

Section 1

Business Operation

1. Policy and Nature of Business Operation Policy

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. The Company was approved as a listed company by the Stock Exchange of Thailand (SET) since 1991.

SE-EDUCATION Public Company Limited is shortened to SE-ED, which is an abbreviation of **Science, Engineering and Education**. The name reflects the objective of the Company, founded 40 years ago, SE-ED seek to do business in the area that promote education in the field necessary to the development of the nation, with the focus on science, engineering and education. Currently, the Company is also popularly known as **SE-ED**.

Throughout the past 40 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 :

1.1 Vision, Mission and Strategies of the Company

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 for Knowledge in the fields that is necessary to the development of the nation. It operates in the business that will make '**Smarter Thais**' by developing the sustainable business with a continuous earning growth at the 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.

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 www.se-ed.com, m.se-ed.com and SE-ED Application 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 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 and m.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 Application**' and '**SE-ED Currents**' for smartphone or tablet, 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.

The Company has 6 major business areas, which can be described as follows :

- **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
- **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.
- **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.
- **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, English and including SE-ED Kiddy Camp's activities.
- **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.
- **BaesLab Co., Ltd.** is a consulting, software and hardware designing and developing business. In the initial phase, the company focuses on developing digital contents, programs and IT facilities for digital contents management.

SE-ED continues to be a leader in the bookstore, distribution and publishing businesses while all six 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.

1.2 Important Changes and Developments

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 Am 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 *book center 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 supercenters, 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).

In 2013 the Company expanded SE-Ed Book Center by considering the location as the main factor. The Company also focuses on the product mix in the store to increase profitability. The employee ratio is adjusted to increase service efficiency as well. 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 chance to waste any sale potential.

In 2014, the Company has officially opened the Book Distribution Center and warehouse, which can service up to 600 bookstore branches. The Book Distribution Center is not only designed to be more spacious for storing, but also has functionality and utility, it will enhance the performance to service and do the distribution for 480 point of sales at the same time. In addition, the work model is developed to be more accurate, functional, and faster by improving the distribution process to be the Digital Assorting System. This system supports the circular of the products in the bookstore and stimulates to have more various kinds of products for our customers.

Important Changes in 2014

Apart from a normal business operation, the Company had some important developments and changes in 2014, as in the following:

- 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 and considered to the branch is not profitable. The details are as follows:
 - New 8 branches were opened. As in December 31, 2014 there were in the total of 412 stores, and 9 points of sales currently in operation.
 - Renovated 13 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.
 - Closed 40 branches that cannot profitable and small size to enhance profitability. To suit the current economic conditions.
- SE-ED Learning Center: In 2014 there are new 10 branches of SE-ED Learning Center. The total number of branches as of December 31, 2014 is 26 branches, 8 branches in Bangkok and its vicinities and 18 branches in other provinces. 2 Branches are operated by the Company; 24 branches are operated by franchisees.
- 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 'Think of 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.
- Bilingual Kids Project is 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. For this year, SE-ED continues to publish more new titles in the Projects from last year, such as SE-ED Smart Flash Cards for Bilingual Kids, SE-ED Books for Bilingual Kids, SE-ED bilingual graded readers for children in kindergarten and primary levels, and SE-ED My First 4 Skills Books. Especially in the SE-ED bilingual graded readers, some titles are about wildlife and fairytales and presented in colorful illustrations that easily catch children's attention. Many in these series, namely SE-ED My First 4 Skills Books series, featured in audio CDs to help children improve their listening and speaking skills, along with mini exercises for sharpening their reading writing skills.

There is another new publication line developed in accordance with the concept of 10-Minute Miracle in the Morning Project. This concept is based on the research that primary kids can read well and effectively in the first 10 minutes of their reading, especially in the morning when brain is refreshed and ready to learn new things. Publications from 10-Minute Miracle in the Morning Project include Aesop's Stories and the series of What and Why for children in primary level, which are the famous series from Japan. In addition to other language learning materials, SE-ED has published SE-ED Smart Chinese, materials and books in Chinese language specifically designed for Thai children.

SE-ED believes all these learning materials would encourage and cultivate the life-long reading habit and improve languages skills of Thai kids.

