



รายงานประจำปี  
2551  
2008  
Annual Report



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

## ภารกิจ

ซีเ็ด จะดำเนินธุรกิจที่เอื้ออำนวยต่อการศึกษาค้นคว้าความรู้ในสาขาที่จำเป็นต่อการพัฒนาประเทศ จะดำเนินธุรกิจที่จะทำให้ “คนไทยเก่งขึ้น” โดยพัฒนาขึ้นเป็นธุรกิจที่ยั่งยืน มีการเติบโตต่อเนื่องที่สูงกว่าค่าเฉลี่ยของอุตสาหกรรม เป็นบริษัทตัวอย่างที่ดี สามารถสร้างสรรค์ผลงานที่เป็นประโยชน์และเป็นที่ยอมรับในวงกว้าง พนักงานมีความสุข และสามารถให้ผลตอบแทนการลงทุนที่น่าพึงพอใจในระยะยาว

## 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 “Thais Smarter” by developing the sustainable business with a continuous earning growth at the above the industry average, being a role model company that can create work result deems beneficial and accepted by society at large with happy staffs, and able to deliver and maintain an attractive long-term investment returns at the satisfaction level.



บริษัท ซีเ็ดยูเคชั่น จำกัด (มหาชน) ได้รับรางวัล Best Shareholder Treatment Awards 2008 (บริษัทจดทะเบียนยอดเยี่ยมในการดูแลผู้ถือหุ้น) ในงาน SET AWARDS 2008

SE-EDUCATION Public Co.,Ltd received the Best Shareholder Treatment Awards 2008 in SET AWARDS 2008



งาน Thailand Electronics Technology 2008 ณ ศูนย์การแสดงสินค้าและการประชุมนานาชาติ (BITEC)

Thailand Electronics Technology 2008 at Bangkok International Trade Exhibition Center (BITEC).



“โครงการหนังสือเพื่อน้อง” ในปี 2551 บริจาคหนังสือให้ห้องสมุดโรงเรียนต่างๆ มากกว่า 600 โรงเรียน

Book donation project “Books for the Young” to more than 600 schools.





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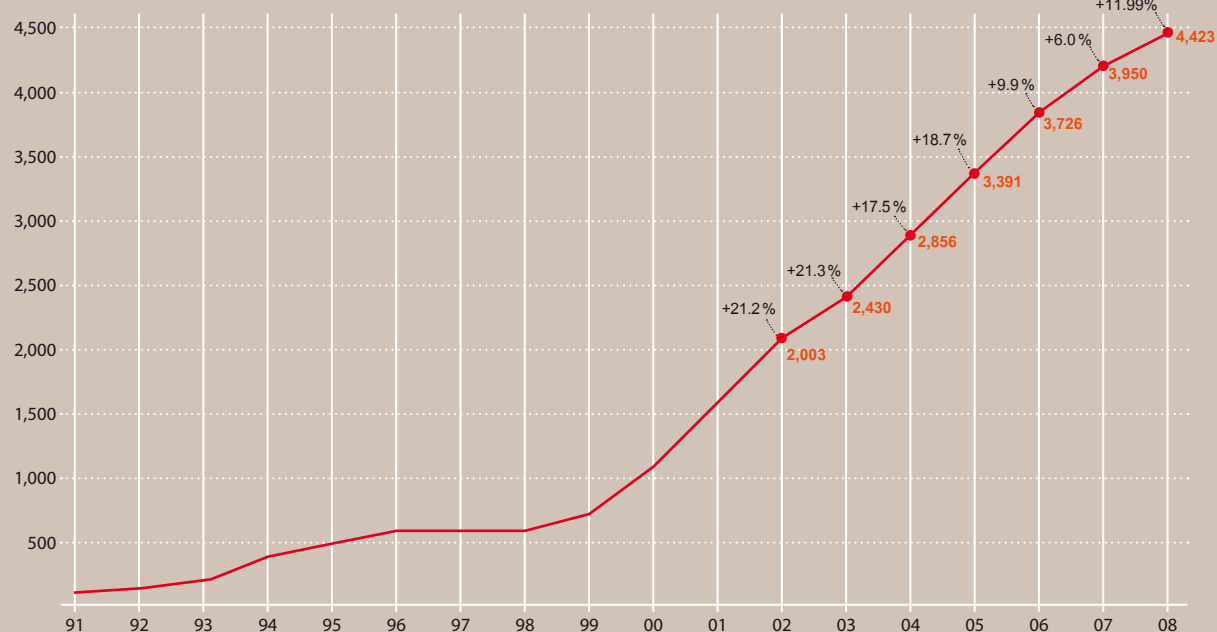
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# OPERATING RESULTS SE-EDUCATION PUBLIC COMPANY LIMITED

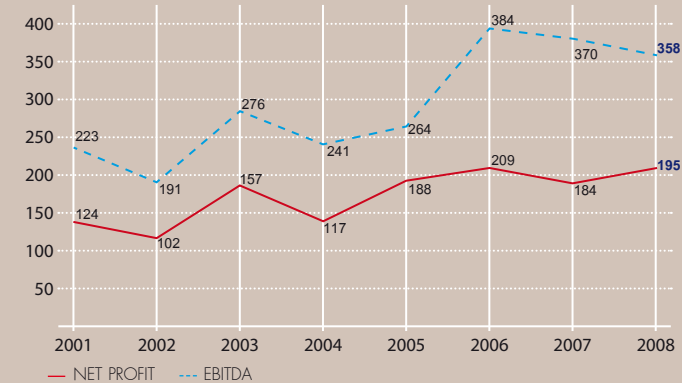
## Total Revenue

MILLION BAHT



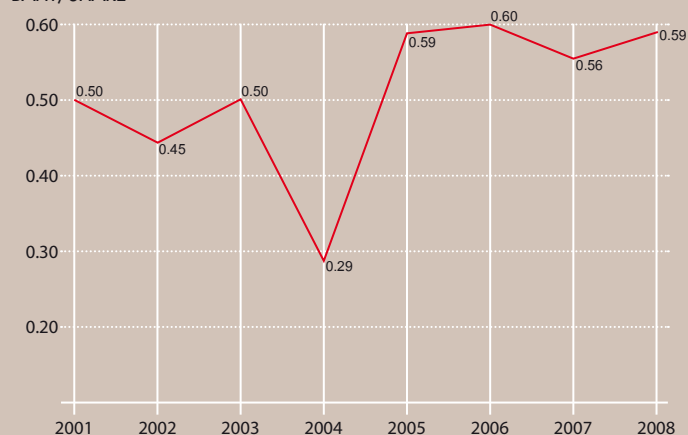
## NET PROFIT AND EBITDA

MILLION BAHT



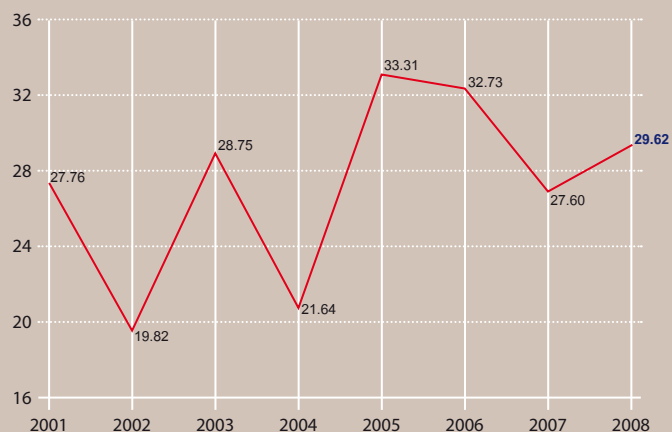
## DIVIDEND PAID PER SHARE FROM OPERATING RESULT FOR THE YEAR

BAHT/SHARE



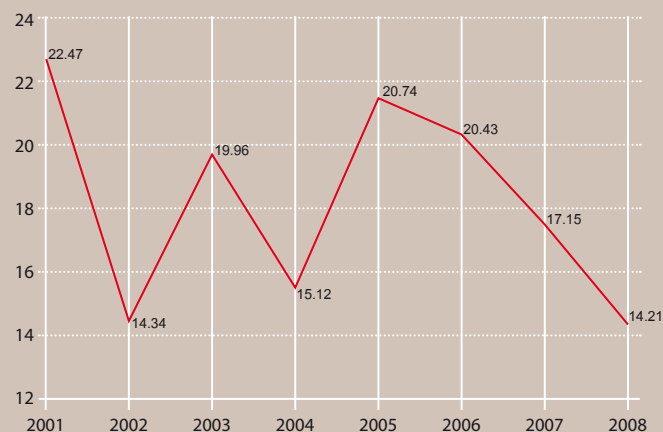
## RETURN ON EQUITY (ROE)

%



## RETURN ON ASSETS (ROA)

%





หน่วย : ล้านบาท  
Unit : Million Baht

| ผลการดำเนินงาน<br>OPERATING RESULTS                            | 2551<br>2008             | 2550<br>2007             | 2549<br>2006             | 2548<br>2005             | 2547<br>2004             | 2546<br>2003             |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| รายได้รวม<br>Total Revenues                                    | 4,423.00                 | 3,949.59                 | 3,725.74                 | 3,391.13                 | 2,856.34                 | 2,429.96                 |
| กำไรสุทธิ<br>Net Profit  | 194.63                   | 183.80                   | 209.19                   | 187.91                   | 116.96                   | 156.65                   |
| กำไรสุทธิต่อรายได้รวม<br>Net Profit Margin (%)                 | 4.40                     | 4.65                     | 5.61                     | 5.54                     | 4.09                     | 6.45                     |
| กำไรต่อหุ้น (บาท)<br>EPS (Baht)                                | 0.60                     | 0.57                     | 0.67                     | 0.63                     | 0.41                     | 0.73                     |
| มูลค่าหุ้นทางบัญชีต่อหุ้น (บาท)<br>Book Value per share (Baht) | 2.05                     | 2.00                     | 1.95                     | 1.91                     | 1.69                     | 2.22                     |
| สินทรัพย์รวม<br>Total Assets                                   | 1,826.49                 | 1,733.55                 | 1,477.50                 | 1,442.27                 | 1,107.81                 | 1,105.18                 |
| หนี้สินรวม<br>Total Liabilities                                | 1,172.54                 | 1,073.20                 | 812.49                   | 828.97                   | 592.73                   | 539.13                   |
| ส่วนของผู้ถือหุ้น<br>Shareholders Equity                       | 653.95                   | 660.35                   | 665.01                   | 613.30                   | 515.08                   | 566.04                   |
| ทุนที่ออกและที่เรียกชำระแล้ว<br>Paid – up Capital              | 323.92                   | 323.77                   | 332.90                   | 322.14                   | 314.15                   | 255.07                   |
| อัตราผลตอบแทนต่อสินทรัพย์<br>ROA (%)                           | 14.21                    | 17.15                    | 20.43                    | 20.74                    | 15.12                    | 19.96                    |
| อัตราผลตอบแทนต่อส่วนของผู้ถือหุ้น<br>ROE (%)                   | 29.62                    | 27.60                    | 32.73                    | 33.31                    | 21.64                    | 28.75                    |
| ณ วันที่<br>As of  | 30/12/2551<br>30/12/2008 | 28/12/2550<br>28/12/2007 | 29/12/2549<br>29/12/2006 | 30/12/2548<br>30/12/2005 | 30/12/2547<br>30/12/2004 | 31/12/2546<br>31/12/2003 |
| ราคาล่าสุด (บาท)<br>Last Price (Baht)                          | 5.85                     | 9.50                     | 7.20                     | 5.90                     | 5.40                     | 6.00                     |
| มูลค่าหลักทรัพย์ตามราคาตลาด<br>Market Cap.                     | 1,894.94                 | 3,075.77                 | 2,387.85                 | 1,900.60                 | 1,696.42                 | 1,530.43                 |

# Financial Ratios

## LIQUIDITY RATIO

| Ratio                          | 2008 | 2007 | 2006 |
|--------------------------------|------|------|------|
| Current Ratio (Time)           | 0.97 | 1.04 | 1.05 |
| Quick Ratio (Time)             | 0.50 | 0.56 | 0.71 |
| Cash Flow Ratio (Time)         | 0.30 | 0.31 | 0.41 |
| Accounts Receivable Turnover   | 8.23 | 7.07 | 6.06 |
| Average Debt Collection Period | 44   | 51   | 59   |
| Inventory Turnover             | 5.86 | 6.93 | 9.16 |
| Average Selling Period (Day)   | 61   | 52   | 39   |
| Payably Turnover (Time)        | 3.31 | 3.56 | 3.88 |
| Average Period (Day)           | 109  | 101  | 93   |
| Cash Cycle (Day)               | (4)  | 2    | 6    |

## PROFITABILITY RATIO

| Ratio                        | 2008   | 2007   | 2006   |
|------------------------------|--------|--------|--------|
| Gross Profit Margin (%)      | 30.66  | 31.17  | 31.52  |
| Operating Profit (%)         | 5.79   | 7.08   | 7.98   |
| Other Profit (%)             | 1.20   | 1.30   | 1.21   |
| Cash to Earnings Ratio (%)   | 130.37 | 103.75 | 111.38 |
| Net Profit Margin (%)        | 4.40   | 4.65   | 5.61   |
| Rate of Return to Equity (%) | 29.62  | 27.60  | 32.73  |

## EFFICIENCY RATIO

| Ratio                      | 2008  | 2007  | 2006  |
|----------------------------|-------|-------|-------|
| Return on Asset (%)        | 14.21 | 17.15 | 20.43 |
| Return on Fixed Assets (%) | 66.65 | 65.39 | 71.22 |
| Asset Turnover (Time)      | 2.48  | 2.45  | 2.59  |

## FINANCIAL POLICY RATIO

| Ratio                              | 2008     | 2007     | 2006     |
|------------------------------------|----------|----------|----------|
| Debt to Equity Ratio (Time)        | 1.79     | 1.63     | 1.22     |
| Interest Capability Ratio (Time)   | 2,264.37 | 1,170.61 | 2,091.06 |
| Debt Service Coverage Ratio (Time) | 0.95     | 0.95     | 1.27     |
| Dividend Payout Ratio** (%)        | 98.19    | 98.65    | 91.09    |

**Remark\*\*** Dividend payment rate for 2008 has been approved from the board of Directors and waiting for approval from shareholders in the annual general meeting on April 29, 2009 and calculate from the amount of common shares counted on November 28, 2008.



## SE-ED's Corporate Highlights

- The company's commitment formulated 34 years ago was to “doing business in knowledge dissemination with a view to developing the full potential of Thai people in essential areas for national development such as science, engineering and education.”
- A pioneer of technical books and magazines publisher who achieved success and being recognized nowadays in Thailand publishing business.
- Being a Thai leading publishing firm in all the three lines of publishing business as: -
  - A publisher with sales volume through local bookstores across the country stays in the early top rank emphasizing in engineering, science, management, business, juvenile-youth supplement and substantial general knowledge.
  - A distributor with largest sales volume who distributes books to local bookstores and also has a distributing system deemed to be the best of the country in books business by develop the system called Standing Order Distributing System for Thailand.
  - A bookstore chain owner with highest number of branches and highest sales since 1999. Moreover, SE-ED had been conferred from the books distributing promotion club (books distributors club) under the publishers and booksellers association of Thailand “Outstanding Bookstore Chain 2002 and 2003 Award” and “Outstanding Bookstore of the decade (2004)”
- In 2006 ranked at 568 in total revenue of all companies in Thailand (and profit ranked at 463), the second largest of publishing business of Thailand. Only 4 companies lead been ranked from first 1000 companies which highest revenue (Information from “Top 1000 Thai companies of 2006 which ranked the companies revenue from financial statement database of 2006 by Ministry of Commerce dissemination in December 2007 in Krung Thep Thura Kij newspaper) which was continuously better rank since 2003 at rank 662.
- One of 200 small companies outside the U.S. which are the Best under \$1 billion in revenue for 2002 (200 Companies for 2002, Best under a Billion), declared on October 28, 2002, FORBES Magazine Global edition, a world class business magazine, selected from 20,000 companies all over the world outside the U.S.
- A registered company listed in the Stock Exchange of Thailand being with following interesting points:
  - A company with the highest Average Revenue Growth Rate among those in the publishing sector about 38.4 times within 17 years or the annually growth average at 23.9% since the first year listed in the Stock Exchange of Thailand up to the year 2008
  - Received the “excellent” (5 stars) award for Corporate Governance Report of Thai Listed Companies 2008 arranged by Thai Institute of Directors shared with other 22 companies amongst 448 listed companies. SE-ED was the only 1 of 6 companies in the group of medium cap and small cap size company while others were in SET 100 group.
  - Received Best Shareholder Treatment Awards 2008 arranged by The Thailand Securities Depository Co., Ltd. (TSD) corporated with Stock Exchange of Thailand , Thai Investors Association, Thai Listed Companies Association and Thai Investor Relations Club. There were 6 companies granted this award while only SE-ED was not in the SET 100 and 4 of them were in SET 50 and one in the SET 100(not in SET 50).



# SE-ED's Corporate Highlights



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

- To be one of three companies outside SET group for final round IR Excellence Awards 2008 arranged by Stock Exchange of Thailand and financial and banking magazine.
- To be one of ten companies for final round Corporate Social Responsibilities Awards 2008 arranged by Stock Exchange of Thailand and financial and banking magazine. SE-ED was only 1 out of 10 companies who is not in SET 50 and SET 100 and not in group of large capital companies in this final round contest.
- Received the “Board of The Year for Distinctive Practices” award, 2006/2007 from Thai Institute of Director or IOD co-operated with The Stock Exchange of Thailand, Board of Trade of Thailand, Federation of Thai Industries, The Thai Bankers’ Association, Thai Listed Companies Association, and Federation of Thai Capital Market Organizations. The awards were granted to 19 companies for 2006/2007 (14 companies with distinctive practices award and 5 companies for Exemplary Practices award) from more than 400 listed companies. SE-ED was one of the two middle market capital companies that took home the award this year. Others were large market capital companies, Moreover SE-ED was the 1 of 6 which in the SET 100 to receive this award.



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



## SE-ED's Corporate Highlights

- The company was rated as “Excellent” in the 2007 and 2008 valuation in the Annual General Meeting (AGM) of the shareholders by the Securities and Exchange Commission in cooperate with the Listed Companies Association and the Thai Investors Association. The company has been in the group of over 100 points (normal full grade was 100 points with special bonus not more than 10 points to be total of 110 points) which has been praised as good example from SEC. The objective of this appraisal was to increase awareness of stockholders’ rights and good corporate governance principles.

In 2008 achieved 107.50 points with appraised as one of 74 companies praised as good example from SEC from overall 486 firms.

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

With such an excellent appraisal came from the meeting arrangement with good corporate governance, transparent, and allowed for opened opportunity for shareholders to ask questions and clear answering until no more questions in doubt.

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

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

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

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

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

- The company was rated as “Excellent” for the second consecutive in year the Opportunity Day activity provided by the Stock Exchange of Thailand for Q4/2006 and Q4/2005. Furthermore, the company has also been rated as the highest outstanding in three aspects namely, the usefulness of information, the method, and appropriateness of presentation’s time, compared with the other 48 and 68 listed companies in which participated
  - Appraised from the Thai of Directors Association with supported from the Stock Exchange of Thailand (SET) which is rate as “Very Good” to be one of publishing listed company rated as “Very Good – Excellent” and to be one of the top 71 listed companies of 402 listed company with best corporate governance rated as “Very Good – Excellent for the year 2006.
  - Appraised from the Thai Institute of Directors Association with supported from the Stock Exchange of Thailand (SET) and the Office of Securities Exchange Commission (SEC) to be one of the top 85 listed companies with best corporate governance (Top Quartile Companies) for the year 2003.

# SE-ED's Corporate Highlights

- ❑ Appraised from Thai Institute of Directors Association to be one of top 20 companies with best corporate governance for the year 2002 which survey from 234 companies listed in the Stock Exchange of Thailand.
- ❑ Declared and conferred from the Office of Securities and Exchange Commission the “Disclosure Report Award 2002 and Disclosure Report Award 2003” as “a listed company that should be commended for disclosure data to investors”. The SEC set up this award in order to promote good corporate governance in Thailand.
- ❑ Nowadays SE-ED share has been recognized as one of the Value Stock of Stock Exchange of Thailand.
- The producer of “Book Variety” TV program on air every Saturday from 9.00-9.30 a.m. at Nation Channel, TTV1
- The organizer of “Thailand Electronics & Industrial Technology”, the country’s greatest annual Electronics and Industrial Trade Fair.
- The company owned the website, [www.se-ed.com](http://www.se-ed.com), which is one of the most popular websites in book business category.





# General Information

## Name and Location of Head Office and Distribution Center

|  |  |
|--|--|
| <b>Name</b>                                      | <b>: SE-EDUCATION Public Company Limited</b>   |
| Head Office                                      | : 1858/87-90 Nation Tower, 19th Floor, Bang Na-Trat Road, Km.4.5<br>Bang Na, Bangkok 10260 Thailand  |
| Distribution Center                              | : 99 Moo 1, King Kaeo Road, Rachathewa, Bang Phli, Samut Prakan 10540<br>Thailand<br>: Pitaktham Warehouse 1/12, 1/17 King Kaeo Road, Rachathewa, Bang Phli,<br>Samut Prakan 10540 Thailand                        |
| SE-ED Learning Center<br>(Center for Excellence) | : Jarmjuree Square 2nd Floor 319 Samyarn Intersection, