all related parties. The Audit Committee agreed that the Company's directors, managing directors and all employees emphasized on operating effectively, productively, transparently, and reliably under the principle of good corporate governance to provide confidence for shareholders, investors and all related parties.

On behalf of Audit Committee



(Mr. Saroch Lamlerprasertkul)

Chairman of the Audit Committee

March 18, 2013

Risk Factors



Directors and executives of SE-EDUCATION Public Co., Ltd. are well aware of their responsibility in operating the business with good governance. In order to maximize the benefits for the Company's shareholders, they also have to manage risks in the business systematically and continuously so that risk factors such as operation risk, business risk, financial risk, production risk, will remain at an acceptable level.

Directors and executives of the Company appointed Audit Committee to supervise on the risk management and make sure that the management follows the policy and reports directly to the Company's directors so that the Company's risk management is properly controlled. However, there could be some risk factors affecting the Company and stakeholders as follows:

Operation Risk

- **Risk from problems in key operation ground :**

- **Warehouse** Most products sold in SE-ED Book Centers and distributed to other bookstores are delivered from the Company's warehouse. The warehouse is, therefore, a very important factor in business operation. In 2012, the Company started the construction of a new distribution center and warehouse that will be in operation by the end of 2013, which will help to reduce the risk from warehouse rental.
- **Plearnpattana School Buildings** is a vital factor in the operation of the subsidiary company.

In case of natural disasters, accidents or other uncontrollable events on the Company's warehouse or Plearnpattana school buildings, the business operation of the Company and its subsidiary may be unavoidably affected.

However, the Company has sought to insure all the assets and products and consistently adjust the insurance coverage to be in line with the asset value. The Company also sets up a security measure to reduce unexpected risks from disasters which might occur at the warehouse and Plearnpattana school buildings.

In addition, in case there is an error in the warehouse's system, the Company is in the process of developing a back-up system that will allow the warehouse to operate temporarily and still be able to deliver products from publishers and suppliers to the branches across the country.

- **Risk from Fire, Flood and Other Natural Disasters** Being in the publishing business, the Company's assets and products can be easily damaged and broken from various causes, which can potentially harm the business operation of the Company. Even though the Company and its subsidiary have adequate insurance coverage, the Company has always improved the precautionary measures against such dangers.

In order to reduce a risk from such circumstances, the Company has prepared a clear action plan. First of all, the Company provided trainings for employees and a detailed guideline about an action plan, a fire prevention measure and responsibilities of each employee and department in case of a threat. There were also trainings about how to use fire extinguishers and how to maintain electrical appliances to prevent an accident from a short circuit. The Company also did a research and developed a flood prevention plan.

So far the Company purchased water pumps, determined the sandbag lines and where to build a brick wall and the appropriate locations to store products. The Company also had a long-term international standard fire prevention plan for the new warehouse.

- **Risk from product loss :** As the Company operates a retail bookstore business with over four hundred branches nationwide, it has been dealing with the loss of products from theft and other causes in the similar manner to what other retail businesses have encountered.

The Company realizes the importance of establishing a proper product loss and prevention effort. The Closed-Circuit Tele-Visions (CCTV) have gradually been installed since the end of fourth quarter in 2006, and later completed the installation in all branches in the middle of 2007. The Company also established a Loss Prevention Department (LPD) to address the issue and set up measures to prevent the book loss specifically. This results in the significant reduction of product loss at the storefronts from 1.4% in 2006 to 0.30% from the sales volume of 2012. Moreover, along with the use of CCTV, the Company has installed the electronic article surveillance system in the branches prone to thefts

- **Risk from errors or malfunctions in computer and information technology system :** The Company and its subsidiary installed the computer and information technology system for all operation points such as the storefront selling system, distribution management system, purchasing system, and accounting and financial system. The computer and information technology system is regarded as crucial to supporting effective company operation. Therefore, errors and malfunctions of the system may have an effect over the Company's management.

Therefore, to reduce the impact of such computer and technology system errors and malfunctions at the branches, warehouse, head office and subsidiary company, the Company and its subsidiary has set up a protection and back-up system at the generally accepted standard. The Company also sets up a preparation and back-up plan for any circumstances. This includes the regular trainings in case of an unexpected event.

In addition, the Company and its subsidiary have developed a complete system with "high availability" to support an ever increasing sales transaction, provide a virus protection system and handle a greater number of visitors to the Company's website. However, the fast-changing technology pushed the Company to continuously develop its entire networking system in order to maintain its stability and ability to support the new business expansion. In 2012, the Company changed its network system from MPLS (128/128kbps) (Multiprotocol Label Switching) to ADSL(1024/512kbps) (Asymmetric Digital Subscriber Line) to increase the networking system efficiency.

- **Risk in shortage of specialists :** Experts in the fields and specialized personnel are the most important resource of the Company's operations including the production of academic books and magazines. It is vital to search for specialist teachers who can provide knowledge for students effectively and experts who can create useful works for the Company and its subsidiary's businesses which are mostly pioneer businesses.

The Company and its subsidiary have to endure the economic crisis as well as the problem of high fuel price and inflation that results in higher cost of living problem which the Company's staff has to deal with, particularly foods and travel expenses.

From the above-mentioned problems, the management of the Company and its subsidiary realized that they had to provide support for the staff that is the most important resource. The management then organized a meeting to find a solution to alleviate the effect from continuously rising inflation for the staff so that they can continue their works for the Company and its subsidiary. The Company and its subsidiary then reviewed

and adjusted the compensation structure that includes living expenses and maintenance allowance. The Company also provides annual health check-up, health insurance, accident insurance and other coverage to be at a sufficient level. The objective is to create stability for the employees and their families while supporting them throughout the state of higher living cost so that they can compete in the labor market.

Besides, the Company and its subsidiary determine to recruit potential employees to support the future growth while continue to develop the staff's academic knowledge, mental stability and provide opportunities for the employees to grow along with the Company and its subsidiary. The culture of organization is also developed to improve the employees' skills and allow them to work more comfortably.

- **Risk from renting an estate for the operation of the subsidiary company :** At present the Company's subsidiary, Plearnpattana School, is operating on Buddhamonthon 2 Road in the area of over 32,000 square meters (20 Rai). The estate is rented from the shareholder of the subsidiary under two contracts of 30-year term and worth 10 Million Baht. It is agreed in the contracts that the lessor will not sell the estate to any person without a consent from the subsidiary company. If the lessor absolutely needs to sell the estate without any alternative measure, the lessor agrees to offer the estate to the subsidiary at the same price the lessor offers to the outside party. If the subsidiary company does not accept the offer in 60 days from the date of the offer, the lessor can sell the estate to the outside party. Nonetheless, the subsidiary company is reviewing the terms and conditions in order to sign an additional contract regarding the rental of the estate in order to reduce any possible risk.

Business Risk

- **Risk from products being outdated, damaged or superseded by other media :** At present the book business has grown significantly. There are more newly released books, resulting in the competition for the limited selling space, causing a rising rate of returned books. It is more difficult to find a sale channel for returned books while damaged books also increase in number. The Company then set up an order guideline for customers and appropriate credits for purchasing orders. Special promotions and efforts are also put in place to release outdated or damaged products. Moreover, the computer technology has been developed very quickly. The sales duration of computer books in which the Company is one of the leaders, is shorter than before. Electronics media has begun to replace books in some categories and some applications. The Company has adjusted the production policy to publish books with long life cycle at a higher proportion. At the same time, the Company still publishes computers, tools and new equipment manuals but will select only top products in the market. In addition, the Company has set up special sales channels to sell slow-moving books as well as the Company websites, www.se-ed.com and m.se-ed.com, which serve to inform customers of new books released and trendy books at particular times faster.

Although electronic media has been rapidly developed and the market of "e-Book" and "e-Book Reader" has opened, the Company still believes that the market will take a considerable time to change the majority of Thais behavior who are not used to reading through electronic media to that point that it is strong enough to effect the book business in significant way. When the time for such a trend arrives, the Company is certain that it will be able to adapt to the trend very quickly, due to a certain level of supporting structure the Company already has in place. In 2012, the Company started the e-Books service while still continue to develop the computer and IT system to increase efficiency and safety in e-Book purchasing.

- **Risk in distribution channels :** Currently, a change in technology happens very fast. The competition in retail business is increasing. There is a competition to offer customers more choices,

causing the consumer behavior to change all the time. The Company must make certain that all Company's available market channels are adequate enough to facilitate the market behavior and the customer's needs at all times, and great enough, while allowing channel development to serve the changes on a timely basis.

In the past, the Company has diversified risks of distribution channels through several channels apart from existing traditional bookstores, by opening up its own bookstores called "SE-ED Book Center" and network stores in the leading department stores, supercenters, local shopping centers, IT centers, higher educational institutes, both in Bangkok and other provinces. SE-ED Book Center has the shared income of 85% of the 2012 total revenue. In addition, the Company opened a book outlet as a mean to manage outdated or damaged products.

In opening up new bookstore branches, the Company has the policy to improve branches periodically to best suit and serve the market in each locality, to prepare for greater competition at all times. The Company also diversifies risk by not attaching itself or opening the bookstores in only one particular group of shopping centers. But it seeks to open stores through several different shopping center owners. Several big branches are under a long-term leasing contract ensure sales stability in each location. Therefore, if any department stores or supercenters encounter problems or cannot operate for any reasons, or changing the leasing policy, the Company's income will not be significantly affected.

The Company has acquired all the assets and products insurance to reduce an unexpected risk that might occur.

In addition, the Company has developed the distribution channel through the Company's website called www.se-ed.com to support the sales of books and products in the e-Commerce system. Additionally, the Company has launched its mobile website, m.se-ed.com, for mobile devices such as smart phones or tablets to allow customers more convenient alternatives to book shopping and finding a greater varieties and numbers of book titles. The Company expects that such channel will bring in a larger revenue pool for the Company in the future as the result of dramatically growing internet usage from general public. The new channel will also aid the increasing ebook trade in the future.

• **Risk from economic recession affecting the growth of advertising industry:** Risk from economic recession is affecting the growth of the advertising industry and may actually affect the total revenue of the Company as magazines published by the Company generate its main revenue from advertisements. The Company is aware of the problem and seeks to develop new publications that focus on specific contents for specific market. In 2012, the Company has developed a digital magazine, website www.se-edmag.com to open up a new market because of the convenience in accessing the contents via electronic and mobile equipments. The chance of higher revenue in advertising will also increase as a result. In addition the Company has a policy of securing long-term advertising contracts with clients and employ the sales promotion strategy by stressing special promotion as an incentive for customers to invest in advertising with the Company, such as deployment of barter system for product-in-exchange-of-advertising to expand customer base and support the business growth and reduce the effect of risk from media advertising industry which may periodically slowdown. Moreover, the company also made additional revenues from organizing seminars, selling IT products, selling online advertisements on www.thailandindustry.com and in digital magazines to compensate the missing revenue.

• **Risk from reselling censored and pirated books :** As some of the products such as, CDs or other publications may be stipulated and restricted by laws, some products must first obtain a permission before sales and some are directly related to the copyright. This causes the Company to be relatively cautious

towards the production and acceptance of product distribution both for retail and wholesale market, so as to avoid any illegal practice, any violation of others' copyrights, any arising conflicts that may lead to court cases and any possibility of protests.

The Company's editorial staff has to select the original manuscripts more carefully and cautiously in order to avoid the problem of copyright infringement. Besides, the Company has specified in the contract with authors or manuscript owners that they have confirmed that their works or products belong to them and did not infringe upon any copyright and will fully compensate all damages incurred to the Company if the copyright infringement occurs. This will reduce the probability of any damages caused by this problem.

The Company has a policy to completely object the sales of copyright-violated products and has organized trainings for authors and general public to understand and be more aware of the laws regarding copyright infringement.

However, very few problems occur and the affected value is not significant.

- **Risk from printing industry :** As the Company has not invested in printers, the Company has no risk in this aspect and does not adversely suffer from price war in the printing industry. The Company chooses several printers to support productions so that the Company can control expenses properly to the competitive printing price offer all the time and can fix the production time duration definitely.

Financial Risk

- **Risk from providing credits :** The Company still faces a risk in giving credits to trade debtors. However, the Company sets a policy to properly limit the credit and establish a system that can consistently follow up on debts from debtors. The Company revises the credit limit for debtors every year in order to change the limit to be at an appropriate level and in line with the current economic situation. The Company has a policy of giving a credit carefully and shares the debts among debtors. The Company also considers the case of possible debt loss appropriately. It is then believed that the risk from debt loss is at a low level.

- **Risk from foreign currency exchange :** As the Company has signed the agreement to be the sole distributor for all Oxford University Press (OUP) English Language Teaching (ELT) books in Thailand and also holds the right to sell in the territory of Cambodia, Laos, Myanmar, and Indonesia in the effort to push forward the English language education in Thailand as well as the neighboring countries, resulting in problem of currency fluctuation caused by the purchase of books in foreign currency. Thus, to minimize the risk at the acceptable and optimal level, the Company has the policy to carefully select contracts to be committed to in order to prevent risks from the exchange rate.

Production Risk

- **Risk from raw materials and product deficiency :** Paper is the important raw material in book production and price has changed variously according to market demand and production quantity all the time. But the books published by the Company have target group with purchasing power and are well educated enough for the Company to use the policy to set price in accordance with the real cost in that period, and this does not cause a considerable impact to the Company.

As the Company has the major revenue in being a publisher, a distributor, and a retailer, the Company tries at best to maintain the role as respectable neutral element who sells books for every publisher which is in demand by the market, and the Company business policy is determined on the basis of good

ethical standard in business practices. The Company has its duty to adhere to the ethical standard of business conduct. The cause of trouble or injustice occurring from the Company business conducts aiming towards any interest groups will not be tolerated. Owing to this, the Company has evidently long been supported by most suppliers in book industry, and it also makes the Company less dependent on the revenue from one particular supplier.

Corruption Risk

• **Risk from corruption Risk from corruption of branch employees, warehouse employees and headquarter employees :** The Company has installed security cameras at the warehouse and store branches and employed security guards to check employees and visitors of the warehouse to prevent them from stealing books from the warehouse. In addition, the Company has installed Electromagnetic poles at the store branches with high loss percentage. In the long term, the Company has planned to install more poles at every risk branches as well as increase its security measure to prevent and control internal corruption. The Company has also set up Loss Prevention Department or LPD to apply necessary measures to stop corruption of employees at store branches. Additionally, the Company's Internal Audit and Investor Relation Department has a responsibility to investigate, control and prevent corruptions in every operation level. The department also draws up measures to prevent employees, executive staff and members of the Board of Directors to use internal information for personal benefits. The Company has ensured that the approval of every expenses, investments, and purchases has been processed according to the guideline of the policy of the Board of Directors. In addition, every new employee will be informed of the guideline, rules and regulations of the Company's operation as stated in the Company's Ethic and Business Conducts Guideline.

• **Risk from loss of office supply :** The Company has improved the issue system of materials and office supply by printing the issue document with the remaining inventory record from the central system for employees' review. The Company also uses the barcode system in controlling the stock of office supply and improving the asset transfer process between departments or employees within the same department. The asset return system is also improved to be more concise and efficient in order to prevent asset loss.

• **Risk from access to information in order to destroy or corruption purpose :** The Company has implemented a measure to control information access by allowing employees to access the information that is relevant to their work only. At present, the Company is in the process of documentation and collecting the details from main users of the system so that supervisors in each department can review and control the information access of their subordinates.

Good Corporate Governance



The Company stresses the importance of the good corporate governance and establishes the good governance process in a consistent manner. The Company training all staffs to be consciously aware of business ethic in treating customers, trading partners, competitors, society, colleagues with virtue, transparency, as role models, social responsibility, honesty, equality, rights; and right of staffs, Directors, shareholders, trading partners until it turns into the Company cultural strength, which has long been practiced ever since its establishment 38 years ago. “SE-ED seeks to do business the areas that promote education in the fields necessary to the development of the nation. It operates the business that will make **“Smarter Thais”** by developing a sustainable business with a continuous earning growth at the above the industry average, being a role-model company that can create work result deems beneficial and accepted by society at large with happy staffs, and able to deliver and maintain an attractive long-term investment returns at the satisfactory level.”

Therefore, this organization’s culture is the Company’s strength, making the Good Corporate Governance practice to succeed much easier, faster, and more substantially. When the Stock Exchange of Thailand suggested the 15 points of principles, which later had been changed to 5 categories, for good corporate governance as general guidelines to the listed companies, the Company can adjust to build relationships with the Company’s operation without much effort.

The Board of Directors has appointed the Audit Committees who are instrumental and a driving force in auditing all Company’s operations and administration up to the acceptable standard and in the right direction, by revising all policies in relation to Good Corporate Governance and ethical code book to suit the environment and being abreast of the times. This also includes the duty of reviewing the policy on Corporate Good Governance and regularly report to the Board of Directors with regards to the action taken to meet the stated policy as mentioned in Corporate Good Governance policy.

The Board of Directors has a clearly stipulated policy concerning the employment position in other Company and number of Company that Directors, managing director, and Company’s senior executives can be employed to allow effective serving of duty. As of December 31, 2012, none of the Board of Directors member is positioned in more than 3 listed companies.

The Board of Directors and senior executive are aware of the importance of knowledge development and experience in performing of duty. 83% of Directors have already attended the training course from Thailand Institute of Directors (IOD). In addition, for every change of new Directors, the Board of Directors has provided useful documents and information for new Directors, which include business information and direction.

The Board of Directors has prepared the development and succession plan of the managing director and senior executives for the readiness in case managing director and senior executives cannot perform the duty.

In 2012, the Board of Directors has arranged to prepare report on corporate social responsibility to show the determination and intention of directors, executives, and staffs to play a part of operating in business for social.

As the company stressed the importance of developing good corporate governance, the determination to participate in business transparently has resulted in 2012 as follows:

- Received ‘SET Award of Honor’ of Corporate Governance Report (four consecutive years of Top Corporate Governance Report Awards) for the second time from the SET Awards 2012 organized by the Stock Exchange of Thailand and Money & Banking Magazine. The Company is the only listed company outside SET100 to receive this award.
- Received Investors’ Choice Award from Thai Investors Association as the Company received 100% scores from the AGM evaluation for 4 consecutive years, from 2009 – 2012. The honorable award was given to a listed company who is aware of the importance of shareholders meetings by considering the rights and equality of all shareholders. SE-ED is the only company in the publishing business that received the award.
- The Company received the evaluation of Corporate Governance Report of Thai Listed Companies 2012, 2011, 2010, 2009 and 2008 as ‘excellent’ or five stars for five consecutive years. The evaluation was from Thai Institute of Directors (IOD), the Stock Exchange of Thailand, and the Office of Securities and Exchange Commission. The Company is the only company from the publishing business category in the service industry to be evaluated ‘excellent’ for five consecutive years.
- The company was rated as “Excellent” in the 2007, 2008, 2009, 2010, 2011, and 2012 evaluation in the Annual General Meeting (AGM) of the shareholders by the Securities and Exchange Commission in cooperation with the Listed Companies Association and the Thai praised as a good example from SEC for 6 consecutive years. Among 450 listed companies that participated in this project, the Company is 1 in 74 companies that received 100 points.

From such result, it reflects the determination of the Company’s Board of Directors, executives and all the Company’s staff who see the importance of business transparency, fairness to all parties and retraceable.

Policy on Good Corporate Governance

The Board of Directors is aware of the importance of good corporate governance to increase transparency, competitiveness and confidence to the shareholders, the investors and the involved parties. So, it has prescribed in written format the policy on Good Corporate Governance and also revised and updated the policy on Good Corporate Governance and business ethics handbook that are suitable for the business environments and more international, by stipulating that the revision of Good Corporate Governance policy shall be made once a year. In 2006, the Audit Committees has prescribed additional good practice guidelines to ensure the clear direction to be used by all executives and staffs. In 2012, the Audit Committee and the Board of Directors has reviewed the principle of Corporate Good Governance that has been revised in the 10th Edition since 2001.

The Company’s definition of “Independent Director” was revised to be consistent with the Stock Exchange of Thailand’s definition. “Independent Directors Handbook” dated March 29, 2012 ensures the real independent directors’ independence, which is more strict than the loose framework in the definition of independent director announced by the Stock Exchange of Thailand.

The Board of Directors has prescribed the policy of good corporate governance as follows:

1. The Board of Directors, all management and staffs are determined to engage in practicing Good Corporate Governance in the Company and organize management structure that offers linkage between the Board of Directors, management, shareholders and stakeholders.
2. Shareholders will be treated with fairness and have their rights in access to information and available channel of communication with the Company.
3. The Board of Directors will facilitate all minority shareholders in permission to add number of minority shareholders' meeting prior to the date of shareholders' meeting, which also includes a clear guideline of practice.
4. The Board of Directors will engage in the release of business information with regards to finance and non-finance information adequately, reliably, timely, transparently, fairly to all shareholders, investors and Company's Stakeholders.
5. The Board of Directors will establish a unit in the Company to deal with shareholders, investors, auditing the business communication with good governance office.
6. The Board of Directors will promote the co-operation between the Company and the Stakeholders, and also determines the communication channel between them.
7. The Board of Directors may appoint other Committee(s) to consider the monitoring of task as suitable.
8. The Board of Directors has the role in determining the vision, mission, financial target, risk, work plan, and also monitor and control the work in accordance with the policy and plan as effectively prescribed.
9. The Board of Directors has the role in promoting the business ethics in written form and also promotes the activity that supports good ethical conduct of Directors, management, and staffs.
10. The Board of Directors will conduct the annual self-evaluation activity to create auditing framework of the Board of Directors.
11. The Board of Directors will organize a recruitment System for individuals who will be responsible for management position through transparent and sufficient process of selection.

Moreover, in 2009, the Company also prepared an English version of policy on Corporate Good Governance to inform investors. For the principle of good practices, and business ethics for Corporate Good Governance, please search and view the information from our investor website on www.se-ed.com/ir.

The Audit Committee and the Board of Directors reviewed and improved the contents in the handbook of principle of Corporate Good Governance, guidelines, ethics, and environment and social policy completely and accurately and complies to the regulations of Security and Exchange Commission and also follows the principle of Good Corporate Governance for listed company 2006 which is illustrated in 5 different sections which are:

1. Shareholders' rights
2. Equal treatment to all shareholders
3. Stakeholders' role
4. Information disclosure and transparency
5. The Board of Directors' responsibilities

The Board of Directors has requested Directors to review the works, problems, and all difficulties in the past years, by having them perform self-evaluation tasks, so that the result of evaluation can be used to analyze the director performance and use all recommendation for future improvement. Moreover, the Board of Directors has promoted and supported the Directors to develop knowledge by attending the Directors training course at the Thailand Institute of Directors (IOD) or stock exchange of Thailand or other related business units to increase knowledge and to allow chances in exchange of experience with Directors from other listed companies.

The Board of Directors is aware of the importance of promoting the duty and responsibility of Directors, executives, and staff to be in accordance with the principle of Good Corporate Governance, as stipulated by the Board of Directors. Thus, the Board of Directors has undertaken a communication of Good Corporate Governance policy and business ethics, and policies on environmental and social issues to the management and staff through communication channels in a consistent fashion.

- Employee Handbook
- Handbook "Policy for Good Corporate Governance"
- Annual staff conference
- Annual planning conference
- Company intranet system and investor relation website
- Company's e-mail.
- Company's public relation sign board

Rights of Shareholders

The Company's Board of Directors is aware of ownership rights in controlling the company through appointment of the Board of Directors to act on behalf of shareholders and maintains the right to decide on the major change of the Company's Board of Directors. Therefore, it seeks to support the shareholders to exercise their rights as bestowed upon by the stipulated basic shareholders' right which are the rights to buy-sell, or transfer stocks, sharing profit, receipt of adequate information regarding the business, and the shareholders should learn about the rule and procedure in attending the shareholders' meeting and permitting adequate information for consideration before the meeting. This also includes the opportunity to query the Directors both during the meeting or in advance submission of query request. The Company's Board of Directors is aware and put the emphasis on the importance of shareholders' right. It seeks not to infringe upon or evict the shareholders' rights.

The Board of Directors has set a schedule for an annual shareholders' meeting within 4 months from the end of accounting's year. And in case of necessity for special meetings which may arise from the needs to resolve the issue that may affect the interest of shareholders with regards to laws, regulations that must be approved by shareholders, the Board of Directors will call for an extra meeting for Shareholders.

In organizing shareholders' meeting, the Company's Board of Directors stresses the importance of shareholders' rights, beginning with the date of meetings which are not a long holiday or national holiday and appointment time for meeting should not be too early or too late in the evening and the meeting place should be held in a place where transportation is relatively convenient. Moreover, the Company proceeds to send the invitation with the details of meeting agendas, along with Directors' opinions, the details of agendas to consider the important reasons, positive and negative impact in each agenda, authorization documents in 3 formats as defined by laws, and list of independent Directors along with suggestions for proxy authorization procedures so that the shareholders can assign proxy on behalf of them to attend the meeting and declared the preparation of customs stamps to serve the proxy without charge. This includes the map of place for meeting for shareholders for at least 14 days in advance before the meeting day, a common practice since 2004, and also announced through daily newspaper for a minimum of 3 consecutive days, and 3 days before the meeting day, to allow time for shareholders of the incoming meeting. It must be noted that for the general shareholders' meeting in 2012, the Company will openly post invitation messages calling for the shareholders' meeting and also the annual report 2011 on the Company's website for at least 30 days in advance, and mail the invitation documents through the registration office 21 days in advance of meeting date.

Shareholders: Rights of Shareholder and Equal Treatment Practice

Shareholders' Meeting

In the shareholder's meeting of 2012, the Board of Directors has appointed the Company's secretary to inform the shareholders through Stock Exchange of Thailand and Company's investor relations website that the shareholders can request for additional meeting agenda, nomination of candidate for the post of managing director, as well as the advance inquiry. The Company's directors allow any inquiry to be submitted from September 30, 2011 to December 31, 2011 directly to Company's secretary, investor relation division, or through website, by proposing the meeting agenda, and name of person for the position as directors at least 3 months prior to the last date of the fiscal year. However, there was no shareholder who requested additional meeting agenda, nomination of candidate for the managerial position. For the advance inquiry, the Company has allowed the acceptance of inquiry till the day of shareholders' meeting.

The Company's board of directors and the recruitment and remuneration committee assigned the Company's secretary to submit a letter asking for an advice from the Control Unit and Good Governance Promotion Department regarding the conflict between Securities and Exchange Commission Act (B.E. 2551) section 89/28 allowing shareholders whose aggregated shares account for 5% consider matters from shareholders and in the 2006 principle of a good governance for registered companies specifying the share proportion of the person that proposes an agenda should not exceed 5%. The Control Unit advised that to allow the share proportion of the person that proposes an agenda of less than 5% may violate the law. At present there is still no clear conclusion. If the Company would like to be evaluated as being compliant to the principle of good governance, the Company should allow the minimum share proportion of the person that proposes an agenda to be less than 5%.

However, the Company's board of directors and the recruitment and remuneration committee decided to have the Company abides by the law strictly and agrees to be overlooked by the Control Unit's evaluation in the good governance about the minimum share proportion of the person that proposes an agenda of less than 5%.

In the shareholder's meeting of 2013, the Board of Directors has appointed the Company's secretary to inform the shareholders through Stock Exchange of Thailand and Company's investor relations website that the shareholders can request for addition meeting agenda, nomination of candidate for the post of managing director, as well as the advance inquiry. The Board of Directors has specified the date of request from September 30, 2012 to December 31, 2012, which can be requested directly to Company's secretary, investor relation division, or through website, by proposing the meeting agenda, and name of person for the position as Directors at least 3 months prior to the last date of the fiscal year and the Company have illustrated the principles and methods used on the website of investor relations since September 30, 2012. However, there was no shareholder who requested for additional meeting agenda, nomination of candidate for the managerial position. For the advance inquiry, the Company has allowed the acceptance of inquiry till the day of shareholders' meeting.

Delivery of meeting invitation documents

In the shareholders' meeting, the Board of Directors has placed priority to the Shareholder's right, by sending the meeting invitation letter with meeting details, objectives and reasons, along with the Committees' opinion to consider the noteworthiness of inquiry, the positive and negative effect in each period of meeting, authorization letter, and name of independent Director(s) together with advise in authorization paper that allow shareholder choices to choose someone to represent them in the Shareholder's meeting. This includes the map of the place for meeting for shareholders for at least 14 days in advance before the meeting day. This has been the Company practice since 2004, and also announced through daily newspaper for a minimum of 3 consecutive days, and 3 days before the meeting day, to allow time for alarming shareholders of the incoming meeting. It must be noted that for the general shareholders' meeting in 2012, the Company will openly post an invitation message calling for a shareholders' meeting on the Company's website over 30 days in advance, and annual report for 2011 be fully released on the website 21 days prior to the actual meeting.

Date of Shareholders' Meeting and Meeting Procedure

The Company attempted to improve the process of shareholders' meeting to ensure the suitability consistently, particularly after 2005 onward. It adheres to the principle that every shareholder should have equal opportunity in receiving the information and also equal chance for shareholders' right, including the right to voice opinion or to offer suggestions that are beneficial to the Company.

To register for the meeting, the Company will allow registration for at least 2 hours prior to the beginning of actual meeting and continue to do so until the meeting is over - a regular practice since 2005. In addition to that, the Board of Directors will also seek to serve the shareholders with the staffs and adequate number of computer. In the general shareholders' meeting 2007, the Company, for the first time, started using a barcode system for registration purposes to facilitate the shareholders, as well as an arrangement to print voting cards in each meeting agenda for every shareholder.

The Company prepared staff to serve shareholders in acquiring information and serve the query points. Moreover, a welcoming meal is organized for attended shareholders.

For those shareholders who were available to attend the meeting by themselves, the Company allowed the shareholders to authorize an independent Director for at least 1 individual or authorize the managing director or the Company's secretary to attend the meeting and vote in representation. In the general shareholders' meeting 2012, there are shareholders who request for representative authorization as:

- 3 shareholders authorized Mr. Somboon Chinsawananon, the chairman of the Board of Directors and also an Independent Director
- 19 shareholders authorized Mr. Kachen Benjakul, Audit Committee and Independent Director
- 1 shareholder authorized Mr. Vorasit Pokachaiyapat, Independent Director
- 54 shareholders authorized Mr. Viboolsak Udomvanich, Director, Deputy Managing Director, and the Company's secretary

Prior to the meeting, the Company played a DVR introducing the Company history, its annual operating results to all shareholders to learn about the Company information before the start of the meeting. There was also another video presentation about the promotion of the corporate governance related to shareholder, meetings of listed companies. Before the meeting really begins, the Chairman will explain the method of voting and counting. The counting of votes will be illustrated and the results of every step in the meeting room will also be summarized. In case the shareholders cannot attend the meeting, the Company allows the shareholder to authorize someone, independent Director(s), Managing Director, or Company's secretary representing them in the meeting. During the meeting, the Company provides adequate time and allows a fair chance for shareholders to ask questions. The Directors who are related to that question, particularly Chairman of auditor Committee, Chairman of Committee and Managing Directors, including the high-level executives in the area of accounting, finance, internal audit and accounting audit to attend the meeting at the same time to answer some of the questions in the meeting. The Chairman will moderate the meeting according to the scheduled meeting agenda. But such meeting will not allow an un-announced meeting agenda, with the total time of 2 hours and a half or more.

The Company's Board of Directors emphasizes the importance of attending the general shareholders' meeting to answer question and listen to the concerns. In the general shareholders' meeting in 2012, all 13 Directors attended the meeting which included the high-level executives for accounting, finance, internal audit, auditor and law consultant to answer variety of questions from the shareholders.

The significant agendas for shareholders' meeting are as follows

- **Operating result** : The Company has declared the details of the information about the Company's operating result, profit, revenue, expenses, and summary of operation on the chart.
- **Appointment of the Board of Directors** : The Company allows opportunity for shareholders to select the Directors of the Board of each individual, by providing biography information, education history and work experience and inform shareholders about the vision of each director before voting begin. In case of former directors being the candidate, the details of the board meeting participation will also be fully provided.
- **Auditors Appointment** : SE-ED details the name of auditors, auditor's office, remuneration, the reason for auditors selection, the past year's performance quality and Company's relationship.
- **Profit Allocation** : The Company supplies details on profit allocation and reserve funds, dividends regarding the Company's dividend payment policy as well as the registered book closing date in order to give right of receiving dividend.
- **Board of Directors' Remuneration** : The Company provides offered remuneration details which are based on policies and conditions of the Board of Directors' remuneration. Those aspects are considered by Committee regarding remuneration

In the voting, the shareholders used voting cards to vote deploying barcode systems to count vote more rapidly and efficiently. The Company will collect the voting card only in case there are shareholders who vote against or abstain from voting, but for the Board of Directors' election, to be in line with the best practice of shareholders' meeting, the Company collected the voting cards from the each of the participated shareholders and voting of Directors will be voting for each Director. Moreover, the Company has requested a law consultant to join the vote counting procedure and confirmed the result with accuracy, transparency, and in accordance with the Company's regulation. For the result of voting in each agenda, the Company immediately announced the result of the vote in each agenda of each shareholder's resolution regardless of whether the vote result shows on the outcome of agree or disagree.

After the meeting, the Board of Directors will allow chance for shareholders, analysts and general investors to answer to the inquiry, by having the Chairman, Sub-committee chairman, managing director, senior executives in accounting and finance to jointly answer. However, in replying to the inquiry, the Board of Directors will adhere to the equal opportunity to the Company's information.

After the meeting day

The Company's directors assigned the secretary to disclose resolutions and voting results from the shareholders meetings on the day after through the Stock Exchange of Thailand and the Company's website. During the shareholders meeting, the company's secretary has recorded important questions, and remarks from the meeting, counting votes and concluding resolutions. The number of votes for each agenda is clearly recorded and divided into in favor, against, and abstention. Shareholders meeting reports along with pictures and audio records will be posted on the Company's website within 14 days from the meeting date.

Equal treatment to shareholders

The Company's Board of Directors is aware of the equal and just treatment to all shareholders.

1. The Board of Director assigned the Company's secretary to announce to the shareholders through the communication channel of Stock Exchange of Thailand and investor websites for shareholders to propose meeting agenda, lists of persons to be positioned as Directors and summit questions in advance. The Board of Directors determines the time to receive the request from September 30, 2012 to December 31, 2012 of the following year, by sending requests directly to the Company's secretary, investor relation, independent Directors or via website by proposing the meeting agenda and name of the person to be positioned as Directors at least 3 months prior to the last date of the fiscal year, in which criteria of consideration is posted on the website of investor relation. The Company's secretary will propose the name as proposed by shareholders to the Recruitment and Remuneration Committee to examine the qualifications and then propose it to the Board of Directors and then to the shareholders' meeting. The Board of Directors will examine the suitability whether to add the agenda as requested by shareholders to the meeting or not based on said criteria, by allowing shareholders to propose names of candidates to be positioned as Director and propose the agenda in advance which has been a normal practice since 2006.
2. The Board of Directors proposes the name of 1 Independent Director as a choice for proxy of shareholders who holds the proxy authorization to exercise the right in the meeting and voting for each agenda. In general shareholders' meeting 2012, the Board of Directors proposed the names of 5 independent Directors.

3. The Board of Directors moderate the shareholders' meeting according to the agenda announced earlier in the meeting's invitation document, and will not add any agenda to the meeting without informing shareholders in advanced, so that the shareholders have enough chance to study the information of the operation performance to be considered in each agenda adequately and suitably.
4. The Company's Board of Directors prepares the voting cards for all agendas. The Company has used the barcode system for recording and displaying the voting result since 2006, while preparing staff to facilitate the collection of voting cards in the meeting room, which except in the case of voting to elect Directors, the staff will collect voting cards whether they be yes, no, or absentee' votes. And after the meeting, staff will collect the voting card for all agenda. Moreover, the Board of Directors arranges to have legal consultant to witness the voting count for transparency.
5. The Company's Board of Directors assigns the Company's secretary to prepare and write the meeting report accurately and completely, and then disseminate the meeting report to all shareholders through investor relation website and the Company also submitted the report to the Stock Exchange of Thailand no more than 14 days after the date of the meeting. Moreover, the Company also broadcasts audio and video of the shareholders' meeting on the investor relation website to allow interested shareholders to view the past meeting.
6. The Company determines preventive measures to tackle the use of inside information to benefit Directors by announcing to all parties concerned to be aware of role and duty to report the status of security holdings of each individual, spouse and children who hold security and whose ages are not considered sui juris and acknowledge the change in security prepared reports for each time there is a buy, sell, transfer or receive of security to the Security and Exchange Commission according to the Article 59 of Security and Exchange Commission Act. (B.E. 2535) within 3 days after the date of purchase, sell, transfer or receive the transfer of security. The Company always alerts in the meeting of Board of Directors and all management committees. Moreover, the Directors and management also acknowledges the duty and responsibility as stipulated and penalty as stated in Security and Exchange Commission Act (B.E. 2535), and the Company prohibits the management who know the inside information of the Company to not violate article 241 of the already-mentioned law, including the related regulation.
7. To prevent conflict of interest, the Board of Directors carefully supervises. When there is an item that may result in a conflict of interest, the Company seeks to stipulate the policy and procedure of the related item approval in written form, including the policy and method of supervision so that the management and related persons will not use inside information to their own benefit, as follows:

Items that may have conflict of interest : The Company's Board of Directors carefully monitor to avoid any conflict of interest that may arise and also look into the related items, by stipulating in the policy and steps of approval for each item in written notice. Moreover, the Audit Committee propose to the Company regarding the items that could cause conflict of interest. The Company's Board of Directors has been particularly careful when consideration is made, in accordance with criteria stipulated by stock exchange through the determination of price and condition as if such items are dealt with the outsiders (Arm's Length Basis) and disclose the inter-related items which are significant, item value, counterparty, reason/necessity in annual report and annual information disclosure report.

The Board of Directors approved the principles and suggestion of Securities and Exchange Commission in accordance with the Section 89/12 (1) of Securities and Exchange Act (No.4) B.E. 2551 to allow the company management to enter in to any business transaction between the Company and its subsidiaries and directors, executives or related persons in case the transactions have the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of business negotiation which is without any influences directly resulted from the company's positions of director, executive, or related person. However, the Board of Directors has assigned the Audit Committee the task to present the items which may pose a conflict of interest and any related items for the transaction over 2 Million Baht per quarter and reports it directly to the Board of Directors to acknowledge in a quarterly basis.

In the meeting of Board of Directors, should the Directors have interest in the decision, the Chairman of the Board will request for Directors to abide to the regulation and have the Director informed to the meeting and is asked not to vote or voice opinion for the matter.

Supervision on the of insider information : The monitoring of policy and measures are in written format with respect to the Good Corporate Governance and handbook for the Board of Directors which has already been discussed in the Board and Executive meeting. The top management of the Company have also been informed about the announcement of Securities and Exchange Commission which stated that the management (including the spouse and legitimate child who has not become sui juris - or, in other words, not yet 20 years of age) must report the change of stock ownership to the Securities and Exchange Commission as stipulated in the law called Securities and Exchange Commission Act B.E. 2535 in the section 59 within 3 days after the change of ownership of Securities taken place, and also report to the Company's secretary to report to the directors and related parties for acknowledgement. Moreover, the management in the meeting has also been informed about the penalty imposed upon those who violate the laws.

The Company has the policy that sets the guideline for the practice of Good Corporate Governance, ethical practices of the Board of Directors, including the regulation that prohibit the staff from taking the Company's document or information for personal use, or bring outside the Company, without asking for permission. This also includes exposure of financial documents or other related documents for outsiders, and also prohibits the trading activity within 1 month prior to public release of financial information. If done so, the act can be considered "misconduct" to the Company's rule of conducts. Should the management or staff violate such rules of conduct, the penalty can be ranged from warning, fine, work suspension, work without pay or job termination.

Role of Stakeholders

The Board of Directors: The Company has given priority to all groups, regardless of being internal vested interests such as the employees or the management of the Company or external vested interests such as trade partners, competitors, writers, translators, public servants and other involved parties. Since the Company realizes that support from vested interests can help in competitiveness and profitability of the Company, they are regarded as important to the long-term success of the Company. The Company has identified the guideline of practice in written form in the good corporate governance policy that the Board of Director supports the cooperation between the company and the stakeholders. The Company also developed an employee manual about business ethics and morality. This manual is to become the regulations and rules that need to be strictly followed by directors, executive staff and every employee. It also seeks to

determine the communication channels. Moreover, the Company will take care of stakeholders according to the relevant laws, and, by no means, act in violation of stakeholders' rights, which can be described as below.

Stakeholders	Policy Good Corporate Governance
Shareholder(s)	The Company determines to operate in the business with honesty, direct, and verifiable, by adhering to the sustainable business development, with continuous average growth that is higher than industry average. It is committed to be a role model Company and can generate satisfied return on investment in long term.
Business Partner(s)	The Company will treat all business partners with fairness and equality on the basis of mutual benefit between the two parties.
Competitor(s)	The Company will treat all competitors under the rule of laws for proper conduct of business competition and will not attempt to damage the name and goodwill of competitors by wrongful accusation.
Debtor(s)	The Company promises to strictly abide by the contracts or condition agreed.
Customer(s)	The Company determines to produce products and appropriate services at the right price and is also satisfied by customers
Staff(s)	The Company will support the working development and promote staff happiness.
Society	The Company will focus on the important of knowledge development to the children and society by strictly abided by the Company's aspiration.

In 2011 there was an announcement of Safety and Health Care in the Workplace policy, Human Rights Policy, Anti-Corruption Policy, Anti-Copyright Violation Policy and other policies that may affect all interested parties. These policies will draw a clear guideline and support the business operation that is moral, just, transparent and appropriate.

In addition, the Board of Directors also determines the communication channel with the independent Directors via postal mail or email to permit reporting channels and suggestions so that instruction on the information examination process can be made.

For the report on any illegal activity, inaccurate financial report, internal control errors or management unethical activity and staffs can be sent by:

Registered mails the Independent Directors at SE-EDUCATION Public Co., Ltd.
1858/87-90, TCIF Tower Building Floor 19th, Bangna -Trat Road,
Bangna, Bangkok, 10260

E-mail id@se-ed.com

The Directors will confidentially secure the secret report. For all complaint reports, the independent directors and audit director can directly report to the Chairman and the Board of Directors.

In 2012, there was no person with interest reporting through the communication channel with independent directors. However, the Company will publicize to all interested public to be aware of the communication channel with independent directors.

Environmental and Social responsibility can be viewed in topic “ Corporate Social Responsibility (CSR)”.

Information disclosure and transparency

The Board of Directors has a policy of the Company as a role model in operating on the basis of transparency, verifiable, adequate disclosure of information for all parties concerned, monitoring to ensure the disclosure of accurate information with trustworthiness, completeness, timeliness, and equal access of information to everyone.

The Board of Directors already disclosed the role and duty of the Board of Directors and sub-committees and number of times the Directors attended the meeting under the topic “The management” by the report of Chairman of sub-committees, report on the act of duty under the sub-committees report, and disclose the Directors and high executives compensation policy under the topic compensation.

Directors’ Report The Board of Directors is responsible for the financial statements of the Company and financial information, appeared in the annual report. The financial statements are prepared according to generally accepted accounting principles in Thailand, using the accounting policy that is suitable as practice regularly and with careful discretion together with the best projections in the preparations, including disclosure of important data adequately in the added notice section supplementing the financial statements.

The Board has provided and maintained all necessary requirement of the internal audit with effectiveness, to ascertain with rationality that the accounting records are correct, complete and sufficient to maintain the assets and to learn of any weakness so that any significant irregularity can be prevented.

The Board of Directors of SE-EDUCATION Public Co., Ltd. has appointed the Audit Committee consisting of non-management Directors to supervise the quality of the financial report and internal control, as well as the opinions of the audit Committee regarding this issue. Comments concerning this matter appear in the report of the audit Committee, already shown in the annual report.

The Board of Directors considers overall internal control of SE-EDUCATION Public Co., Ltd. to be satisfactory, and is trustworthy for the reliability of the financial statement of SE-EDUCATION Public Co., Ltd. as on December 31, 2012.

Relations with Investors The Board of Directors is aware that data concerning the Company’s finance and non-finance aspects all play certain roles in the investor’s decision-making process and vested interests. It therefore ensured that the management who has implemented matters concerning disclosure of data was complete, accurate, reliable, consistent, timely, and equal to that which the management has always given priority and upheld all along.

In disclosing important information of the Company both financial and non-financial, the Company used the Stock Exchange of Thailand as a channel. Moreover, the Company also discloses the information through the Company’s investor relation website both in Thai and English, for example, Basic information about the Company, annual report, annual information disclosure report, financial ratios, historical data on dividends payout, shareholders and investors information dissemination, and non-monetary information such as, Corporate Governance policy, public relation, weekly bestseller book ranking, 100 bestsellers books related to the previous day sales - this information is always updated on a continual basis.

The Board of Directors has set up a business unit for investor relation to support the direct communication with investors, institution, shareholders, analysts, and related governmental sector. The investors can directly contact for more information by Mr.Chonlavit Iamraksakiat at tel. 66-2739-8000 ext. 8, 66-2739-8690, fax. 66-2739-8699, or e-mail us at : ir@se-ed.com and also click on website www.se-ed.com/ir. Moreover, the investor relation has also been a member of Thai Investor Relations Club since 2006.

In 2012, the Company presented the result of business operation both in the Company's monetary information and also non-monetary information for analysts and investors through e-mail, website, and telephone that includes a consistent active participation with the Stock Exchange of Thailand, which can be summed up below:

- Institutional Investor inside/outside the country met with management 10 times
- Responses to e-mail, website, and telephone inquiries 80 times
- Travel to meet with shareholders and investors/The listed company meet the investors 1 time

Furthermore, the department of investor relation has set time duration of non-disclosure practices of information relating to the earning result to shareholders, investor, and analyst 7 days prior to the date that the Company submits the report of the earning result to the SET.

Not only the information is being disclosed, as stipulated by law of supervising body, the Company's Board of Directors also assigned the managing director, deputy managing director, accounting department director, finance department director, and Company's secretary to participate in activity of investor relation for its highest effectiveness for shareholders and investors. Moreover, the Company's Board of Directors also assigned the Audit Committee and the Company's secretary to monitor the annual operation plan, budgeting, manpower, and acknowledge the work result of investor relation divisions through Investor Relation Internal Report, which collects all data from different sources, opinions, and suggestions from questionnaires collected. At the same time, the Audit committee and Company's secretary also reported to the Board of Director on a regular basis in each quarter.

In 2012 the Investor Relation Department allowed the employees from the Investor Relation Department of other listed companies to witness the organization of the Company's Shareholders' meeting. There were exchanges of questions and answers as well as experiences in organizing shareholders' meetings. As the Company was evaluated 'excellent' and 'exemplary' with the perfect 100 scores for six consecutive years for organizing shareholders' meeting, the Company hoped to share experiences and encouraged other medium and small listed companies as well as mai (Market for Alternative Investment) listed companies to organize a shareholders' meeting up to a good standard. This activity also supported other listed companies to follow the principle of good governance.

The Board of Directors' Responsibilities

Structure of the Board of Directors

The Board of Directors consists of people who are knowledgeable, competent, skillful, experienced in business operation, and understand very well the role and duty. This makes the work more effective.

As such, the Board of Directors participates in vision, mission, strategy, target, and business plan of the Company and also monitors, follows up and assesses the result of business management and operation to be in line with objectives and business plans working effectively, according to rule, laws, and regulations of each business unit under supervision and also related governmental unit, and also according to the resolution(s) from the Shareholder's meeting to maximize the economic value added to the business and also stability to the Shareholders, while at the same time take into account of all stakeholders at best.

Moreover, the Board of Directors arrange a communication of strategy, objective, and operation result of the Company for managing director/senior executives, staff to acknowledge and understand in a corporate-wide fashion, through several mediums such as the Company's email, announcement boards,

management weekly meeting, staffs conference, where the Company organizes regular annual staffs conference. The managing director of the Company later briefed the business environment and overall views of operation performance in the past year, as well as making announcement for the direction and objectives of operation for the following year. Moreover, the Company also organized the senior executives meeting together with staff supervisors to create a joint year-plan, in order to set a direction and guidelines. Doing so allowed the plan to conform to the highest corporate direction and objective, which, in turn, led to all business operations of the Company, effectively heading towards a common goal.

For the act of duty for Directors, all the stated principles will be of honestly, directness and abiding by the rule of laws and regulations of the Company. By adhering to the principles for every business activity, all decisions and transactions made will be processed with honesty at its core.

The Board of Directors shall consider prescribing and separating the duty and responsibility between the Directors and the management clearly as the details in topic Management Structure Heading including communicating the roles, duties and responsibilities to the Directors, the management and the employees of the Company regularly.

Policy for the Company's Directors and Executives in other firms

In 2007, the Audit Committees reviewed the principle of Good Corporate Governance which has been revised for the fifth time since 2001 to be submitted to the Board of Directors to consider a policy to allow the Company's Directors to hold positions in other companies listed in the Stock Exchange of Thailand no more than 5 companies, and in 2010 there was an adjustment in the policy that only allows directors to take a position at no more than 3 listed companies in the Stock Exchange of Thailand in order to comply with the advice of Stock Exchange of Thailand. Moreover, the Company's Board of Directors stipulated that the managing director and high executives can also hold the posts of Director in other companies as seen necessary and does not affect the duty and responsibility of the Company but must be approved by the Board of Directors or Authorized person.

The Board of Directors has not determined the term of Directors and Independent Directors, since the Company's Board of Directors believes that the expertise in the book business and other matters concerned does not depend on the number of terms in the position, but the director should have the ability and time to dedicate for the Company to their best ability in coming up with strategy, creative vision, and offering consultations to business operations. The decision to select individuals for the positions in the Board of Directors is totally the shareholders' right.

Balance of Power for Non-Executive Directors The Board of Directors consists of 12 members:

- Directors that are in the management team: 2 persons
- Directors that are not in the management team: 5 persons
- Independent Directors: 5 persons

Therefore, the 5 Independent Directors which are accounted for 41.67% of all Directors are less than half of the total Directors of the Board. However, the Company's definition of an Independent Director is more strict than the definition set forth by the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand. Thus, the Stakeholders can be sure to allow these Directors to represent the shareholders independently, resulting in check and balance for management.

The Board of the Company is responsible for performing its duties according to legality, objectives and company regulations and shareholders' resolution with integrity for the Company's best interest. The

Board of the Company has an exact amount of time to be in office, which is consistent with the Company's regulations which stated that one-third of Committees who have the longest term in position must accept the resignation in each annual general meeting.

The Board of Directors has sought to prescribe the definition of the term "Independent Director" during the Board of Directors' meeting number 3/2009 which is stricter than minimum frame of definition of Independent Directors announced by the Security and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). In the Board of Directors meeting no. 3/2012, the definition of "independent director" was revised to be consistent with the definition from the Stock Exchange of Thailand, in "Independent Directors Handbook" dated March 29, 2012 as follows:

1. Holds shares not exceeding 0.5% of the total shares with voting right of the applicant, its parent company, subsidiaries, associates, major shareholders, and controlling parties of the applicant, provided that the shares held by the related parties of such independent director shall be included.
2. Is not or has never been an executive director, employee, staff, advisor who receives salary, nor controlling parties of the applicant, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of the applicant unless the foregoing status ended for at least 2 years.
3. Is not the person who has relationship by means of descent or legal registration under the status of father, mother, spouse, brother, sister or children. The prohibitive persons also include spouses of daughters and sons of management, major shareholders, controlling party or the person who is in the process of nomination to be the management or controlling party of the applicant or its subsidiary.
4. Have not or never had business relationships with the applicant, its parent company, subsidiaries, associates, major shareholders or controlling parties of the applicant in respect to holding the power which may cause an obstacle of the independent decision, including not being or never been the significant shareholder, or controlling parties of any person having business relationship with the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant unless the foregoing status ended for at least 2 years.
5. Is not or has never been the auditor of the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant, and is not the significant shareholder, controlling parties, or partner of the auditing firm which employs such auditor of the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant unless the foregoing status ended for at least 2 years.
6. Is not or has never been the professional service provider, including but not limited to legal service or financial advisor and received a service fee more than 2 Million per year from the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties, and is not the significant shareholder, controlling parties, or partner of the above mentioned service firms unless the foregoing status ended for at least 2 years.
7. Is not the director who is nominated to be the representative of the directors of the applicant, major shareholders or any other shareholder related to the major shareholder.
8. Does not operate a similar business which can significantly compete with the Company and its subsidiary's businesses. Does not have a significant amount of shares of a partnership or take a position of a director with an active managing responsibility. Is not an employee or a consultant who receives regular salaries or holds more than one percent of the voting stocks of other companies who operate a similar business and can significantly compete with the Company and its subsidiary's businesses.

9. Is not any otherwise which is unable to have the independent opinion regarding the business operation of the applicant.
10. After being appointed as the independent director in accordance with the conditions under the article (1) - (9), such independent director may be assigned by the board of directors to make decisions in respect to business operation of the applicant, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of applicant.

However, the independent Directors had examined the qualifications of independent Directors in an annual basis, and the Board of Directors trusted that the stipulated qualifications of “independent Directors” which is stricter than guideline of Security and Exchange Commission (SEC) and Stock Exchange of Thailand (SET) minimum frame of reference will be adequate for the Company’s selected independent Directors to be truly independent and appropriate for the particular characteristics of the Company.

Position Combination or Separation : The Company has made this a policy that the Chairman of the Board of Directors shall not be the same individual who positions as the managing director, to ensure the check and balance and, so, made reviewing of work more transparent.

The Chairman of the Board of Directors comes as independent Director and is the leader and meeting moderator who controls the flow of the Board of Directors’ meeting in effective and efficient manner. In each meeting, all Directors are urged to actively participate, as well as raising essential questions. Directors also occasionally meet to advice and help the business management with the managing director. At the same time, the Board is to stay away from routine day-to-day operations or business activities responsible by management, where the managing director is the head of the management team. The Board of Directors has authorized the managing director or the authorized person to sign in binding document as has been directly authorized. The Managing director then effectively authorizes and empowers the high executives with the tasks which are clearly marked in term of line of duty and responsibility. Therefore, the authority and role of the Board and that of the management are clearly defined and separated.

Sub-Committees

The Board of Directors appointed Directors who have the qualifications suitable to undertake, study and analyze details of various matters as assigned by the Board of Directors for sub-committees to take charge. Moreover, the Board of Directors also stipulated the qualification, elements, term and duty of sub-committees in a clear manner. Most sub-committee members consist of independent Directors and Chairman of each sub-committee who is also an independent Director. The Chairman of the Board of Directors will not perform a role as Chairman of sub-committee, except the Recruitment and Remuneration Committees. The sub-committees reported each of the result of meeting and assignment to the Board of Directors on a regular basis, including the report on operations result to inform shareholders in the annual report.

Presently, the Company has 2 sub-committees, consisting of :

1. The Audit Committee
2. The Recruitment and Remuneration Committees

The details of name list and responsibility are referred to in the section Management Structure.

Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors consists of people who are knowledgeable, competent, skillful, experienced in business operation and understand very well the role and duty. This makes the work more effective.

As such, the Board of Directors participates in the vision, mission, strategy, target and business plan of the Company and also monitor, follow up and assess the result of business management and operation to be in line with objective and business plan worked effectively, according to rule, laws and regulations of each business unit under supervision and also related governmental unit, and also according to the resolution(s) from the Shareholder's meeting to maximize the economic value added to the business and also stability to the Shareholders, while at the same time take into account of all stakeholders at best.

The Board of Directors is aware of the importance of good corporate governance to increase transparency, competitiveness and confidence to the shareholders, the investors and the involved parties. So, it has prescribed in written format the policy on good corporate governance and also revised and updated the policy on good corporate governance and business ethic handbook that are suitable for the business environments and more international, by stipulating that the revision of good corporate governance policy shall be made once a year. In 2006 and 2007, the Audit Committees has prescribed additional good practice guidelines to ensure the clear direction to be used by all executives and staffs. In 2012, the Audit Committee has reviewed the principle of Corporate Good Governance that has been revised in the 10th Edition since 2001. This includes the year 2012 when Audit Committees seeks to add and improve the principle of corporate good governance in a much clearer and more coverage.

The Company's Board of Directors, the Audit Committee, and management support Directors, executives, and staffs to endorse the corporate good governance by arranging communication channel of corporate good governance both from the orientation of new Directors and staff, as well as adding course content to the training. Moreover, it seeks to add more dissemination channel relating to corporate good governance through website area whereby request for improvement and correction can be made to submit directly for acknowledgement of the Audit Committee.

In 2012, the Audit Committee assessed the corporate good governance practice using the evaluation practice with reference to the principle designated in corporate good governance for listed companies 2006 (namely, "Corporate Governance Self Assessment) of Stock Exchange of Thailand and consider in tandem with the assessment criteria of corporate good governance of Thai Listed Companies initiated by the Association of Thailand Institute of Directors for Audit Committee to acknowledge some Company errors that can be improved and corrected as well as developed. Moreover, the Audit Committee also designated the channel for staff to voice the suggestion for ways to improve on the corporate good governance through Internal Audit and Investor Relations division. However, in the assessment of good corporate governance of Thai Listed Companies as of 2012 (namely, Corporate Governance Report of Thai Listed Companies 2012), the Company has been evaluated by Association of Thai Institute of Directors as follows:

Item	2012	2011	2010
Listed Companies in total of (%)	79	77	80
Group of Companies in SET 100 (%)	86	85	86
Group of Companies in SET 50 (%)	88	88	89
SE-EDUCATION Public Co., Ltd. (%)	93	94	95

Score distributed by subjects

List of Criteria	Average Score (%)									SE-EDUCATION Public Co., Ltd.		
	Listed Companies in total			Group of Companies in SET100			Group of Companies in SET50					
Year	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Shareholders’ right	88	90	91	94	94	94	94	95	95	94	94	95
Stakeholders	84	85	84	88	88	87	89	88	87	92	95	95
Stakeholders’ right	65	61	74	82	78	85	88	85	92	94	94	100
Information Disclosure and Transparency	88	89	88	94	92	93	95	94	95	99	99	98
Directors responsibility	63	64	63	77	76	75	78	78	79	89	91	91

Business Ethics The Company is committed to doing the right things as a guideline for business of all the Directors and employees. The Company has announced the enforcement of business and employee ethics for the Directors, the executives and all the employees to uphold as guideline in performing according to duty with loyalty, honesty and justice. In addition, this also includes conduct with the Company and vested interests, the public and society. The Company has assigned the internal audit and investor relations section to continuously follow up on compliance with ethics, and prescribes disciplinary actions in case of violations.

The Board of Directors has confidence that a good corporate governance process can help to promote the operations of the Company, and is the heart of achieving the fundamental objective to optimize value for the shareholders. The values the Company aims and expects for all the Directors and employees to do in all missions are:

- Giving highest priority to building satisfaction for customers
- Having confidence in working together
- Dedication towards work with virtue and professionalism
- Upholding the principles of good procedure and discipline
- Readily responding to all uneventful situations

The Board of Directors understands the business operation, the responsibility to the Stakeholders, staff, environment and society. The Board has prepared the spread of business ethics, policies on social and environmental issues through several communication channels such as the public relation activities and staff's meetings. It also includes the follow up on the ethical conduct of business and stipulates the penalty measures.

For prevention of conflict of interest the Board of Directors has paid special interest to items that may have conflicts of interest. By prescribing policies and procedures on approval of the connected items in writing, including prescribing the policy and supervision method so the management and the involved parties cannot use insider information for personal interest as follows:

Items that may have conflict of interest : The Company's Board of Directors carefully monitors to avoid any conflict of interest that may arise and also look into the related items, by stipulating in the policy and steps of approval for each item in written notice. Moreover, the Audit Committee propose to the Company's Board of Directors regarding the items that could cause conflict of interest. The Company's Board of Directors has been particularly careful when consideration is made, in accordance with criteria stipulated by stock exchange through the determination of price and condition as if such items are dealt with the outsiders (Arm's Length Basis) and disclose the inter-related items which are significance, item value, counterparty, reason/necessity in the annual report and annual information disclosure report.

The Board of Directors approved the principles and suggestion of Securities and Exchange Commission in accordance with the Section 89/12 (1) of Securities and Exchange Act (No.4) B.E. 2551 to allow the company management to enter in to any business transaction between the Company and its subsidiaries and directors, executives or related persons. The transaction with the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of business negotiation which is without any influences directly resulted from the company's positions of director, executive, or related person. However, the Board of Directors has assigned the Audit Committees the task to present the items which may pose a conflict of interest and any related items for the transaction over 2 Million Baht per quarter and reports it directly to the Board of Directors to acknowledge in a quarterly basis.

In the meeting of Board of Directors, should the Directors have interest in the decision, the Chairman of the Board will request for Directors to abiding to the regulation and have Director informed to the meeting and is asked not to vote or voice opinion for the matter.

Supervision on the of insider information : The monitoring of policy and measures are in written format with respect to the Corporate Good Governance and handbook for the Board of Directors which has already been discussed in the Board meeting. The top management of the Company have also been informed about the announcement of Securities and Exchange Commission which stated that the management (including the spouse and legitimate child who has not become sui juris - or, in other words, not yet 20 years of age) must report the change of stock ownership to the Securities and Exchange Commission as stipulated in the law called Securities and Exchange Commission Act B.E. 2535 in the section 59 within 3 days after the change of ownership of Securities taken place, and also report to the Company's secretary for acknowledgement so as to later inform to the directors and other related individuals. Moreover, the management in the meeting has also been informed about the penalty imposed upon those who violate the laws.

The Company has the policy that set the guideline for the practice of Corporate Good Governance, ethical practices of the Board of Directors, including the regulation that prohibit the staff from take Company's document or information for personal use, or bring outside the Company, without asking for permission. This also includes exposure of financial document or other related documents for outsider, and also prohibits the trading activity within 1 month prior to public release of financial information. If done so, the act can be considered "misconduct" to the Company's rule of conducts. Should the management or staffs learn about significant insider information with regard to anyone who may violate such rule of conducts, the penalty can be ranged from warning, fine, work suspension, work without pay, job termination.

Controlling System and Internal Audit

1. Control and Internal Audit System, the Company sees the importance of internal control at the management and the operation level, so it has clearly prescribed duties and powers on the operation of the operators and the management, specifically in writing. There is a control on the use of the assets of the Company to the highest benefit, and there is the separation of duty between the operators, the controllers and evaluation, for suitable check and balance among each other. Moreover, there is internal control on the financial system and the Company has prepared the financial report for submission to the responsible management line of duty.

The Company has an internal audit unit responsible to reassure that the main practices and essential financial activities of the Company are in line with the guideline and are operated with effectiveness. It includes audit on legal compliance and compliance control as well as the independent internal audit and investor relations unit who is capable of independently performing the check and balance. Therefore, the Board of Directors has designated that the internal audit and investor relations unit to report the results of the audit directly to the audit Committee, and is also evaluated by the audit Committee.

2. Risk Management, the risks are regularly evaluated against business risk on the internal and external factors. The working Committees consist of management and high level executives in the line of work associated with each risk involved. The supervisor in each work unit related directly to this aspect and internal control unit will work towards analyzing the cause of risk factors and determine relevant measures to manage the risk, and also keep track on the operation of risk management plan and report the result back to audit Committees to present the finding to the Board of Directors.

The Board of Directors put forth the important of internal control system and risk management to build confident and trust that the risk is at the acceptable level and allocation and usage of resource can be correctly utilized and maximized, resulting better reliable financial information.

Board of Directors' Meeting

The Board of Directors has set in advance and held special meeting as necessary, by clear advance meeting date and has set regular follow-up on operation period. The Chairman of the Board of Directors and the Managing Directors jointly considered the meeting calendar, by considering important case. The each Director is permitted to present the issues in the meeting as needed. The secretary will prepare invitation letter along with meeting schedule and details prior to the actual meeting at least 7 days to allow time for the Board of Directors to peruse the information prior to the meeting.

In each meeting, the Chairman of the Board of Directors allocated adequate and long enough to allow Directors to clarify problematic issues prudently. Moreover, the Chairman of the Board of Directors and the Board of Directors invited high level executive to the Board of Directors' meeting to request for more information and recorded in minutes of the meetings that were filed and certified by the Board of Directors for the Board of Directors and involved parties to view.

The Board of Directors assigned the management executives to regularly prepare operation report to the Board of Directors on a monthly basis to allow the Board of Directors to follow up on the operation progress of the Company.

The Board of Directors assigned the non-executive Directors to meet every month as seemed suitable to do so with the attendants from executive directors or executive from management team in the meeting to allow a healthy discussion of problematic issues concerning the Company's business and issues that are of interest to the Directors, and later, report the result of meeting to the Chairman of the Board of Directors and the Board of Directors for acknowledgement.

In the past year of 2012, the Board of Directors met in total of 5 times with the average meeting length of 5 hours. In each meeting, there are an executive director from accounting department, executives from the related departments, and consultants and executives from Internal Audit and Investor Relations Division attending in sharing additional information.

The audit committees had a total of 6 meetings, with 5 regular meeting schedules, and 1 meeting between the audit committee and the accounting audit without the present of executive management was held.

The Remuneration Sub-Committees held a total of 2 meetings and the general shareholders' meeting held 3 meeting. The details of the Board of Directors meeting in 2012 are as follows:

Name of Directors	Board of Directors' Meeting	Audit Committees' Meeting	The Remuneration Subcommittees' Meeting	The General Shareholders' Meeting 2012
	Number of Meeting (5 Times)	Number of Meeting (6 Times)	Number of Meeting (2 Times)	Number of Meeting (1 Time)
1 .Mr. Somboon Chinsawananon	5/5	-	2/2	1/1
2. Mr. Saroch Lamlerprasertkul	5/5	6/6	-	1/1
3. Mr. Pravit Tantiwasinchai	5/5	6/6	-	1/1
4. Mr. Kachen Benjakul	5/5	6/6	-	1/1
5. Mr. Vorasit Pokachaiyapat	5/5	-	2/2	1/1
6. Mr. Phairat Sittakul	4/5	-	-	1/1
7. Mr. Wattana Chiengkul	5/5	-	2/2	1/1
8. Assoc. Prof. Yuen Poovarawan	5/5	-	-	1/1
9. Mr. Yongsak Ekprachyasakul	5/5	-	-	1/1
10. Mr. Suwat Damrongchaitham	4/5	-	-	1/1
11. Mr. Thanong Chotisorayuth	5/5	-	-	1/1
12. Mr. Viboolsak Udomvanich	5/5	-	-	1/1
13. Mr. Pongsak Sivapatrakumpol*	3/3	-	-	1/1

Remarks : * In Board of Directors meeting no. 1/2012 on Wednesday, February 22, 2012, the Directors were informed of the director who retired by rotation, Mr.Pongsak Siwapatarakampol. The retirement is effective on the Annual General Shareholders Meeting 2012 on April 26, 2012.

Self Evaluation of Directors

The Board of Directors arranged an annual self-evaluation session for both individual and group evaluation to permit the Directors to reconsider the past works, problems, and difficulties that each faced during the past year to understand the need to improve or correct to increase the work performance by evaluation the result of work in aggregate view, by using evaluation guidelines recommended by the Stock Exchange of Thailand, but readjusted the format slightly to best suit the Company's business environment and use the evaluation result - in chart format - to review and revise, so as to increase work efficiency.

With this, The assessment as referred to 6 topics, such as the structure and qualifications of the Board of Directors, duty and responsibility of the Board of Directors, the Board of Directors' meeting, performance of Directors, relationships with the management, self development of Directors and management development. The score result from assessment of the Board of Directors can be divided in 5 levels, score of 5 = Excellent, 4 = good, 3 = standard, 2 = adequate, 1 = severely needed improvement.

- The overall evaluation of the Company's directors received the average score of 4.78 out 5, which is considered to be in a Excellent level.
- The individual (self) evaluation of the directors received the average score of 4.69 out of 5, which is considered to be in a Excellent level.

In addition, the Board of Directors requires all managing directors to evaluate themselves to compare with the result of operation, whereby the Board of Directors evaluate in the evaluation form which the Board of Directors has revised to suit the Company business. The Board of Directors has assigned the duty to the Chairman of the Board to announce the result of evaluation to the managing director of the company and the Board of Directors.

Remuneration for the Directors and the Managerial Executives

The policy on remuneration for the Directors has been prescribed clearly and transparently with the remuneration at the same level as industry-wide standard, and it is sufficient to take care and keep qualified Directors as needed. The meeting of the shareholders has already approved such matter, and the Directors who have been appointed as audit Committees and the Recruitment and Remuneration Committee will receive additional remuneration according to the increased volume of work.

The Remuneration of managing director : The Recruitment and Remuneration Committee will evaluate the performance of each managing director so as to consider the remuneration of managing director according to specified criteria. Once the evaluation of managing director is finalized, the Recruitment and Remuneration Committee will submit the Board of Directors for consideration and approval.

The Remuneration of high managerial executives : The Recruitment and Remuneration Committee will determine the criteria and structure of compensation for high managerial executives according to principle and policy approved by the Board of Directors which is in compliance with the Company's performance and the result of each high managerial executive. The managing director will consider the suitability of compensation for a particular individual and make salary adjustments for high managerial executives on an annual basis, while also reporting the suitable compensation to the Recruitment and Remuneration Committee, and once again report to the Board of Directors.

The Company has paid a total remuneration to the Directors and executives (as defined by SEC in total of 8 individual, include Finance Director and Accounting Director) in 2012 totaling 38.89 Million Baht.

Directors' Development

The Company understands the importance of Directors' development. The Board of Directors has specified in the principle of Corporate Good Governance that the Company will promote and facilitate a continuity of training of Directors from supervisory units, where the Board of Directors appointed the Company's secretary to be the coordinator with the Directors in keeping them informed about the training courses and seminars.

Orientation for New Directors in the Board : the Board of Directors appointed the Company's secretary to brief all related information to the new directors through the director's handbook which has been prepared and submitted to directors each year to be used as a complete and up-to-date reference and also arranged a visitation of the Company's business operation, facilitating a better understanding of the Company's business.

Inside the Director's handbook, a comprehensive briefing of all contents relating to the Company and data deemed important to the Directors are all included, for instance: History of the Company, Organization structure, Company's businesses, Company's regulation, the Board meeting, principle of Corporate Governance, ethics for directors, executives, and staffs, related item, the release of stockholding, related rules, etc.

Succession Plan : The Board of Directors assigned managing director and executives to prepare a succession plan for different levels of executive positions in management and main line of duty, by considering work profiles and potential of each individual and determine the readiness for work replacement, ability development, and necessary skills. Moreover, the Board of Directors assigned managing director to report to the Board of Directors to acknowledge the readiness plan in case the executives can not perform their duty.

Monitoring the Use of Inside Information : The monitoring of policy in written format with respect to the Corporate Good Governance and handbook for the Board of Directors, which has already been discussed in the Board meeting is as such: The top management of the Company have been informed about the announcement of Securities and Exchange Commission which stated that the management (including the spouse and legitimate child who has not become sui juris - or, in other words, not yet 20 years of age) must report the change of stock ownership to the Securities and Exchange Commission as stipulated in the law called "Securities and Exchange Commission Act (B.E. 2535)" in the section 59 within 3 days after the change of ownership of Securities taken place, and also report to the Company's secretary for acknowledgement so as to later inform to the directors and other related individuals. Moreover, the management in the meeting is also informed about the penalty imposed upon those who violate the laws.

The Company has the policy that set the guideline for the practice of Corporate Good Governance, ethical practices of the Board of Directors, including the regulation that prohibit the staff from take Company's document or information for personal use, or bring outside the Company, without asking for permission. This also includes exposure of financial documents or other related documents for outsiders, and also prohibits the trading activity within 1 month prior to public release of financial information. If done so, the act can be considered "misconduct" to the Company's rule of conducts. Should the management or staff learn about significant insider information with regard to anyone who may violate the Company's rule of conducts, the penalty can be ranged from warning, fine, work suspension, work without pay or job termination.

Personnel The Company and its subsidiary has permanent employees as of December 31, as follows:

(Unit : person)

Items	2012	2011	2010
Company* :			
Head office staf	1,036	1,000	980
Branch staff	1,388	1,653	1,540
Subsidiary :			
Teachers	192	204	207
Other staff	105	97	94
Total	2,721	2,954	2,821

Remark * Excluding Outsourced Workers

The Company offered compensation in the forms of salary, wage, and benefits of employees (Consolidated financial statements). In 2012, 2011, and 2010 the compensation accounted for a total of THB 732.23 million, THB 665.65 Million and THB 597.32 Million respectively.

The Company also has policy to compensate staff by considering the suitability and compliance with those of average in the similar industry. This includes the staff compensation should be in line with the business expansion and the Company's growth.

As the Company compensated staff with salary, bonuses and provident funds, it also has other welfare schemes to all staffs, such as healthcare reimbursable expense, annual health check-up, accommodation and travel expenses during trips to other provinces, insurance, bookstore branch uniforms, staff transportation service, fund for employees who suffer from a disaster, living expense fund and other relief fund including award to diligent staffs who work for 10, 20 and 30 years as an incentive to comfort staffs' morale and spirit in building up the Company's long-term growth.

Personnel Development Policy The Company has a policy to enhance the potential and efficiency of its staff on a regular basis with a view to better preparing them of global change in both competitiveness and new technology. It is the Company's mission to make employees happy as the Company believes that happy employees will work more effectively, with more creativity and dedication to the work, resulting in the Company's sustainable growth.

The following is the key guidelines in developing the human resources of the Company:

- **Continuous Improvement of Human Resources :** The Company has followed up on the productivity rate of the human resources using Key Performance Indicator or KPI to ensure the continuous improvement of the human resources' productivity. The Company emphasized on organizing a proper operation structure and plan for each situation, improving cost-effective operation system, providing tools and equipments to enhance performances, as well as training courses for employees to improve working skills.

One thing that the Company has believed in is the policy not to reduce or lay off employees in case of an economic crisis so that the employees can feel more confident in dedicating to their works which are mostly pioneer works.

Moreover, the Company always gives awards and bonuses for employees annually as an incentive for employees with outstanding performances.

- **Continuous Skill Improvement with A3 project :** At present, the Company has focused on finding, analyzing, gathering information and solving problems in the areas of works that need to be improved. The improvement will also development employees' performances and encourage them to use their knowledge in making reasonable decisions in order to decentralize the decision-making process from the executives and speeding the problem solving in the Company.

Under A3 Project employees from each department will submit ideas of performance improvement on an A3 paper and propose to the executives. When granted approval, the employees can proceed and report the progress directly to the leaders until the project is complete.

- **Opportunity to Improve Potential and Leadership skill with Project leader System :** The Company has a policy to support aggressive working style of employees without having to rely on orders from leaders. With the Project Leader system Employees can use their own ideas to improve their performance and solve problems. They will be assigned a leader in a project and work with colleagues from the same department or different departments which will lead to a Cross Functional Team. Executive staff will act as a consultant.

Project Leader System can help the Company to move forward faster and be independent from the complicated control system. Employees will have a chance to perform their potentials and work closely with executives. They can also improve their leadership skill by learning from the executives, working as a team, understanding policy logics and other work limitations.

- **Close Relation Between Employees and Executives :** The Company's culture emphasizes on creating a close relationship between employees and executives without any double standard. Each employee is a part of the family and valuable to the Company. Every activity and corporation between executives and employees will go smoothly, challenging, and fun, under the family environment.

Such culture supports the Company's operation that can implement the Company's policy effectively, fast and productively. Every problem or obstacle will also be reported and solved immediately.

Employees at SE-ED Book Center branches across the country will have a chance to attend training programs at the head office regularly. The management team also visit the branches often to give advice for continuous improvement. Moreover, the Company has used the following IT technology to bridge the communications between the employees at the branches and the head office:

- ADSL (Asymmetric Digital Subscriber Line) is the system that can connect every branch to the head office and warehouse. The communication via telephone and email becomes more convenient and can help solving problems fast.
- LCD TVs installed at SE-ED Book Center branches allow the head office to send video and audio signal to employees so they can be informed about news, product information and seasonal services. Employees will also be trained from the head office via LCD TV any time.
- **The Culture of Service Mind, Merit Mind, Volunteer Mind and No Humiliation within the Organization through Employees of All Levels :** The Company always reminds employees that the Company has no policy to support any operation that violates laws or contradicts the society's moral system. Merit Mind then becomes the working standard of the whole organization, for both the executive staff and employees. Any new projects, marketing activities or products will have to

comply with this standard and the Company's good will. The Company also supports any activity that helps uplifting the merit mind of employees such as the corporation with Panyanantaram Temple to organize a mind and moral development activity that will promote positive working awareness. Employees can also apply the same awareness in their own every day life.

Moreover, the Company also organizes trainings and seminars in "Excellent Reactive Service or ERS" for employees. The objective is to build a service mind for customers and colleagues. The volunteer mind is also emphasized through activities supported by the Change of Kids project. Employees can volunteer to build libraries for schools in need and donate books. They can propose the schools in their local neighborhood. This activity does not only build a volunteer mind for employees but strengthen the relationship among employees as well. Employees will feel proud in being a part of supporting children who lack opportunities to become smarter, which is also the Company's determination to 'make Thais Smarter'.

Internal Control

The Board of Directors and management has continued to stress the importance of internal control, by emphasizing on the adequate internal control system for business operation to maximize management as well as assets monitoring, reduction in possible errors, the Company's damage prevention, financial management, risk management, operation supervision, which reasonably ensures that the Company can operate as expected and maximized the added value in long run. In addition, The Board of Directors has made certain that all operations are within the rules and regulations stipulated by the laws to prevent any possible damage to the Company.

The Audit Committee has performed its duties within the framework of responsibilities assigned by the Company's Board of Directors, which is also consistent with the Stock Exchange of Thailand's stipulation. In the fiscal year 2012, there were 6 Audit Committee meetings in which every audit committee attended along with the executives, auditors, accounting department and internal audit department. The remarks about the sufficiency of the internal audit system can be summarized as follows:

Part 1 Organization and Its Environment The Company determines business goals which are accurate, clear, possible and measurable. Moreover, the Company's structure supports the goals. There are regulations and penalties to prohibit executives and employees from possible conflict of interest. The Company, however, is in the stage of establishing policies and regulations about financial, purchasing and administrative transactions. All policies are based on fair business with partners for long-term benefit.

Part 2 Risk Management The Company always went through the risk assessment, both internal and external business risks. The working group consisting of the Managing Director, Deputy Managing Director, and assistant Managing Director related to the risk in each line of duty, and each division and department managers will analyze risk factors, as well as the control and follow-up action for risk administrative plans.

Part 3 Controlling Executive Performance The administrative responsibilities include authorization, considering proper credit limit to be approved by executives in each level accounting and information booking and asset keeping. To authorize any transaction, 2 Directors have to co-sign documents.

Transaction authorization between the Company and major Shareholders, Director, executives, and related persons are regarded for these advantages, as with any external transactions with others.

Part 4 Information and Communications System The Company provides enough information for Directors' decisions. However, in case of the change in last updated information, the Company may not be able to submit a financial statement with the meeting letter 7 days before the meeting, but it can be proposed just a day before, or at the meeting room.

Accounting documents are filed systematically in accordance with the accounting system for the purposes of business policy.

Part 5 Pursuit System The Company uses a follow up system comparing each quarter's goal, which is examined by the internal audit, by reporting the performance directly to the Audit Committee. When significant errors are encountered, the Internal Audit must immediately inform the Committee concerned, as well as the updated error correction report.

Moreover, the audit Committee has found that there were not any significant weaknesses, from effectiveness assessment, in the accounting control system.

SE-ED LEARNING CENTER

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Report of the Board of Directors Responsibilities for Financial Statements



The Board of Directors of SE-EDUCATION Public Co., Ltd. has stressed the importance of duties and responsibilities towards Good Governance by following the objective guidelines of the Company regulation, laws, and stipulated policy and procedures of the auditing body to ensure that the financial report of the Company is proper and a complete accounting record. This enables it to reflect the true financial and operation of the Company for the benefit of shareholders and investors in a transparent fashion.

The Board of Directors is responsible for the Company's financial statements and financial information presented in this annual report. The Board of Directors agreed that the aforementioned financial statements, for the year 2012 of the Company and its subsidiary company are created in accordance with the generally accepted accounting standards, using appropriate accounting policy measures consistently employed by SE-ED as well as applying careful judgment and assessment. Essential information is adequately disclosed in the addendum notes to financial statements.

The Board of Directors has provided and maintained an efficient internal control system to ensure that accounting records are accurate, complete and adequate to protect its assets and disclose weaknesses in order to prevent fraud or materially irregular operation.

To accomplish this task, the Board of Directors has appointed an audit Committee, which consists of Non-Executive Directors responsible for the quality of financial statements and internal control system, whose comments on these issues are readily included in the Audit Committee Report in this annual report.

The Board of Directors has agreed that SE-ED's overall internal control system is functioned up to the satisfactory level and rendered credibility and reliability to the SE-ED financial statements for the year ended December 31, 2012

Mr. Somboon Chinsawananon
Chairman of the Board

Mr. Thanong Chotisorayuth
Managing Director

▶ Remuneration of Auditor

The Company and its associated companies have paid the auditing fee for the period of fiscal year 2012 to the Ernst & Young office Limited in the amount of THB 1,220,000 (excluding traveling/accommodation fees, and expenses in witnessing the stock counting) The Auditor doesn't have any relation with the Company other than auditing service only.

Other Service Fee

The Company and its associated companies don't pay any other service fee to the **Ernst & Young office Limited** for the fiscal year 2012.



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SE-ED Book Center

Premium
Illustrated
Books

Premium
Illustrated
Books

SE-ED

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15%

20th Anniversary

20th Anniversary
Special Offer

Amazing

Amazing



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Interpretation & Analysis of Financial Position and Results of Operations and Financial Statements

- Interpretation & Analysis of Financial
Position and Results of Operations 2012
 - Auditor's Report
 - Financial Statements



Interpretation & Analysis of Financial Position and Results of Operations 2012



Profitability and Operation Efficiency

	Consolidated financial statements			Separate financial statements		
	2012	2011	2010	2012	2011	2010
Total revenues (Million Baht)*	5,727.96	5,561.77	5,171.79	5,600.61	5,441.25	5,054.98
Growth from the last year (%)	+2.99	+7.54	+10.66	+2.93	+7.64	+8.78

* The total revenue is from financial statement that combines the profit share from the associate, which is in accordance with the total revenue information from the Stock Exchange of Thailand.

During the past 3 years, the Company's revenue continued to grow. The most satisfied growth came from the expansion using distribution channels of SE-ED Book Center - the Company-owned bookstores, as well as through the network stores (University Bookstores, and points of sales).

OPERATING RESULTS For the year 2012 as of December 31, 2012, the financial information can be summarized as follows:

- The Company and its subsidiaries' total revenue for the year of 2012 according to the consolidated financial statement for the year ended December 31, 2012 amounts to THB 5,726.21 million, or an increase of 2.99% from the previous year. The total revenue according to the separate financial statements amounts to THB 5,600.61 million or an increase of 2.93% from the previous year. Within this amount THB 5,518.65 million, which in an increase of 2.89%, is the sales revenue.
- The Company net profit before corporate income tax for the year of 2012 according to the consolidated financial statements amounts to THB 203.45 million, or a decrease of 9.66% from the previous year. The decrease is due to the rise in the selling and administrative expenses, the salary adjustment according to the government's announcement, and the competition in department stores. As a result, the same-store sales this year had dropped in spite of additional other incomes from insurance claims for goods and equipment damaged by flood incident in 2011 and from the gains from reversal of impairment from unused properties.

The net profit according to the separate financial statement amounts to THB 205.15 million or a decrease of 7.94% from the previous year.

- The bookstore branches expansion of the year 2012, the Company opened 47 new branches of SE-ED Book Center. As of December 31, 2012, there were a total of 438 active branches and 24 point of sale.
- The growth was the result of an decrease in same store sales by 4.4% from the same period last year

Operating performance for year 2012 over the same period last year

(Unit : Million Baht)

	Consolidated financial statements			
	For the year ended 31 December		Change	
	2012	2011	Change	(%)
Revenues				
Revenues from sales	5,522.18	5,370.06	152.12	2.83
Income from tuition fees	119.71	111.34	8.37	7.52
Interest and dividend income	22.06	23.95	(1.89)	(7.89)
Other income	62.26	54.41	7.85	14.43
Total revenues	5,726.21	5,559.76	166.45	2.99
Expenses				
Cost of sales	3,750.89	3,676.14	74.75	2.03
Cost of services	94.52	82.00	12.52	15.27
Selling expenses	1,042.07	924.72	117.35	12.69
Administrative expenses	579.66	558.89	20.77	3.72
Total expenses	5,467.14	5,241.75	225.39	4.30
Gross profit	1,796.48	1,723.26	73.22	4.25
Gross Margin (%)	31.84	31.44		0.40
EBITDA	389.30	443.61	(54.31)	(12.24)
Profit from operation accordance with Cash Flow Statement	389.33	484.53	(95.20)	(19.65)
Net profit of shareholders' equity of parent company	203.45	225.22	(21.77)	(9.67)
EPS (Baht)	0.57	0.63	(0.06)	(9.52)

The Company and its subsidiaries' total revenue for the year of 2012 according to the consolidated financial statement for the year ended December 31, 2012 amounts to THB 5,726.21 million, or an increase of 2.99% from the previous year. The total revenue according to the separate financial statements amounts to THB 5,600.61 million or an increase of 2.93% from the previous year. Within this amount THB 5,518.65 million, which in an increase of 2.89%, is the sales revenue.

The increase mainly comes from the sales performance of the 50 new SBC branches opened in 2011 and 47 new branches opened in 2012. As a result, the revenue of SBC and its network stores continues to grow by 2.75% approximately.

Cost of sales and service the consolidated financial statements of the year 2012 according to the consolidated financial statements of the year 2012 amounts to THB 3,845.41 million, or an increase of 2.32%. The cost of sales, according to the separate financial statements amounts THB 3,749.49 million or an increase of 2.04%. The gross profit margin of the year 2012 accounts for 32.06% or an increase of 0.57% as a result of the increasing sales rebate from suppliers because of the large purchases. In addition, the sales ratio of high-profit products, such as books published and distributed by SE-ED, increased from the previous year.

The Selling and Administrative expense for the year of 2012 according to the consolidated financial statement amounts to THB 1,621.73 million, or an increase of 9.31%. The selling and administrative expense according to the separate financial statement amounts to THB 1,593.36 million, or an increase of 9.45%. Causes of the increase are as follows:

- The level of salary increase in 2012 is the highest in history as a result of the government's policy to adjust the minimal wage to THB 300 per day in 7 pilot provinces and by 39.5% in other provinces since April 2012. The minimum salary of a bachelor degree holder is also adjusted to THB 15,000 per month in order to be in consistent with the government's salary adjustment for civil servants with a bachelor degree.
- The operation cost, including the rental and the service fee, increases in line with the opening of new branches. The increase is also due to the rising transportation fee because the 2011 flood prevented the branches from returning products to the warehouse.

The Company net profit before corporate income tax for the year of 2012 according to the consolidated financial statements amounts to THB 203.45 million, or a decrease of 9.66% from the previous year. The decrease is due to the rise in the selling and administrative expenses, the salary adjustment according to the government's announcement, and the competition in department stores. As a result, the same-store sales this year had dropped in spite of additional other incomes from insurance claims for goods and equipment damaged by flood incident in 2011 and from the gains from reversal of impairment from unused properties.

The net profit according to the separate financial statement amounts to THB 205.15 million or a decrease of 7.94% from the previous year

Financial analyses

Total Asset As of December 31, 2012 the company and its subsidiaries had a total asset of THB 2,625.97 million increase of THB 166.98 million or 6.79% from the end of last year. Causes of changing of total assets:

- Property, plant and equipment as of December 31, 2012 totals THB 1,251.68 million, an increase of THB 407.18 million or 48.22% because of the construction of the new warehouse on Bang Na-Trad Road (k.m.21) and the purchases of book shelves, decorations, and computers for the new branches.
- Other current assets total THB 66.72 million, an increase by THB 26.79 million or 67.09%. It is mostly due to the advance fee for the warehouse rental in 2013 and the advance payment for the construction of the new warehouse on k.m.21.
- Rental guarantee and deposit for THB 104.76 million increased THB 12.52 million from the opening of 47 new branches.
- Inventories-net totals THB 401.34 million and increase from last year by THB 5.26 million or 1.33%. It is mostly because there were more orders of textbooks, stationery, and traveling bags.
- Cash and cash equivalents totals THB 346.95 million, a decrease of THB 223.37 million or -39.16% because of the construction cost of the distribution center (new warehouse on k.m.21)
- Trade and other receivables total THB 104.22 million, a decrease of THB 28.19 million or

-21.29% because the Company received insurance claims from the flood incident in 2011 and payments from account receivables.

- Leasehold right on buildings for THB 98.84 million had decreased by THB 11.46 million or -10.39% from a land leasehold amortization.
- Current investments for THB 168.39 million decreased of THB 10.47 million or -5.85% due to the sale of Bangkok Commercial Property Fund in the whole amount to support the construction of the new warehouse on Bangna-Trad Road (k.m.21).
- Other non-current assets for THB 6.26 million decreasing THB 8.77 million mainly because in 2011 the Company paid for the EA, SA, CAL software system maintenance service in advance as well as the rental fee for stores in Tuk Com group (the section with more than 1 year benefits). The payment will be made in installment according to the term in the rental agreement.

Total liabilities As of December 31, 2012 the Company and its subsidiaries had a total liability of THB 1,691.36 million decreased of THB 37.49 million or -2.17%. Causes of changing of total liabilities:

- Trade and other payables total THB 1,459.10 million, an decrease by THB 41.11 million or -2.74% because of the decrease of key account payables and turnover.
- Income tax payable totals THB 16.61 million, a decrease by THB 17.57 million or -51.40%. This was because the tax rate dropped from 30% to 23% while the income tax of 2011 and the first half of 2012 is paid according to the payment term of the Revenue Department.
- Long-term loans were worth THB 74.71 million, an increase THB 10.11 million, The loan belongs to Plearnpatt Co.,Ltd to spend on the construction of a new school building.
- Income received in advance recognizable within one year totals THB 33.80 million, an in

Shareholders' equity As of December 31, 2012 the Company and its subsidiaries had a total shareholders' equity of THB 934.60 million, which the shareholders' equity of parent company worth THB 873.30 million increased of THB 205.07 million. Causes of changing of Shareholders' equity:

- Net profit of shareholders' equity of parent company from operation result for the year of 2012 amount THB 203.45 million.
- Capital gain from the appraisal increased by THB 136.61 million. The gain from the land appraisal amounts to THB 124.59 million and the gain from the property appraisal amounts to THB 12.02 million.
- Unrealized loss-securities available for the allowance of revaluation of securities decreased, causing the shareholders' equity to increase by THB 8.63 million. This is because of the sale of Bangkok Commercial Property Fund, which totals THB 1.34 million, the rise of ONE-FAS by THB 5.56 million and the adjustment of the market price of Vayupak Fund 1 by THB 1.08 million from late last year.
- Retained earnings decreased due to the dividend payment as THB 175.28 million.
 - Operation result of Q4/2011 THB 0.11112 per share as THB 35.99 million.
 - Operation result of Q1/2012 THB 0.10 per share as THB 35.63 million.
 - Increasing capital from paying dividend for 4/2011 quarter in the rate of 10 original shares: 1 new share, totaling THB 32.39 million.
 - Operation result of Q2/2012 THB 0.10 per share as THB 35.63 million.
 - Operation result of Q3/2012 THB 0.10 per share as THB 35.63 million.
- Retained earning decreased THB 36.79 million from recognizing expense for employee benefit in long term future according with new Thai Accounting Standard.

Cash flow

(Unit : Million Baht)

For the year ended 31 December

	Consolidated financial statements	
	2012	2011
Cash flow received (used) from operation activities	242.94	480.26
Cash flow received (used) from investing activities	(329.94)	(401.06)
Cash flow received (used) from financing activities	(136.37)	(228.93)
Cash flow increase (decrease)	(223.37)	(149.73)

Cash Flow Received from Operation Activities for year 2012 was THB 242.94 million as listed below:

- Income from operation increased in the amount of THB 389.33 million:
 - The Net profit before corporate income tax for year 2012 in the amount of THB 256.10 million.
 - Adjustments to reconcile profit before tax in the amount of THB 133.23 million (Depreciation and amortization as THB 116.69 million, Expense from donation of goods as THB 17.15 million, Expense from lost of inventories as THB 15.78 million, Allowance for dilapidated slow moving and lost of inventories as THB 14.95 million, Amortization of leasehold right on land and buildings as THB 11.79 million, Expense from stock destruction as THB 11.50 million, Allowance for doubtful accounts and estimated goods return (reversal) as THB (18.80), Reversal allowance for impairment loss as THB (17.72), Interest income as THB (13.39) million and Dividend income as THB (8.67) million).
- Cash flow increased from trade and other receivables decreased amount THB 27.59 million. Because the Company receives insurance claims from the flood incident in 2011 and payments from account receivables.
- Cash flow decreased from inventories increased amount THB 64.64 million, because SBC increased its orders of textbooks from PS Publishing Co.,Ltd., stationeries from Berli Jucker Public Co.,Ltd., SE-ED bags from Akkhararat Ltd.,Part and travelling bags from Huskies International Corporation Co.,Ltd.
- Cash flow decreased from prepaid expenses increased amount THB 21.77 million. Most of the expenses come from the advance payment of office rental fee and insurance premium from extending insurances for branches, head office and warehouse as well as the advance payment for the construction of the new warehouse on k.m.21.
- Cash flow increased from compensation receivable from the insurance claim decreased amount THB 19.82 million, due to receiving the compensation in March, 2012 from flood, occurred in the end of 2011.
- Cash flow decreased from rental guarantee and deposit increased by THB 12.52 million from the opening of new 47 stores.

- Cash flow increased from other non-current assets decreased by THB 8.77 million, mainly because in 2011 the Company paid for the EA, SA, CAL software system maintenance service in advance as well as the rental fee for stores in Tuk Com group (the section with more than 1 year benefits). The payment will be made in installment according to the term in the rental agreement.
- Cash flow decreased from trade accounts payable decreased amount THB 39.06 million, because of the decrease of SBC's turnover and key accounts payable such as Dplus Intertrade Co.,Ltd., Amarin Book Center Co.,Ltd., Cyberdict Technology Co.,Ltd., Stock Tomorrow Co., Ltd. and Kled Thai Co.,Ltd.
- Cash flow decreased from accrued expenses decreased amount THB 23.76 million because of the change of property tax regulation for all branches in Tesco Lotus, from annual to monthly payment and the decreased accrued royalties of donated and destroyed books.
- Cash flow increased from notes payables increased amount THB 21.44 million, because of the one-year advance rental fee of the warehouse.
- Cash flow increased from other current liabilities increased amount THB 12.13 million, because there are new accounts payable from the construction of the new warehouse on k.m.21 and from the increasing sales of the coupons.

Cash Flow Used from Investment Activities for year 2012 was THB (329.94) million as listed below:

- Cash flow decreased from asset purchases amounts to THB 368.87 million. Because of the construction of the new warehouse on k.m.21, there are expenses from the deep foundation installation, land fill, the advance rack fee, removing fee, and moving fee, which in total amounts to THB 63.18 million. There are also purchases of book shelves, store decorations, and computers for new branches.
- Cash flow increased from current investments decreased amount THB 19.09 million, due to the sale of Bangkok Commercial Property Fund to spend on the warehouse construction.
- Cash flow increased from interest income amount THB 13.67 million.
- Cash flow increased from dividends income amount THB 10.67 million.

Cash Flow Used from Financial Activities for year 2012 was THB (136.37) million due to dividend payment for Q4 of 2011 which would be paid in May, 2012 and interim dividend payment for operation result of Q1, Q2 and Q3 of 2012.

Auditor's Report

To The Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED for the same year.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

Ernst & Young Office Limited

Bangkok: 20 February 2013

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of financial position

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Assets					
Current assets					
Cash and cash equivalents	7	346,948,078	570,313,730	343,504,045	540,048,337
Current investments	8	168,391,421	178,856,222	168,391,421	178,856,222
Trade and other receivables	6,9	104,223,811	132,413,781	100,829,110	116,604,185
Short-term loan to subsidiaries	6	-	-	15,044,000	15,024,000
Inventories	10	401,338,157	396,081,981	400,166,573	394,433,224
Other current assets	11	66,716,498	39,923,577	65,320,393	37,642,802
Total current assets		1,087,617,965	1,317,589,291	1,093,255,542	1,282,608,770
Non-current assets					
Restricted bank deposits and other investments	12	12,578,094	12,389,767	12,578,094	12,389,767
Investments in subsidiaries	13	-	-	69,432,021	69,432,021
Investments in associate	14	26,794,526	27,044,395	100,000	100,000
Property, plant and equipment	15	1,251,681,263	844,502,319	1,006,732,809	656,326,364
Leasehold right on land	6,16	7,036,247	7,372,005	-	-
Leasehold right on buildings	17	98,836,186	110,294,800	98,836,186	110,294,800
Intangible assets	18	7,893,855	5,342,770	7,711,163	5,109,940
Prepaid book copyright and translation fee		22,510,401	27,178,920	22,510,401	27,178,920
Rental guarantee and deposit		104,758,729	92,243,456	104,758,729	92,243,456
Other non-current assets	19	6,264,790	15,030,957	6,234,404	14,806,002
Total non-current assets		1,538,354,091	1,141,399,389	1,328,893,807	987,881,270
Total assets		2,625,972,056	2,458,988,680	2,422,149,349	2,270,490,040

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

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	6,21	1,459,103,361	1,500,207,097	1,452,020,058	1,494,765,388
Short-term loans from other person		-	3,400,000	-	-
Income received in advance recognisable within one year		33,800,547	28,948,104	-	-
Income tax payable	20	16,613,628	34,177,556	16,613,628	34,177,556
Current portion of provision for long-term employee benefits	31	8,770,150	6,121,974	8,770,150	6,121,974
Other current liabilities	22	46,909,751	37,957,936	45,778,988	36,903,209
Total current liabilities		1,565,197,437	1,610,812,667	1,523,182,824	1,571,968,127
Non-current liabilities					
Income received in advance	20	2,695,456	5,303,446	-	-
Long-term loans	23	74,710,000	64,600,000	-	-
Provision for long-term employee benefits	31	39,695,419	39,620,219	38,077,685	38,185,058
Other non-current liabilities		9,065,959	8,509,919	8,990,332	8,465,002
Total non-current liabilities		126,166,834	118,033,584	47,068,017	46,650,060
Total liabilities		1,691,364,271	1,728,846,251	1,570,250,841	1,618,618,187

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

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Shareholders' equity					
Share capital					
Registered	24				
356,313,243 ordinary shares of Baht 1 each (2011: 323,921,130 ordinary shares of Baht 1 each)		356,313,243	323,921,130	356,313,243	323,921,130
Issued and paid-up					
356,313,209 ordinary shares of Baht 1 each (2011: 323,921,130 ordinary shares of Baht 1 each)		356,313,209	323,921,130	356,313,209	323,921,130
Share premium		149,420,558	149,420,558	149,420,558	149,420,558
Retained earnings					
Appropriated-statutory reserve	26	35,631,321	35,626,917	35,631,321	35,626,917
Unappropriated		171,963,381	143,794,698	157,298,199	127,431,065
Other components of shareholders' equity		159,968,315	15,472,183	153,235,221	15,472,183
Equity attributable to owners of the Company		873,296,784	668,235,486	851,898,508	651,871,853
Non-controlling interests of the subsidiaries		61,311,001	61,906,943	-	-
Total shareholders' equity		934,607,785	730,142,429	851,898,508	651,871,853
Total liabilities and shareholders' equity		2,625,972,056	2,458,988,680	2,422,149,349	2,270,490,040

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

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of income

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Revenues					
Revenues from sales	6	5,522,183,620	5,370,058,520	5,518,650,807	5,363,875,980
Income from tuition fees	20	119,709,940	111,344,731	-	-
Interest and dividend income		22,054,538	23,950,280	25,532,215	26,076,031
Other income		62,261,376	54,409,048	56,428,933	51,301,798
Total revenues		5,726,209,474	5,559,762,579	5,600,611,955	5,441,253,809
Expenses					
Cost of sales	6	3,750,892,792	3,676,139,842	3,749,490,625	3,674,692,649
Cost of services		94,520,660	82,002,618	-	-
Selling expenses		1,042,067,389	924,719,886	1,042,067,389	924,719,886
Administrative expenses	6	579,659,047	558,889,023	551,290,305	531,131,867
Total expenses		5,467,139,888	5,241,751,369	5,342,848,319	5,130,544,402
Profit before share of profit from investments in associate, finance cost and income tax expenses		259,069,586	318,011,210	257,763,636	310,709,407
Share of profit from investments in associate	14	1,750,131	2,007,297	-	-
Profit before finance cost and income tax expenses		260,819,717	320,018,507	257,763,636	310,709,407
Finance cost	6	(4,718,502)	(4,453,859)	(17,647)	(328,482)
Profit before income tax expenses		256,101,215	315,564,648	257,745,989	310,380,925
Income tax expenses	28	(52,594,260)	(87,545,934)	(52,594,260)	(87,545,934)
Profit for the year		203,506,955	228,018,714	205,151,729	222,834,991
Profit attributable to					
Equity holders of the Company		203,453,278	225,215,377	205,151,729	222,834,991
Non-controlling interests of the subsidiaries		53,677	2,803,337		
		203,506,955	228,018,714		
Earnings per share	29				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.57	0.63	0.58	0.63

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

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Profit for the year		203,506,955	228,018,714	205,151,729	222,834,991
Other comprehensive income:					
Gain (loss) on changes in value of available - for - sale investments		8,629,630	(7,633,376)	8,629,630	(7,633,376)
Gain on revaluation of land and buildings	25	136,609,297	-	129,876,203	-
Depreciation - surplus on revaluation of asset	25	(742,795)	(989,490)	(742,795)	(989,490)
Other comprehensive income for the year		144,496,132	(8,622,866)	137,763,038	(8,622,866)
Total comprehensive income for the year		348,003,087	219,395,848	342,914,767	214,212,125
Total comprehensive income attributable to					
Equity holders of the Company		347,949,410	216,592,511	342,914,767	214,212,125
Non-controlling interests of subsidiaries		53,677	2,803,337		
Total comprehensive income for the year		348,003,087	219,395,848		

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

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2012

(Unit: Baht)

Consolidated financial statements

	Note	Equity attributable to the parent's shareholders								Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
		Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of equity						Total equity attributable to shareholders of the Company
						Other comprehensive income			Total other components of shareholders' equity			
						Appropriated	Unappropriated	Surplus (deficit) on changes in value of available-for-sale investments				
Balance as at 1 January 2011		323,921,130	149,420,558	35,626,917	161,685,242	(2,991,463)	27,086,512	(6,643,496)	17,451,553	688,105,400	59,103,606	747,209,006
Dividend paid	32	-	-	-	(236,462,425)	-	-	-	-	(236,462,425)	-	(236,462,425)
Total comprehensive income for the year												
Discount on capital resulting from change in shareholding ratio in subsidiary transferred to retained earnings	13.2	-	-	-	225,215,377	(7,633,376)	(989,490)	-	(8,622,866)	216,592,511	2,803,337	219,395,848
Balance as at 31 December 2011		-	-	-	(6,643,496)	-	-	6,643,496	6,643,496	-	-	-
Balance as at 1 January 2012		323,921,130	149,420,558	35,626,917	143,794,698	(10,624,839)	26,097,022	-	15,472,183	668,235,486	61,906,943	730,142,429
Increase in share capital from issuance of stock dividend	24,32	32,392,079	-	-	143,794,698	(10,624,839)	26,097,022	-	15,472,183	668,235,486	61,906,943	730,142,429
Dividend paid	32	-	-	-	(32,392,079)	-	-	-	-	-	-	-
Total comprehensive income for the year					(142,888,112)	-	-	-	-	(142,888,112)	-	(142,888,112)
Unappropriated retained earnings transferred to statutory reserve	26	-	-	-	203,453,278	8,629,630	135,866,502	-	144,496,132	347,949,410	53,677	348,003,087
Resulting from change in shareholding ratio of equity attributable to non-controlling interests of the subsidiaries due to the decrease in the subsidiary's share capital		-	-	4,404	(4,404)	-	-	-	-	-	-	-
Balance as at 31 December 2012		356,313,209	149,420,558	35,631,321	171,963,381	(1,995,209)	161,963,524	-	159,968,315	873,296,784	61,311,001	934,607,785

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

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2012

(Unit: Baht)

Separate financial statements

	Note	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of equity			Total shareholders' equity
				Appropriated	Unappropriated	Other comprehensive income		Total other components of shareholders' equity	
						Surplus (deficit) on changes in value of available-for-sale investments	Surplus on revaluation of assets		
Balance as at 1 January 2011		323,921,130	149,420,558	35,626,917	141,058,499	(2,991,463)	27,086,512	24,095,049	674,122,153
Dividend paid	32	-	-	-	(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
Balance as at 31 December 2011		323,921,130	149,420,558	35,626,917	127,431,065	(10,624,839)	26,097,022	15,472,183	651,871,853
Balance as at 1 January 2011		323,921,130	149,420,558	35,626,917	127,431,065	(10,624,839)	26,097,022	15,472,183	651,871,853
Increase in share capital from issuance of stock dividend	24,32	32,392,079	-	-	(32,392,079)	-	-	-	-
Dividend paid	32	-	-	-	(142,888,112)	-	-	-	(142,888,112)
Total comprehensive income for the year		-	-	-	205,151,729	8,629,630	129,133,408	137,763,038	342,914,767
Unappropriated retained earnings transferred to statutory reserve	26	-	-	4,404	(4,404)	-	-	-	-
Balance as at 31 December 2012		356,313,209	149,420,558	35,631,321	157,298,199	(1,995,209)	155,230,430	153,235,221	851,898,508

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

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Cash flow Statement

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit before tax	256,101,215	315,564,648	257,745,989	310,380,925
Adjustments to reconcile profit before tax to				
net cash provided by (paid from) operating activities:				
Depreciation and amortisation	116,693,037	110,161,365	103,966,351	99,340,641
Allowance for doubtful accounts and estimated goods return (reversal)	(18,798,205)	2,227,974	(18,320,346)	1,113,430
Reversal allowance for impairment loss	(17,718,411)	-	(16,012,978)	-
Adjustment from clearing accounts receivable	(417,957)	448,094	(417,957)	448,094
Expense from lost of inventories	15,782,648	12,496,225	15,782,648	12,496,225
Allowance for dilapidated slow moving and lost of inventories	14,951,458	3,834,011	15,028,044	3,834,011
Share of profit from investment in associate	(1,750,131)	(2,007,297)	-	-
Write-off goods and equipment damaged by flood incident	-	19,950,313	-	19,814,287
Expense from donation of goods	17,152,266	20,360,538	17,152,266	20,360,538
Expense from stock destruction	11,495,083	5,804,035	11,495,083	5,804,035
Expense from donation of equipment	7,186	2,195,224	7,186	1,861
Provision for long-term employee benefits	9,009,766	7,101,990	8,827,193	6,674,865
Loss (gain) on sales and written-off equipment	1,411,998	(1,386,561)	1,068,115	(919,500)
Amortisation of leasehold right on land and buildings	11,794,372	13,431,207	11,458,614	13,096,366
Adjustment from clearing accounts payable and coupon payable	(9,042,413)	(6,156,048)	(9,042,413)	(6,156,048)
Interest expenses	4,718,502	4,453,859	17,647	328,482
Interest income	(13,386,222)	(13,229,115)	(14,862,854)	(13,154,025)
Dividend income	(8,669,361)	(10,721,165)	(10,669,361)	(12,922,007)
Profit from operating activities before changes in operating assets and liabilities	389,334,831	484,529,297	373,223,227	460,542,180

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

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Cash flow Statement (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Trade and other receivables	27,585,928	5,704,109	14,693,174	15,129,286
Inventories	(64,637,631)	(76,834,092)	(65,191,391)	(78,514,169)
Prepaid expenses	(21,770,613)	(7,272,647)	(21,645,520)	(7,125,025)
Compensation receivable from the insurance claim	19,820,204	(19,814,287)	19,820,204	(19,814,287)
Other current assets	(5,955,792)	(5,375,977)	(6,315,935)	(2,009,120)
Prepaid book copyright and translation fee	4,668,519	(4,797,113)	4,668,519	(4,797,113)
Rental guarantee and deposit	(12,515,273)	(12,670,837)	(12,515,273)	(12,670,837)
Other non-current assets	8,766,167	(12,410,543)	8,571,600	(12,318,515)
Operating liabilities increase (decrease)				
Trade accounts payable	(39,060,267)	201,263,313	(38,987,913)	208,936,870
Income received in advance	2,244,453	(8,130,871)	-	-
Accrued expenses	(23,756,207)	19,763,772	(25,106,054)	19,214,256
Notes payables	21,444,918	3,750,068	21,444,918	3,750,068
Other payables	5,247,762	5,324,913	5,247,762	6,411,903
Other current liabilities	12,126,244	6,659,237	12,050,208	270,506
Cash paid for long-term employee benefits	(6,286,390)	(634,120)	(6,286,390)	(634,120)
Other non-current liabilities	556,040	256,580	525,330	323,963
Cash flows from operating activities	317,812,893	579,310,802	284,196,466	576,695,846
Cash paid for interest expenses	(4,718,502)	(4,453,859)	(17,647)	(328,482)
Cash paid for corporate income tax	(70,158,187)	(94,596,461)	(70,158,187)	(94,596,461)
Net cash flows from operating activities	242,936,204	480,260,482	214,020,632	481,770,903
Cash flows from investing activities				
Decrease (increase) in current investments	19,094,431	(5,524)	19,094,430	(5,524)
Interest income	13,670,088	13,230,046	15,146,720	13,154,956
Dividends income	10,669,361	12,721,165	10,669,361	12,922,007
Acquisition of land and equipment	(368,870,945)	(427,801,960)	(307,840,662)	(398,920,483)
Proceeds from sales of equipment	442,915	1,719,100	402,933	1,713,220
Acquisition of intangible assets	(4,941,267)	(926,852)	(4,941,267)	(906,757)
Cash paid for short-term loans to subsidiary	-	-	(20,000)	(15,000,000)
Net cash flows used in investing activities	(329,935,417)	(401,064,025)	(267,488,485)	(387,042,581)

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

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Cash flows Statement (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from financing activities				
Decrease in restricted bank deposit and other investment	(188,327)	(65,033)	(188,327)	(65,033)
Repayment of short-term loans from other person	(3,400,000)	-	-	-
Cash receipt from short-term loans	-	9,000,000	-	-
Repayment of long-term loans from related parties	-	(1,400,000)	-	-
Cash receipt from long-term loans	10,110,000	-	-	-
Dividend paid	(142,888,112)	(236,462,425)	(142,888,112)	(236,462,425)
Net cash flows used in financing activities	(136,366,439)	(228,927,458)	(143,076,439)	(236,527,458)
Net decrease in cash and cash equivalents	(223,365,652)	(149,731,001)	(196,544,292)	(141,799,136)
Cash and cash equivalents at beginning of year	570,313,730	720,044,731	540,048,337	681,847,473
Cash and cash equivalents at end of year (Note 7)	346,948,078	570,313,730	343,504,045	540,048,337
Supplemental cash flows information				
Non-cash transactions				
Increase (decrease) in revaluation surplus on changes in value of available-for-sale investments	8,629,630	(7,633,376)	8,629,630	(7,633,376)
Purchase of fixed assets for which cash has not been paid	5,169,062	4,281,021	4,804,962	4,281,021
Depreciation surplus on revaluation of asset under shareholder's equity	(742,795)	(989,490)	(742,795)	(989,490)
Surplus on revaluation of assets	136,609,297	-	129,876,203	-
Issuance of stock dividend	32,392,079	-	32,392,079	-

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 2012

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 TCIF 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. Plearnpattana 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	
			as of 31 December	
			2012	2011
SE-ED Book Center Co., Ltd.	Consultant	Thailand	99.93	99.93
Plearn Patt Co., Ltd.	Private school	Thailand	48.97	48.82

- 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. New accounting standards not yet effective

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

Accounting standards:	Subject
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
Financial Reporting Standards:	
TFRS 8	Operating Segments
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 and liability in the accounting records and its tax base, and to recognize deferred tax assets or liabilities under the stipulated guidelines. The management of the Company expects the adoption of this accounting standard to have the effect to the Company's brought-forward retained earnings and other components of shareholders' equity of the year 2013 by increasing the Company's shareholders' equity of approximately Baht 7.8 million.

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	Subject	Effective date
Accounting Treatment Guidance for Transfers of Financial Assets		1 January 2013
Accounting Standard Interpretation:		
SIC 29	Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of these standards and believes that Accounting Treatment Guidance for Transfers of Financial Assets, SIC 29, TFRIC 4 and TFRIC 12 are not relevant to the business of the Company. Management is still evaluating the first-year impact to the financial statements of the adoption of TFRIC 13 and has yet to reach a conclusion.

4. Significant accounting policies

4.1 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.

4.2 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.

4.3 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.

4.4 Inventories/Allowance for dilapidated, slow moving and lost of inventories

Finished goods are valued at the lower of cost (weighted average) and net realisable value. 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 are charged at rates of 0.30% for each sales branch. The reversal of such allowance incurred when the inventory taking and inventories lost actually at the branch.

4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, 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.

4.6 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 building 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	5 - 6 years
Office equipment and air conditioners	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.

4.7 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.

4.8 Intangible assets

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

4.9 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). Amortisation of leasehold right on land and building calculate base on the straight-linen basis over the lease term.

The amortisation expense are included in determining income.

4.10 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.

4.11 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.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on straight line basis over the lease term.

4.12 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.

4.13 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.

4.14 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.

The defined benefits liability and other long-term benefit liabilities comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

For the first-time adoption of TAS 19 Employee Benefits in 2011, 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 2011.

4.15 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.

4.16 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.

5. 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 and its subsidiaries 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.

6. 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
	2012	2011	2012	2011	
Transactions with subsidiary (being eliminated in the consolidated financial statements)					
Sales of goods	-	-	472	250	Market price
Interest income	-	-	1,630	301	MOR per annum
Transactions with associate					
Purchase of goods	2,113	2,658	2,113	2,658	Market price
Transactions with management and directors					
Lease land	1,001	1,001	-	-	Mutually agreed agreement
Amortised land leasehold right	335	335	-	-	Mutually agreed agreement
Interest expenses	-	29	-	-	5% - 6% per annum
Transactions with related companies					
Purchases of goods	152,141	130,494	152,141	130,494	Market price
Returns of goods	(154,179)	(99,873)	(154,179)	(99,873)	Market price
Sales of goods	6,686	6,620	6,686	6,620	Mutually agreed agreement

As at 31 December 2012 and 2011, the balances of the accounts between the Company and those related parties and companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term loans to subsidiary				
Subsidiaries	-	-	15,044	15,024
Leasehold right on land				
Shareholder/director of subsidiary	7,036	7,372	-	-
Trade accounts receivable (Note 9)				
Subsidiary	-	-	18	-
Trade accounts payable (Note 21)				
Associate	2,319	2,296	2,319	2,296
Shareholders	4,474	14,085	4,474	14,085
Related companies of shareholders	8,726	13,601	8,726	13,601
Total	15,519	29,982	15,519	29,982

Short-term loan to subsidiaries

As at 31 December 2012 and 2011, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

Loans to related parties	Separate financial statements				
	Related by	Balance as at 31 December 2011	Increase during the year	Decrease during the year	Balance as at 31 December 2012
SE-ED Book Center Co., Ltd.	Subsidiary	24	20	-	44
Plearn Patt Co., Ltd.	Subsidiary	15,000	27,000	(27,000)	15,000
Total		15,024	27,020	(27,000)	15,044

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.

Directors and management's benefits

During the year ended 31 December 2012 and 2011, 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	
	2012	2011	2012	2011
Short-term employee benefits	36.00	32.93	32.55	29.25
Post-employment benefits	1.22	1.09	1.19	1.06
Total	37.22	34.02	33.74	30.31

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash	28,235	26,651	28,069	26,390
Bank deposits with maturity not over 3 months	157,847	180,009	154,569	150,004
Highly liquid investments with an original maturity not over 3 months	160,866	363,654	160,866	363,654
Total	346,948	570,314	343,504	540,048

As at 31 December 2012, bank deposit in saving accounts, fixed deposits and bills of exchange carried interest between 0.10% and 2.75% per annum (2011: between 0.25% and 3.20% per annum).

8. Current investments

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	As at 31 December 2012			
	Cost	Fair value	Dividend received	Accumulated dividend received
Available-for-sale securities				
Equity securities	60,000	58,500	5,242	43,711
Debt securities	110,386	109,891	3,427	18,165
Total available-for-sale securities	170,386	168,391	8,669	61,876
Less : Unrealised loss on changes in values of investments	(1,995)	-	-	-
Current investments - net	168,391	168,391	8,669	61,876

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	As at 31 December 2011			
	Cost	Fair value	Dividend received	Accumulated dividend received
Available-for-sale securities				
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

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade accounts receivable - related parties				
Aged on the basis of due dates				
Not yet due	-	-	18	-
Total	-	-	18	-
Less : Allowance for doubtful debts	-	-	-	-
Total trade account receivables - related parties, net	-	-	18	-
Trade accounts receivable - unrelated parties				
Aged on the basis of due dates				
Not yet due	25,313	40,582	25,313	40,582
Past due				
Up to 6 months	69,054	57,775	66,981	43,834
6 - 12 months	1,937	3,764	1,387	2,669
Over 12 months	13,256	32,860	11,604	31,195
Total	109,560	134,981	105,285	118,280
Less : Allowance for doubtful debts	(10,839)	(28,620)	(9,151)	(26,455)
Allowance for goods return	(2,131)	(3,147)	(2,131)	(3,147)
Total trade account receivables - unrelated parties, net	96,590	103,214	94,003	88,678
Other receivables				
Advances	2,153	2,705	2,068	2,691
Insurance claim receivable	-	19,820	-	19,820
Others	5,481	6,675	4,740	5,415
Total other receivables	7,634	29,200	6,808	27,926
Trade and other receivables - net	104,224	132,414	100,829	116,604

The Company has trade accounts receivable overdue for more than 12 months amounting to Baht 18.15 million, are receivables for which the Company set aside allowance for doubtful debts in 1998. The Company therefore sued such debtor; and Court ordered to declare the debtor bankrupt. Subsequently, in April 2012, the official receiver ordered preparation of accounts presenting cash receipts and cash disbursement, in order to proceed with the first distribution of assets to other creditors who have preferential rights over the Company. In September 2012, such receivable was written-off to bad debt in compliance with the Revenue Code.

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2012	2011	2012	2011	2012	2011
Raw materials	22,160	23,385	-	-	22,160	23,385
Work in process	11,084	9,074	(986)	(2,463)	10,098	6,611
Finished goods	493,543	474,119	(124,463)	(108,033)	369,080	366,086
Total	526,787	506,578	(125,449)	(110,496)	401,338	396,082

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2012	2011	2012	2011	2012	2011
Raw materials	22,160	23,385	-	-	22,160	23,385
Work in process	11,084	9,074	(986)	(2,463)	10,098	6,611
Finished goods	492,272	472,294	(124,363)	(107,857)	367,909	364,437
Total	525,516	504,753	(125,349)	(110,320)	400,167	394,433

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. The Company recorded the perceived part of insurance claim under other income account in the income statements for 2011 and recognised the remaining claim in 2012.

11. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Supplies	12,249	10,986	11,670	10,499
Prepaid expenses	45,314	23,544	44,539	22,894
Other current assets	9,154	5,394	9,111	4,250
Total	66,717	39,924	65,320	37,643

12. Restricted bank deposits and other investments

(Unit: Thousand Baht)

	Consolidated/Separated financial statements		Interest rate (% p.a.)
	2012	2011	
Fixed deposits with 12 months maturity	9,012	8,824	0.75 - 2.15
Government bonds with 7 years maturity	3,566	3,566	4.00
Total	12,578	12,390	

The Company pledged such fixed deposits and other investments to guarantee electricity use, area rental and distributor as discussed in Note 33.3

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	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
SE-ED Book Center Co.,Ltd	100	100	(%)	(%)	100	100	-	-	100	100
Plearn Patt Co.,Ltd.	169,476	170,000	48.97	48.82	83,000	83,000	(13,668)	(13,668)	69,332	69,332
Total					83,100	83,100	(13,668)	(13,668)	69,432	69,432

13.1 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".

13.2 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.

14. Investments in an associate

14.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2012	2011	2012	2011	2012	2011
M and E Co., Ltd	Painting office production of technical magazines and engineering manuals	Thailand	(%)	(%)				
			25	25	100	100	26,795	27,044
Total					100	100	26,795	27,044

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on equity method	
			2012	2011	2012	2011	2012	2011	2012	2011
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

14.2 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	
	2012	2011	2012	2011
M and E Co., Ltd.	1,750	2,007	2,000	2,000
Total	1,750	2,007	2,000	2,000

14.3 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 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the year ended 31 December		Profit for the year ended 31 December	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
M and E Co., Ltd.	0.4	0.4	117.6	118.6	2.4	2.4	29.3	30.9	7.0	8.0

For the years ended 31 December 2012 and 2011, the Company recognised participating profit or loss from result operation for the year ended 31 December 2011 and 2010 of the associated company, whose financial statements were audited by another auditor. The Company consequently recorded share of profit from investment in associate in the consolidated statement of income, for the year ended 31 December 2012 and 2011 of Baht 1.75 million and Baht 2.01 million, respectively (equivalent 0.86% and 0.88%, respectively) of the profit for the years in the consolidated financial statements. As at 31 December 2012 and 2011, the investment in such associate company was Baht 26.79 million and Baht 27.04 million, respectively, or equivalent to 1.02% and 1.10%, respectively, of total assets in the consolidated financial statements.

15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated 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	
Cost / Revalued amount:							
1 January 2011	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)
Written off	-	-	(10,986)	(13,522)	-	(1,598)	(26,106)
Transfer in (out)	-	938	29,291	2,642	-	(32,871)	-
31 December 2011	379,660	196,552	387,224	638,261	41,203	28,598	1,671,498
Additions	3,334	375	17,178	101,844	3,548	243,139	369,418
Disposals	-	(333)	(5,402)	(27,615)	-	-	(33,350)
Written off	-	-	(3,992)	(1,108)	-	-	(5,100)
Transfer in (out)	2,728	62,120	48,312	12,108	488	(125,756)	-
Revaluations	123,845	(559)	-	-	-	-	123,286
Capitalised interest	-	-	-	-	-	340	340
31 December 2012	509,567	258,155	443,320	723,490	45,239	146,321	2,126,092

(Unit: Thousand Baht)

	Consolidated 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	
Accumulated depreciation:							
1 January 2011	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 written off	-	-	(8,003)	(11,212)	-	-	(19,215)
31 December 2011	10,124	61,210	275,527	430,965	31,451	-	809,277
Depreciation for the year	1,252	7,393	36,448	68,350	1,602	-	115,045
Depreciation on disposals	-	(35)	(5,402)	(26,630)	-	-	(32,067)
Depreciation on written off	-	-	(3,420)	(1,101)	-	-	(4,521)
Depreciation on revalued assets	-	(13,323)	-	-	-	-	(13,323)
31 December 2012	11,376	55,245	303,153	471,584	33,053	-	874,411
Allowance for impairment:							
1 January 2011	-	1,705	-	-	-	-	1,705
Transfer from investment property	16,013	-	-	-	-	-	16,013
31 December 2011	16,013	1,705	-	-	-	-	17,718
Increase during the year	-	-	-	-	-	-	-
Decrease during the year	(16,013)	(1,705)	-	-	-	-	(17,718)
31 December 2012	-	-	-	-	-	-	-
Net book value:							
1 January 2011	53,041	138,529	100,569	193,371	7,180	4,510	497,200
31 December 2011	353,523	133,637	111,697	207,296	9,752	28,598	844,503
31 December 2012	498,191	202,910	140,167	251,906	12,186	146,321	1,251,681
Depreciation for the year							
2011 (Baht 8.55 million included in cost of services, and the balance in selling and administrative expenses)							108,813
2012 (Baht 10.03 million included in cost of services, and the balance in selling and administrative expenses)							115,045

(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	
Cost / Revalued amount:							
1 January 2011	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)
Written off	-	-	(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
Additions	56	-	17,176	94,002	3,549	193,580	308,363
Disposals	-	-	(5,402)	(26,079)	-	-	(31,481)
Write-offs	-	-	(3,992)	(1,108)	-	-	(5,100)
Transfer in (out)	2,727	-	48,313	335	488	(51,863)	-
Revaluations	123,845	(7,292)	-	-	-	-	116,553
31 December 2012	470,658	12,354	443,319	668,489	43,695	147,735	1,786,250
Accumulated depreciation:							
1 January 2011	-	13,945	254,351	373,198	29,504	-	670,998
Transfer form 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 written off	-	-	(8,003)	(11,146)	-	-	(19,149)
31 December 2011	658	14,934	275,527	404,487	29,969	-	725,575
Depreciation for the year	-	743	36,447	63,638	1,541	-	102,369
Depreciation on disposals	-	-	(5,402)	(25,180)	-	-	(30,582)
Depreciation on written off	-	-	(3,420)	(1,101)	-	-	(4,521)
Depreciation on revalued assets	-	(13,323)	-	-	-	-	(13,323)
31 December 2012	658	2,354	303,152	441,844	31,510	-	779,518
Allowance for impairment:							
1 January 2011	-	-	-	-	-	-	-
Transfer from investment property	16,013						16,013
31 December 2011	16,013	-	-	-	-	-	16,013
Decrease during the year	(16,013)	-	-	-	-	-	(16,013)
31 December 2012	-	-	-	-	-	-	-
Net book value:							
1 January 2011	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
31 December 2012	470,000	10,000	140,167	226,645	12,185	147,735	1,006,732
Depreciation for the year							
2011 (Included in selling and administrative expenses)							98,040
2012 (Included in selling and administrative expenses)							102,369

During the year 2011, the Company reclassified investment property to Land, buildings and building improvements since the management intend to use such land for school or study center.

During the current year, the Company and a subsidiary company arranged for an independent professional valuer to appraise the value of certain assets 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			
	2012		2011	
	Land and land improvements	Buildings and building improvements	Land and land improvements	Buildings and building improvements
Original cost	364,337	241,422	308,120	179,368
Surplus from revaluation	145,230	16,733	21,386	15,587
Transfer from investment property - original cost	-	-	50,154	-
Revalued amount	509,567	258,155	379,660	194,955
Accumulated depreciation on original cost	11,376	55,245	10,124	46,275
Accumulated depreciation on surplus from revaluation	-	-	-	14,935
Accumulated depreciation on revalued amount	11,376	55,245	10,124	61,210

(Unit: Thousand Baht)

	Separate financial statements			
	2012		2011	
	Land and land improvements	Buildings and building improvements	Land and land improvements	Buildings and building improvements
Original cost	325,428	2,354	272,490	2,354
Surplus from revaluation	145,230	10,000	21,386	17,292
Transfer from investment property - original cost	-	-	50,154	-
Revalued amount	470,658	12,354	344,030	19,646
Accumulated depreciation on original cost	658	2,354	658	2,354
Accumulated depreciation on surplus from revaluation	-	-	-	12,580
Accumulated depreciation on revalued amount	658	2,354	658	14,934

In April 2011, the Federation of Accounting Professions issued Notification No. 18/2011 allowing entities could used the exemption of accounting for revalued property, plant and equipment (in accordance with the Notification No. 25/2006 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	
	2012	2011
Profit for the year (Million Baht)	0.74	0.99
Basic earnings per share (Baht per share)	0.0021	0.0031

As at 31 December 2012, 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 532.80 million (2011: Baht 499.14 million) (the Company only: Baht 512.73 million, 2011: Baht 480.27 million).

16. 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 2012, the subsidiary amortised leasehold right as expense totalling Baht 0.33 million (2011: Baht 0.33 million).

17. 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 2012, the Company amortised leasehold right as expenses totalling Baht 11.46 million (2011: Baht 13.10 million).

18. Intangible assets

The net book value of intangible assets as at 31 December 2012 and 2011 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
	Computer software	Computer software
As at 31 December 2012:		
Cost	41,743	41,242
Less: Allowance for diminution in value	(33,849)	(33,531)
Net book value	7,894	7,711
As at 31 December 2011:		
Cost	36,802	36,301
Less: Allowance for diminution in value	(31,459)	(31,191)
Net book value	5,343	5,110

A reconciliation of the net book value of intangible assets for the years 2012 and 2011 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Net book value at beginning of year	5,343	6,755	5,110	6,493
Acquisition of computer software	4,941	927	4,941	907
Amortisation	(2,390)	(2,339)	(2,340)	(2,290)
Net book value at end of year	7,894	5,343	7,711	5,110

19. Other non-current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Long-term prepaid expenses	2,234	12,325	2,234	12,325
Others	4,031	2,706	4,000	2,481
Total	6,265	15,031	6,234	14,806

20. Income received in advance / income from tuition fees

(Unit: Thousand Baht)

	Consolidated financial statements	
	2012	2011
Income received in advance - not yet recognised	36,496	34,252
Less : Income received in advance recognisable within one year	(33,801)	(28,949)
Net	2,695	5,303

During the year ended 31 December 2012, 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
Plus: Increase during the year	14,308	108,503	122,811
Less: Income recognition during the year	(9,990)	(109,720)	(119,710)
Less: Returned due to resignation of students	-	(857)	(857)
Balance as at 31 December 2012	4,318	32,178	36,496

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade accounts payable - related parties	15,519	29,982	15,519	29,982
Trade accounts payable - unrelated parties	1,253,695	1,284,160	1,252,762	1,283,154
Accrued expenses	127,806	151,562	122,020	147,126
Other payables for purchase of machineries	5,169	4,281	4,805	4,281
Notes payable	32,698	11,254	32,698	11,254
Other payables	24,216	18,968	24,216	18,968
Total	1,459,103	1,500,207	1,452,020	1,494,765

22. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Coupon payable	24,190	20,872	24,190	20,872
Accrued withholding tax	6,805	5,168	6,524	4,675
Unearned income	6,677	7,668	6,677	7,668
Others	9,238	4,250	8,388	3,688
Total	46,910	37,958	45,779	36,903

23. Long-term loans

As at 31 December 2012 and 2011, 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 5.80% - 7.50% per annum.

24. 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.

On 26 April 2012, the Annual General Meeting No.1/2012 of the Company's shareholders passed a resolution to approve the increase in the Company's registered capital from Baht 323,921,130 to Baht 356,313,243 by issuing 32,392,113 additional ordinary shares with a par value of Baht 1 each to support the issuance of a stock dividend, as discussed in Note 32. The Company registered the increase in registered share capital with the Ministry of Commerce on 8 May 2012. The paid-up share capital remains the same as the formal registered capital.

Subsequently, on 24 May 2012, the Company reported the allocation of stock dividend to the Stock Exchange of Thailand and registered the change in its paid-up share capital from Baht 323,921,130 to Baht 356,313,209. The Company registered the change in its paid-up share capital with the Ministry of Commerce on 27 June 2012.

25. 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 financial statements	
	2012	2011
Balance - beginning of year	26,097	27,087
Plus: Surplus	136,609	-
Less: Amortisation	(743)	(990)
Balance - end of year	161,963	26,097

(Unit: Thousand Baht)

	Separated financial statements	
	2012	2011
Balance - beginning of year	26,097	27,087
Plus: Surplus	129,876	-
Less: Amortisation	(743)	(990)
Balance - end of year	155,230	26,097

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

26. 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. On 7 August 2012, the meeting of the Company's Board of Directors No. 4/2012 approved the Company to increase the statutory reserve by Baht 4,404.34 so that the reserve equals 10% of the registered capital.

27. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Salary and wages and other employee benefits	732,231	665,651	653,760	594,835
Depreciation and amortisation	128,487	122,522	115,425	111,366
Rental, service and utilities expenses	557,697	500,321	552,366	496,429
Provision for diminution in value of receivables and inventories	20,823	13,715	20,959	12,600
Purchase of goods and raw materials used	3,546,319	3,473,789	3,546,319	3,473,789
Changes in inventories of finished goods and work in process	23,464	29,838	23,464	29,838
Variable expense based on sale volume	123,387	101,129	123,387	101,129

28. Corporate income tax

The Company calculated income tax for the years ended 31 December 2012 and 2011 at a rates of 23% and 30% of profit, respectively, after adding back certain accounting adjustments in accordance with the Revenue Code.

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.

29. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period. The number of ordinary shares of the prior period used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the number of shares as a result of the distribution of the stock dividends of 32.39 million shares on 27 June 2012, as discussed in Note 24, as if the shares comprising such stock dividends had been issued at the beginning of the earliest period reported.

The following table sets forth the computation of basic earnings per share:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Profit for the year (Thousand Baht)	203,453	225,215	205,152	222,835
Weighted average number of ordinary share (Thousand shares)	356,313	356,313	356,313	356,313
Earning per share (Baht/share)	0.57	0.63	0.58	0.63

30. 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	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenue from external customers	5,519	5,364	123	117	-	-	5,642	5,481
Total revenues	5,519	5,564	123	117	-	-	5,642	5,481
Segment income							176	239
Unallocated income and expenses:								
Interest and dividend income							22	24
Other income							62	54
Share of profit of associated company							2	2
Financial cost							(5)	(4)
Income tax expenses							(53)	(87)
Profit for the year							204	228

(Unit: Million Baht)

	As at 31 December							
	Book publishing and distribution		Institution of private school		Elimination of inter-segment revenues		Consolidation	
	2012	2011	2012	2011	2012	2011	2012	2011
Trade and other receivable	101	117	3	15	-	-	104	132
Inventories	400	394	1	2	-	-	401	396
Property, plant and equipment	1,007	656	247	189	(2)	-	1,252	845
Other	914	1,103	13	41	(58)	(58)	869	1,086
Total assets	2,422	2,270	264	247	(60)	(58)	2,626	2,459

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

31. Post-employment benefits for employees

31.1 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 2012, the Company contributed Baht 16.25 million (2011: Baht 13.31 million) to the fund.

31.2 Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Defined benefit obligation at beginning of year	45,742	38,758	44,307	38,266
Current service cost	7,265	5,962	7,141	5,071
Interest cost	1,745	1,656	1,686	1,604
Benefits paid during the year	(6,286)	(634)	(6,286)	(634)
Defined benefit obligation at end of year	48,466	45,742	46,848	44,307

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Current service cost	7,265	5,962	7,141	5,071
Interest cost	1,745	1,656	1,686	1,604
Total expense recognized in profit or loss	9,010	7,618	8,827	6,675
Line items under which such expenses are included in profit or loss				
Cost of sales	1,253	1,722	1,212	1,519
Selling and administrative expenses	7,757	5,896	7,615	5,156

Principal actuarial assumptions at the valuation date were as follows:

(Unit: % p.a.)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
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.

32. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend 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
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		236.46	0.73
Stock Dividend on the fourth quarter of 2011	Annual General Meeting of shareholders on 26 April 2012	32.39	0.10
Dividend on the fourth quarter of 2011	Annual General Meeting of the shareholders on 26 April 2012	35.99	0.11
Dividend on the first quarter of 2012	Board of Directors' meeting on 10 May 2012	35.63	0.10
Dividend on the second quarter of 2012	Board of Directors' meeting on 7 August 2012	35.64	0.10
Dividend on the third quarter of 2012	Board of Director's meeting on 7 November 2012	35.64	0.10
Total dividend paid and stock dividend during the year ended 31 December 2012		175.29	0.51

33. Commitments and contingent liabilities

33.1 Capital commitments

As at 31 December 2012, the Company had capital commitments of approximately Baht 362.26 million, relating to the construction of warehouse and distribution center.

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

33.2 Operating lease commitments

a) As 31 December 2012, 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 419 branches (2011: 378 branches.) The lease periods ranged from 1 to 12 years and 9 months. For the year ended 31 December 2012, the total rental and utility fees were approximately Baht 543.49 million. (2011: Baht 489.59 million) 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 2012, future minimum lease payments required under operating leases contracts were as follows.

(Unit: Million Baht)

	As at 31 December	
	2012	2011
Outstanding commitments:		
Less than 1 year	28.1	35.1
1 to 5 years	32.2	47.0
More than 5 years	43.6	43.1

For the year ended 31 December 2012, the Company recognised rental expenses in the income statement of Baht 35.2 million.(2011: Baht 31.3 million).

33.3 Guarantees

As at 31 December 2012, the Company has pledged the bank deposit of Baht 4.4 million (2011: Baht 4.4 million) to guarantee contractual performance and guarantee rental. In addition, other investments of Baht 2.3 million (2011: Baht 2.3 million) were pledged to guarantee the electricity usage and rental of head office.

33.4 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.

34. Financial instruments

34.1 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 and other receivables, 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, and long-term borrowings. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the pricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidate financial statements						
	As at 31 December 2012						
	Fixed interest rates			Floating interest rate	Non - interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							(% per annum)
Cash and cash equivalent	319	-	-	-	28	347	0.10 - 2.75
Current investments	-	-	-	168	-	168	2.60 - 3.25
Trade and other receivables	-	-	-	-	104	104	-
Restricted bank deposits	-	13	-	-	-	13	0.75 - 4.00
	319	13	-	168	132	632	
Financial liabilities							
Trade and other payables	-	-	-	-	1,461	1,461	-
Long-term loans	-	75	-	-	-	75	5.80 - 7.50
	-	75	-	-	1,461	1,536	

(Unit: Million Baht)

	Consolidate financial statements						
	As at 31 December 2011						
	Fixed interest rates			Floating interest rate	Non - interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							(% per annum)
Cash and cash equivalent	544	-	-	-	26	570	0.25 - 3.20
Current investments	-	-	-	178	-	178	1.80 - 3.50
Trade and other receivables	-	-	-	-	132	132	-
Restricted bank deposits	-	12	-	-	-	12	0.75 - 4.00
	544	12	-	178	158	892	
Financial liabilities							
Trade and other payables	-	-	-	-	1,500	1,500	-
Short-term loans from other person	3	-	-	-	-	3	5.80
Long-term loans	-	65	-	-	-	65	5.80 - 7.50
	3	65	-	-	1,500	1,568	

(Unit: Million Baht)

	Separate financial statements						
	As at 31 December 2012						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							(% per annum)
Cash and cash equivalent	315	-	-	-	28	344	0.10 - 2.75
Current investments	-	-	-	168	-	168	2.60 - 3.25
Trade and other receivables	-	-	-	-	101	101	-
Short-term loans to subsidiaries	-	-	-	15	-	15	MOR
Restricted bank deposits	-	13	-	-	-	13	0.75 - 4.00
	315	13	-	183	129	641	
Financial liabilities							
Trade and other payables	-	-	-	-	1,454	1,454	-
	-	-	-	-	1,454	1,454	

(Unit: Million Baht)

	Separate financial statements						
	As at 31 December 2011						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							(% per annum)
Cash and cash equivalent	514	-	-	-	26	540	0.25 - 3.20
Current investments	-	-	-	178	-	178	1.80 - 3.50
Trade and other receivables	-	-	-	-	117	117	-
Short-term loans to subsidiaries	-	-	-	15	-	15	MOR
Restricted bank deposits	-	13	-	-	-	13	0.75 - 4.00
	514	13	-	193	143	863	
Financial liabilities							
Trade and other payables	-	-	-	-	1,495	1,495	-
	-	-	-	-	1,495	1,495	

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.

34.2 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.

35. 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 2012 was 1.81:1 (2011: 2.37:1), and the Company only was 1.84:1 (2011: 2.48:1).

36. Event after the reporting period

The meeting of the Company's Board of Directors held on 20 February 2013 passed a resolution as follows:

a) To pay dividends to the Company's shareholders from the operations for the year 2012. The dividend is to be paid as stock dividend in the number of 35,631,320 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 35.63 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 146.50 million. The Company had paid interim dividend for 3 quarters at the rate of Baht 0.10 per share per quarter, equivalent to Baht 106.90 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 39.60 million. Total annual dividend payment in form of cash and stock dividend equal to Baht 0.51112 per share, equivalent to Baht 182.12 million.

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

b) To request an approval from the annual general meeting of the shareholders to decrease the Company's registered share capital from Baht 356,313,243 to Baht 356,313,209 by cut-off 34 ordinary shares remaining from the offering of stock dividend in accordance with the resolution of the annual general meeting of the Company's shareholders No. 1/2012.

c) To request an approval from the annual general meeting of the shareholders to increase the Company's registered share capital from Baht 356,313,209 to Baht 391,944,529 by issuance of 35,631,320 new ordinary shares at par value of Baht 1 per share for reserve for the aforementioned stock dividend.

37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2013.

กิจกรรม Activities



การประชุมประจำปีผู้จัดการสาขา
ซีเ็ดบุ๊คเซ็นเตอร์
SE-ED Book Center Managers
Annual Conference.



ซีเ็ดพบนักลงทุน Opportunity Day
SE-ED met investors on the
Opportunity Day.



การประชุมวางแผนงานประจำปี
Annual planning workshop.



กิจกรรมในโรงเรียนเพลินพัฒนา
Activities at Plearnpattana School.



กิจกรรมพัฒนาบุคลากร
Human resources development
activities.



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