- **Books for Students Project by SE-EDUCATION PUBLIC COMPANY LIMITED:** this project is for underprivileged children in communities to gain access to knowledge by books and other learning media donation to rural school libraries. More than nine years Books for Students project has contributed books to students. To the end of 2014, the project donated books to 3,533 schools all over the country. The total number of books is 1.8 million, worth of THB 288.77 million (cover price). By 2014 only, the donation of 89,105 books was made to 347 schools and educational institutions, worth of THB 10.23 million (cover price). Moreover the Company had donated book shelves to Ban Si Yoi school in Lampoon; Ban Gad Thee school in Phayao; Ban Kong Kho school, Ban Koi Soong school, and UtaraditDarunee in Utaradit.
- **Renovation for Underprivileged School Libraries project by SE-EDUCATION PUBLIC COMPANY LIMITED:** the Company has donated book shelves and renovated the following 23 school libraries: Ban Si Yoi school in Lampoon; Ban Gad Thee school in Phayao; Ban Kong Kho school, Ban Koi Soong school, and UtaraditDarunee in Utaradit; Chiang KamPittayakom school in Phayao; Ban Muang Kindergarten school in Sakonakorn; Ban Luang school in Nan, Border Patrol Police School of KlongTakien Chai in Sakaew; Ban Tam school in Chiang Rai; Mae Sai Kindergarten school (arts) in Chiang Rai; KloomNakKhao Ying 2 school (Ban Bo Wee) in RachaBuri; SuanPhueng Kindergarten school in RachaBuri; WatPaiLom school (In Utai) in Chantaburi; WatNong Khan school in ChantaBuri; Ban PhonSongkam school (PhaengRattaratWittaya) in NakhonRachasima; Ban AngNong Han PrachaSamukkhee school in NakhonRachasima; and Ban Nong Oar in NakhonRachasima.
- **Total Solution to English Proficiency project:** the objectives of this project are to improve the potential of teachers and students by training and developing teaching process according to Common European Framework of Reference for Languages or CEFR, and to present and introduce the innovative, systematic English teaching with teaching materials for effective class management. In addition, teachers will be able to best adapt the learning management plans according to their classes and able to assess their improvement on teaching students to have educational achievement according to the criteria.

This project also aims to raise the level of Thailand's education to use Communicative Language Teaching or CLT in the main subjects: English language, Science, Mathematics, and Art. In order to improve teachers' abilities in teaching, the project provided trainings for Elementary and Secondary school teachers, which are well, systematic designed for in classroom and outside classroom to have high educational achievement with limited resources. This would help Thai kids to acquire skills in Communicative English as well as Academic English and skills in science mathematics for coming ASEAN Economic Communication or AEC.

In 2014 the Company was entrusted by English Language Institution of Office of Basic Education to design a training course for increasing potential of Elementary & Secondary Science teachers in learning plan management using English Bilingual Education. The training events were held across the country with over 5,000 teachers joined.

- 19th Thailand's Book fair on October 15-26, 2014 at Queen Sirikit Convention Hall was held under the concept of 'learning the past for the future'. The bestselling books in this fair were *Millionaire game*, *Why 'A' Students work for 'C' Student?*, *Rich Dad*, *Tale Runner Vol.23*, *His name is 'Too'*, *Quit Your Job to Get Rich*, *500 million years of Love*, Dr.Supawat Pukjareon's tutoring books, and many books in management and investment.
- On October 2-3, 2014 at the Emerald Hotel Ratchada, SMART NETWORK 2014 was held under the concept of 'smart technology for sustainable organization development'.
- The International Youth Robot Competition 2014 or IYRC 2014 is the project to help kids to be inspired and be systematic in learning and thinking to solve the problems through the creative and fun competition on the basis of STEM. STEM is learning from the integration of Science, Technology, Engineering, and Mathematics.

In 2014 there were 10 countries joining the Competition: United States of America, Malaysia, Russia, Australia, New Zealand, China, Vietnam, and Indonesia. This year was the first year for Thailand to join, so it also was the first international challenge in design and invention for Thai primary students.

The Company has started this project and promoted it via the schools that installed the Young thinker, Young Builder, for example, Plernpattana School, in order to find skillful kids to attend the International Youth Robot Competition in South Korea in 2014. The tournament in Korea would be useful experience to Thai representatives and staff for the next the International Youth Robot Competition that will be held in Australia in 2015.

- The new distribution center and warehouse was officially opened. The new warehouse can support 600 branches. Digital Assorting System was improved to help products circulation in stores and can offer various products to customers better.
- Received 'SET Award of Honor' of Corporate Governance Report for the fourth times (6 consecutive years of Top Corporate Governance Report Awards) from the SET Awards 2014 organized by the Stock Exchange of Thailand and Money & Banking Magazine. The Company is the only listed company outside SET100 to receive this award.
- The IOD has appraised SE-ED to be excellent (5 stars) level in Corporate Governance Report of Thai Listed Companies 2014, 2013, 2012, 2011, 2010, 2009 and 2008 appraisal for 7 consecutive years. The Company is the only company from the publishing business category in the service industry to be evaluated 'excellent' for 7 consecutive years.
- The Company was assessed by the Securities and Exchange Commission, Thai Listed Companies Association, and Thai Investors Association, in the organization of the Annual General Shareholders Meeting (AGM) 2014 in the level '5 TIA' with the perfect 100 scores for 6 consecutive years (2009-2014). There was a total of 528 listed companies participated in the assessment of the year 2014.
- Received Investors' Choice Award for receiving 100% scores from the evaluation of Annual General Shareholders Meeting for 6 consecutive years (2009 - 2014) by the Thai Investors Association. This is the honorable award for the registered company that emphasizes on the importance of the Annual General Shareholders Meeting and the right and equality of the shareholders. The Company is the only one in the printing and media business to receive this honorable award.

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.

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.

In the General Shareholders Meeting No. 1/2013 convened on April 25, 2013, there was a resolution to decrease the Company's authorized capital to correspond with the paid-up capital; and another resolution to increase the company's authorized capital to support the stock dividend payment in the ration 10 original shares per 1 dividend stock. As a result, the company's authorized capital increased to 391,944,529 shares. The company registered the increase capital on May 22, 2013.

1.3 Shareholding Structure of the Group

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, EC Magazines and engineering manuals, distributed by SE-ED.

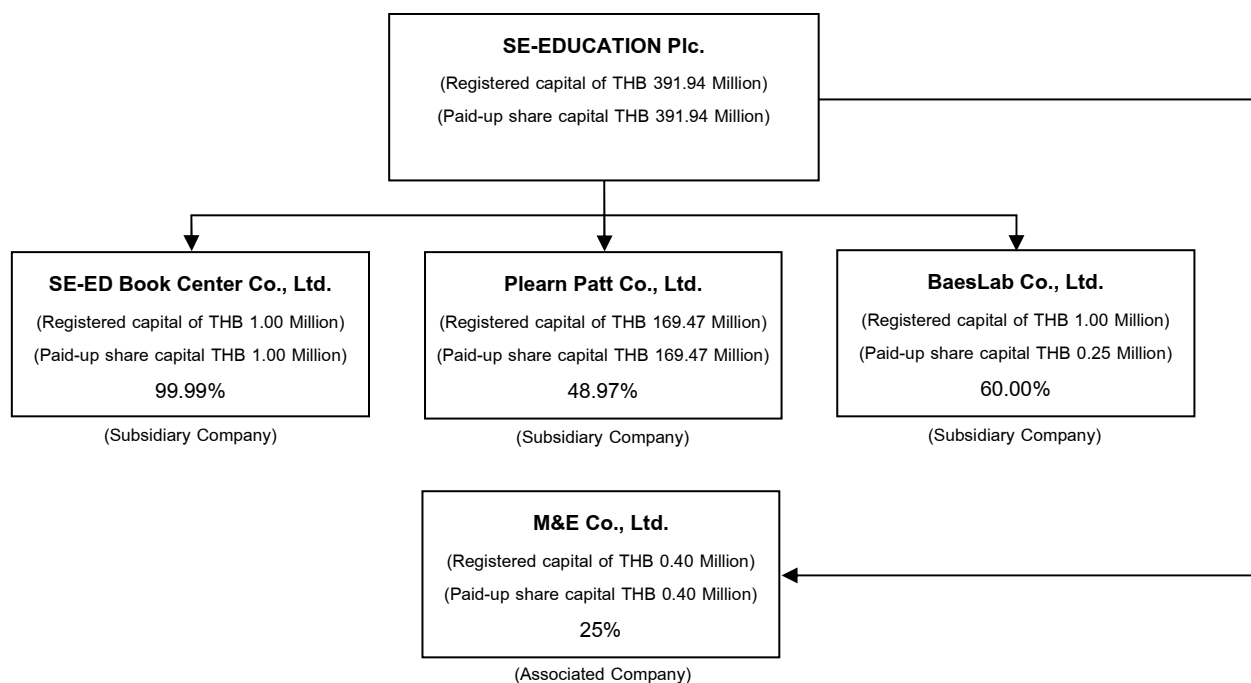
The Company has 99.93% share in SE-ED Book Center Company Limited (founded on May 11, 2011), that has a paid-up capital in the amount of THB 100,000. The company does not operate any business; it is founded to prevent other people to use the name SE-ED Book Center and to form another company and cause confusion. Later, the Company increased its shareholding in SE-ED Book Center Co., Ltd. to 99.99%, with the paid-up capital in the amount of THB 1,000,000.

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 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 Plearnpattana 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.

In 2013 the Company has 60% share in BaesLab Company Limited (founded on April 22, 2013), with the paid-up capital in the amount of THB 250,000. BaesLab is a consulting, software and hardware designing and developing business.

**Shareholding Structure of SE-EDUCATION PUBLIC COMPANY LIMITED,
its subsidiaries and associates**



Change of Major Shareholders (Information as of Closing Date)

Major Shareholder	May 23, 2014		May 8, 2013		November 23, 2012	
	No. of share	%	No. of share	%	No. of share	%
GMM Grammy Public Company Limited	49,550,512	12.64	45,045,920	12.64	45,045,920	12.64
Mr. Thaweechat Jurangkul	40,394,300	10.31	-	-	-	-
Mr. Rit Thirakomen	27,840,625	7.10	25,309,660	7.10	25,309,660	7.10
Mr. Pongsak Sivapatrakumpol	13,129,518	3.35	11,935,926	3.35	11,935,926	3.35
Best Fortune Property and Loan Fund	12,841,202	3.28	14,941,520	4.19	14,941,520	4.19

Major shareholders of Plearn Patt Co., Ltd. as of December 31, 2014 are as follows:

Major Shareholder	Paid-up share capital	SE-ED Holds shares (proportion) (%)
1. SE-EDUCATION Plc.	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

Major shareholders of BaesLab Co., Ltd. as of December 31, 2014 are as follows:

Major Shareholder	Paid-up share capital	SE-ED Holds shares (proportion) (%)
1. SE-EDUCATION Plc.	15,000	60.00
2. Mr. Viroon Sriborirak	5,000	20.00
3. Mr. Sutthipong Phanitpojaman	3,125	12.50
4. Mrs. Jitra Janrakul	1,875	7.50

2. The Description of Company's Operation

Total Revenue from Main Products and Services (By sales channel)

Unit : Thousand Baht

Type of Revenue	Operated By	Company's Shares Proportion (%)	Consolidated financial statements					
			2014		2013		2012	
			Revenue	%	Revenue	%	Revenue	%
Income from Business								
- Retails ¹	The Company	100	3,919,105	78.94	4,353,798	81.27	4,742,229	82.82
- Wholesale ²	The Company	100	775,261	15.61	747,180	13.95	722,045	12.61
- Publishing service	The Company	100	10,088	0.20	9,205	0.17	1,150	0.02
Magazines ³	The Company	100	43,496	0.88	51,642	0.96	49,773	0.87
SLC + Kiddy Camp ⁴	The Company	100	17,684	0.36	18,645	0.35	3,453	0.06
Total			4,765,634	95.99	5,180,470	96.70	5,518,650	96.38
Income from education fee, service and sales	Subsidiary	48.97	153,836	3.10	130,559	2.44	123,715	2.16
Others	The Company and its Subsidiary	N/A	52,284	1.05	49,508	0.92	85,947	1.50
Inter-Company Transaction	The Company and its Subsidiary	N/A	-6,817	-0.14	-3,165	-0.06	-2,103	-0.04
Total Revenue			4,964,937	100	4,964,937	100	5,357,372	100

Remarks : ¹ Retails - 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 2014, 2013 and 2012 represents 6.52%, 7.24%, and 7.00% of sales revenue respectively.

³ Magazines - total revenue from advertising publishing and organizing academic seminar and technology product sales.

⁴ SLC + Kiddy Camp - revenue from SE-ED Learning Center and SE-ED Kiddy Camp.

2.1 Major Products and Services Major Products and services that Company are continuing operations as follows :

- 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.

2. Magazines At the end of 2014, the Company has published 6 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.
- **MICROCOMPUTER** : A monthly magazine devoted entirely to the knowledge of Computer and information technology for Corporate, in circulation since 1983.
- **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 6,214 stores. And, the Company also sells directly to the educational institutions.

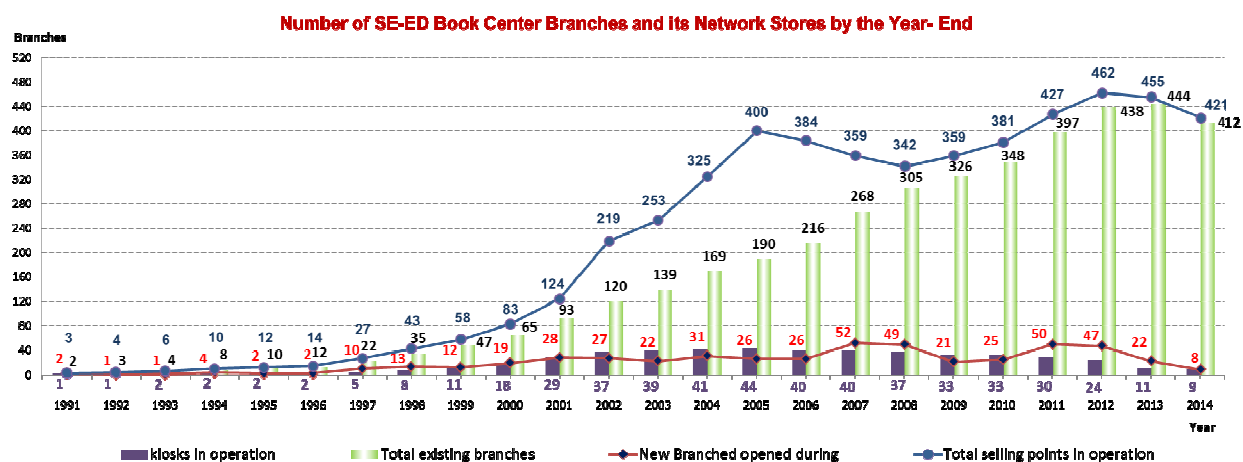
The Company has been appointed as Thailand's sole distributor of Oxford University Press (OUP) for books and related media for English language teaching and learning from January 1st 2007 onward. Under this agreed cooperation between SE-ED and OUP, the business activities of production and distribution 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 1,500 titles, while also help distributing 4,500 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, Seacon Square, provincial leading shopping centers, etc.) and education institutes (such as Ramkhamhaeng University, National Institute of Development Administration, Dhurakij Bundit University, Siam University and Srinakharinwirot prasanmit prasanmit University) in different models both in Bangkok and other provinces.

By the end of 2014, SE-ED has already opened 499 branches of SBC. From this mentioned figure, there are 412 branches in operation, with 142 branches in Bangkok and nearby provinces, and 270 branches in other provinces. With 407 bookstores operated by the Company, the other 3 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, in different formats totaling more than 9 sales and service points. Today, SE-ED Book Center is the complete chain of bookstores with the highest sales in Thailand.



- 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 newsstand 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 2014, there are 412 existing branches in operation. There are 142 branches in Bangkok and its vicinity and 270 branches in other provinces. This figure has included the small scale of 11 branches.*
 - *At the end of 2014, there are 404 existing branches in operation, using the brand of, SE-ED book center, 3 branches in university book centers.*
 - *At the end of 2014, there are 3 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 9 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, 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:

- 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).
- SE-ED iKids' Young Thinker & Inventor Program is the new way to encourage kids to learn how to invent and create robots by themselves through multimedia and books. Moreover, this program provides kids with knowledge of Science, Technology, Engineering, and Mathematics or STEM. In the program, kids will be stimulated to systematically act out, think, analyze, and solve the problems. In addition, with this knowledge integration, this program will help kids easily apply their knowledge to their everyday lives and easily connect them to technology nowadays.
- SE-ED Kiddy Camp for 8-14 year-old kids is organized on school vacation and has many options for kids; they can choose to go camping or go day camping. The goal of the camp is to encourage kids to learn with fun, to strengthen them with knowledge, and to encourage them to be brave to learn new things. Moreover kids will able to learn science, electronic invention, teamwork, leadership, self-study independence, basic knowledge for

living, morals, and especially friendship. Kids will enjoy many activities, for example, the Young Explorer; a rally; exercises.

- 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	2014	2013	2012
The number of students	1,203	1,131	1,122

- 7. BaesLab Co., Ltd.** is a consulting, software and hardware designing and developing business.

2.2 Marketing and Competition

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.

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, m.se-ed.com, SE-ED Application '**SE-ED Currents**' for smartphone or tablet, www.thailandindustry.com, www.se-edlearning.com, magazines, 'Am Kho Sen', a TV program on channel One HD Digital TV.

Sales and 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 499 branches with 412 branches still operating including 5 branches for network bookstores (as of December 31, 2014) and on www.se-ed.com and m.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 6,214 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 and other provinces, 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, using its own transportation for distribution, the Company utilizes the "Standing Order" distribution system, a combination of consignment and non-returnable sales system. For most of booksellers in other provinces, the Company uses private transportation company for distribution, 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.

Competition

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.

In 2014, however, the book business was affected by economic stagnant and political insecurity. A decrease of consumers' power of purchase yielded in the decline of sales in every part of the country. Therefore the Company decided to close down unprofitable branches, adjust products proportion in stores, and promote e-commerce in order to provide more channels for customers, catching up with changing consumer trends.

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.

Even though e-books are popular in foreign markets because of the growth in e-book reader and tablet sale, Thailand's e-book market is comparatively small. There are not many e-books in Thai language available in the market and the current Thai e-books are not as easy to read. It is expected that in Thailand it will take some time before e-books will significant affect the print book sale. However, Thai e-magazines are becoming more popular; there are already substantial e-magazine sales. The Company has adapted to the changes and prepared adequate facilities to support both e-book and print book sale and become the biggest online bookseller in the country.

Quantity and Size of Competitors : 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.

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.

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, 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 titles more or less, but in general the market share is not that significant because it is less concentrated than usual.

Substitution products : Advances in the fields of technology, industry, and business required us to always learn new things in order to gain advantages in competition. Though communication technology and computer keep running, books are still the only medium that can be read any time and any place. It is durable and costs less money. However the Company also focuses at reading habits on smartphones and tablet devices. Its application on various platforms has been developed to be one of the choices for consumers to access knowledge regardless of formats.

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 overall business as their market share is still not significantly large enough at present.

2.3 Procurements of Products and Services

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

- 1. 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 462

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.

- 2. 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)

Description	Year 2014		Year 2013		Year 2012	
	Value	%	Value	%	Value	%
Value of reselling products from the first 10 largest trading partners	1,356.37	44.93	1,173.91	34.74	1,397.28	38.03
Total cost of goods sold	3,018.63	100	3,379.52	100	3,673.89	100

In 2014, 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 cannot 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 26.36% of the cost of products in 2014 or 1.05% 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.

2.4 Undelivered Jobs

- None -

3. 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:

3.1 Operation Risk

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

- **Distribution Center and 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 and open in 2014, 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 Distribution Center and 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 has developed 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.

Fire risk, the automatic fire alarm and sprinkler system were installed on the ceiling of the distribution center and new warehouse. Some was installed between product shelves in order to reduce fire risk and control the fire not to expand. In addition, employees were trained to use firefighting equipment. The fire prevention manual with instructions and other detail was provided in order to enable the prompt operation.

Electricity risk, electronic equipment in the new warehouse was checked and maintained regularly to be ready to use. The lightening protection system was also installed in order to prevent the accidents from short circuit. Moreover, in case of power failure, the energy backup system was installed to reduce the risk of stopping operation.

Flood risk, the new distribution center was designed to be higher than the road level by 2.35 meters to reduce the loss from flood.

- **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. 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 1.59% in 2006 to 0.33% from the sales volume of 2014. 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.

3.2 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. In addition, there is the development of an application called ‘**SE-ED Currents**’, available on smartphones or tablets, to respond to the changing consumption behaviors.

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 82% of the 2014 total revenue.

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 e-Book 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.

3.3 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.

3.4 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.

3.5 Risks 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 (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 for 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.

4. Assets Utilization in the Course of Business

4.1 Assets of Company and Subsidiaries

Book value of Property, Plant and Equipment and Leasehold of the Company and its subsidiary as follow :

(Unit : Million Baht)

Assets	Type	Book Value			Collateral against bank overdrafts and long-term loans		
		31/12/14	31/12/13	31/12/12	31/12/14	31/12/13	31/12/12
Land	Owner	538.65	497.20	498.19	-	-	-
Building	Owner	560.06	194.30	202.91	-	-	-
Building Decoration	Owner	114.66	146.49	140.17	-	-	-
Office Equipment	Owner	376.68	258.62	251.91	-	-	-
Vehicles	Owner	9.01	10.59	12.19	-	-	-
Work-in-Progress	Owner	7.09	505.64	146.32	-	-	-
Leasehold right on land	Area rights holder	6.37	6.70	7.04	-	-	-
Leasehold right on buildings	Area rights holder	74.60	87.41	98.84	-	-	-
Total		1687.12	1,706.95	1,357.57	-	-	-

Major characteristics of the fixed assets of the Company and its subsidiary consisting of land, buildings, equipment and leasehold summarized as follows :

1. The Company has 1 lease contract for office space and services at The TCIF Tower (Interlink Tower) 1858/87-90, Bangna-Trat Rd., Bangna, Bangkok. The contract's term is from March 1, 2013 to February 29, 2016, The contracts' term is 3 years, and the Company has the right to renew the contracts for 3 more years.
2. The Company's lease contracts for the warehouse building (on Kingkeaw Road) which is used as the Company's warehouse and distribution center details as follow:
 - The contract's term is from December 1, 2008 to August 31, 2021, with the remaining term of 6 years and 8 months.
 - The contract's term is from October 11, 2010 to October 11, 2021, with the remaining term of 6 years and 9 months and 11 days.
3. The Company obtains the leasehold of space usage for 412 SBC branches limiting 1 year to 12 years, with which the contract has the maximum length of contract of 3 years 9 months left, and the Company has the right to renew the contracts for 3 more years. In general, the Company has made two types of space renting contracts that are the renting fees from the value of each branch sales, in which case the percentage rate depends upon the contract agreed between the two parties concerned and the rental rate is constant.





4. Currently the Company is the holder of 12 leaseholds for the space usage of operating bookstores in leading shopping centers, The remaining lease term is now 2 months to 12 years whereas the net book value amount as of December 31, 2014 is THB 74.59 Million.
5. The leasehold of the whole property is the benefits from the use of the property surface according to the lease contract of the subsidiary company. The property is leased from the shareholder of the subsidiary. There are two leaseholds worth 10 Million Baht. The term is 30 years. The area is approximately 32,000 square meters (20 Rai). The purpose is to operate an education business. The remaining term is 19 years. The total leasehold value as of December 31, 2014 is THB 6.37 Million.







Intangible Assets The main feature of the Intangible Assets is the copyrights for publishing in which the Company does direct contracts with copyright holders. These contracts are with the average duration of 3 years, which are renewed for 3 years automatically after the expiry date, or until the printout. Currently, the Company holds internal and foreign copyright contracts summarized as follows :











Copyright Contracts as of December 31, 2014

- Internal Copyright Contracts Total 2,137 Copies
- Foreign Copyright Contracts Total 986 Copies

Trademark and Service Marks The Company registered a trademark and service marks with the Department of Intellectual Property, Ministry of Commerce so that they Company can be protected by the Bill of Trademark B.E. 2534. Up to the present the Company had registered the following trademark and service marks :

No.	Marks's Name	Sample	Purpose	Expiration Date *
1	Trademark		- CD - Books - Magazines	March 25, 2021 March 25, 2021
2	SE-ED Booknet		- Bookselling Service	April 8, 2021
3	SE-ED Book Center		- Bookselling Service - Shirts (unless underwear and sport wear) - Leather Utility Bags - Fabric Utility Bags	April 8, 2021 March 13, 2021 March 13, 2021
4	SE-ED		- Book - Shirts (unless underwear and sport wear)	March 13, 2021 March 13, 2021



No.	Marks's Name	Sample	Purpose	Expiration Date *
5	SE-ED BOOK CENTER		- Bookselling	March 13, 2021
6	SE-ED BOOK CENTER		- Bookselling	March 13, 2021
7	SE-ED BOOK CENTER		<ul style="list-style-type: none"> - Leather Utility Bags - Fabric Utility Bags - Shirts (unless underwear and sport wear) - Bookselling 	March 13, 2021 March 13, 2021 March 13, 2021
8	SE-ED BOOK CENTER		- Bookselling	March 13, 2021
9	SE-ED BOOK CENTER		<ul style="list-style-type: none"> - Shirts (unless underwear and sport wear) - Leather Utility Bags - Fabric Utility Bags - Bookselling 	March 13, 2021 March 13, 2021 March 13, 2021
10	SE-ED		<ul style="list-style-type: none"> - Books - Shirts (unless underwear and sport wear) 	March 13, 2021 March 13, 2021
11	SE-ED, KIDDY CAMP		<ul style="list-style-type: none"> - Shirts (unless underwear and sport wear) - Cap 	March 13, 2021
12	SE-ED		- Utility Bags	March 13, 2021
13	SE-ED ENJOY READING		<ul style="list-style-type: none"> - Books - Magazines 	February 16, 2021
14	SE-ED ENJOY READING		<ul style="list-style-type: none"> - Books - Magazines 	February 16, 2021
15	ADD FREE MAGAZINE		- Magazines	March 13, 2021



No.	Marks's Name	Sample	Purpose	Expiration Date *
16	ET,EXTREME TECHNOLOGY MAGAZINE		- Magazines	March 13, 2021
17	THE ABSOLUTE SOUND & STAGE		- Magazines	March 13, 2021
18	FAN MATH BY SE-ED		- Teaching Service	March 22, 2022
			- Books	March 22, 2022
			- Textbooks	March 22, 2022
			- CD	March 22, 2022
			- DVD	March 22, 2022
18	FAN MATH BY SE-ED		- Management franchise service	September 12, 2023
			- Franchise service	
			- Management control franchise business	
			- Education	
			- Educational institution	
19	SE-ED,iKids		- Management the teaching and learning in the classroom	September 12, 2023
			- Education Services	
			- Learning Services	
			- Teaching Service	
			- Books	
19	SE-ED,iKids		- Magazines	September 12, 2023
			- CD	
			- DVD	
			- Management franchise service	
			- Franchise service	
19	SE-ED,iKids		- Management control franchise business	September 12, 2023
			- Education	
			- Educational institution	
			- Management the teaching and learning in the classroom	
			- Education Services	
19	SE-ED,iKids		- Learning Services	September 12, 2023
			- Teaching Service	
			- Books	
			- Magazines	
			- CD	
19	SE-ED,iKids		- DVD	September 12, 2023
			- Management franchise service	
			- Franchise service	
			- Management control franchise business	
			- Education	
19	SE-ED,iKids		- Educational institution	September 12, 2023
			- Management the teaching and learning in the classroom	
			- Education Services	
			- Learning Services	
			- Teaching Service	

No.	Marks's Name	Sample	Purpose	Expiration Date *
20	ACTIVE ENGLISH BY SE-ED		- Teaching Service	November 10, 2023
			- Books	November 10, 2023
			- Magazines	November 10, 2023
			- CD	March 22, 2022
			- DVD	March 22, 2022
21	SE-ED LEARNING CENTER		- Management franchise service	September 12, 2023
			- Franchise service	September 12, 2023
			- Management control franchise business	September 12, 2023
			- Education	September 12, 2023
			- Educational institution	September 12, 2023
			- Management the teaching and learning in the classroom	September 12, 2023
			- Education Services	September 12, 2023
			- Learning Services	September 12, 2023
			- Management franchise service	September 12, 2023
			- Franchise service	September 12, 2023
			- Management control franchise business	September 12, 2023
			- Education	September 12, 2023
			- Educational institution	September 12, 2023
			- Management the teaching and learning in the classroom	September 12, 2023
			- Education Services	September 12, 2023
			- Learning Services	September 12, 2023
			- Management franchise service	September 12, 2023
			- Franchise service	September 12, 2023
			- Management control franchise business	September 12, 2023
			- Education	September 12, 2023
			- Educational institution	September 12, 2023
			- Management the teaching and learning in the classroom	September 12, 2023
			- Education Services	September 12, 2023
			- Learning Services	September 12, 2023
			- Management franchise service	September 12, 2023

Remark * The registration term of the trademark and service mark is 10 years from the date of registration and may be renewed for every 10 years.

Trademark and Service Marks are on registration processing

No.	Marks's Name	Sample	Purpose	Remark
1	FAN MATH BY SE-ED		- Books - Materials used in teaching (unless tools and scientific equipment).	Processing approval Applicant on Sep 13, 2013
2	ACTIVE ENGLISH BY SE-ED		- Books - Materials used in teaching (unless tools and scientific equipment).	Processing approval Applicant on Sep 13, 2013

No.	Marks's Name	Sample	Purpose	Remark
3	SE-ED,iKids		<ul style="list-style-type: none"> - Books - Materials used in teaching (unless tools and scientific equipment). 	Processing approval Applicant on Sep 13, 2013
4	SE-ED LEARNING CENTER		<ul style="list-style-type: none"> - Books - Materials used in teaching (unless tools and scientific equipment). 	Processing approval Applicant on Sep 13, 2013

4.2 Investment Policy of the Company and its Subsidiary

The Company has a policy to invest in its subsidiary and associate companies that operate a business relevant to the Company's business so that the investment will support the Company's operation. The operation of the subsidiary and associate companies is assigned to the executives or the Company's directors with particular expertise who will act as the representatives of the Company. As of December 31, 2014 the Company's investment on the subsidiary and associate companies can be summarized as follows :

Company	Relation	Type of Business	Paid Capital (Million Baht)	Share Percentage (%)
SE-ED Book Center Co., Ltd.	Subsidiary	Business Consulting Company	1.00	99.99
Plearn Patt Co., Ltd.	Subsidiary	Private School (Operating Plearnpattana School)	169.48	48.97
BaesLab Co., Ltd.	Subsidiary	Consulting, software and hardware designing and developing business.	0.25	60.00
M&E Co., Ltd.	Associate	Publisher of Engineering Books and Magazines	0.40	25.00

4.3 Information about Interim Assets Appraisal or Valuation

- None -

5. Legal Disputes

As of December 31, 2014 the Company and its associates did not have any lawsuit or legal disputes which may effect to company and its associates' assets more than 5% of shareholders' equity and effect the operation significantly, includes did not have any lawsuit or legal disputes from the regular business which may effect to company and its associate.

6. General Information and Other Significant Information

6.1 General information

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

Name of the shares issuer : SE-EDUCATION Public Company Limited
Company

Abbreviated Name : SE-ED

Head Office : 1858/87-90 Interlink Tower, 19th Floor, Bangna-Trat Road, Bangna, Bangkok 10260, Thailand.

Distribution Center : 118 Moo 1 Tambon Sisa Chorakhe Yai, Amphoe Bang Sao Thong, Samut Prakarn 10540, Thailand.

SE-ED Learning Center : PARADISE PARK Floor 4, 61 Srinakarin Road, Nongbon, Pravet Bangkok, Thailand 10250

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

- 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
- BaesLab Co., Ltd. is a consulting, software and hardware designing and developing business.

Registered No. : 0107536000285

Registered Capital : THB 391,944,529 (391,944,529 ordinary shares @ Baht 1.00 par value each)

Paid-up share capital : THB 391,944,418 (391,944,418 ordinary shares @ Baht 1.00 par value each)

Name and Location of the juristic person which the Company held shares more than 10 percent upward

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. 502
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 No. : 0105545100716
Registered Capital : THB 169,475,500 (16,947,550 ordinary shares @ Baht 10.00 par value each)
Paid-up share capital : THB 169,475,500 (16,947,550 ordinary shares @ Baht 10.00 par value each)
SE-ED holds : 48.97% of shares

Name : **SE-ED Book Center Co., Ltd.**
Address : 1858/87-90 Interlink Tower, 19th Floor, Bangna-Trat Road, Bangna, Bangkok 10260, Thailand
Tel. : 66-2739-8000
Fax. : 66-2751-5999
Business : Business Consultancy
Registered No. : 0105544044332
Registered Capital : THB 1,000,000 (100,000 ordinary shares @ Baht 10.00 par value each)
Paid-up share capital : THB 1,000,000 (100,000 ordinary shares @ Baht 10.00 par value each)
SE-ED holds : 99.99% of shares

Name : **BaesLab Co., Ltd.**
Address : 1858/87-90 Interlink Tower, 19th Floor, Bangna-Trat Road, Bangna, Bangkok 10260, Thailand
Tel. : 66-2739-8000
Fax. : 66-2751-5999
Business : Provide counseling about selection and distribution of software
Registered No. : 0105556066298
Registered Capital : THB 1,000,000 (100,000 ordinary shares @ Baht 10.00 par value each)
Paid-up share capital : THB 250,000 (25,000 ordinary shares @ Baht 10.00 par value each)
SE-ED holds : 60.00% 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 No. : 0105527008994
Registered Capital : THB 400,000 (4,000 ordinary shares @ Baht 100.00 par value each)
Paid-up share capital : THB 400,000 (4,000 ordinary shares @ Baht 100.00 par value each)
SE-ED holds : 25.00% 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
Website : contact.tsd@set.or.th
Business : Magazine and Book publishing for Engineer
Registered No. : 0105527008994
Registered Capital : THB 400,000 (4,000 ordinary shares @ Baht 100.00 par value each)
Paid-up share capital : THB 400,000 (4,000 ordinary shares @ Baht 100.00 par value each)
SE-ED holds : 25.00% of shares

Auditor : **Miss Pimjai Manitkajohnkit Auditor ID: 4521 and/or**
Miss Runnapa Lertsuwanku Auditor ID: 3516 and/or
Mr. Chayapol Suppasdtanon Auditor ID: 3972 and/or
Other auditors from the same office

Address : EY Office Limited
33rd Floor, Lake Rajada Office Complex, 193/136-137 New Rajadapisek
Road, Klongtoey, Bangkok 10110

Tel. : 66-2264-0777

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, Bangkok,
Bangkok 10240, Thailand

Tel. : 66-2731-5337 and 66-2731-5338

Fax : 66-2731-5759

Bond holder

Representative : - No bonds -

6.2 Other Significant Information

- None -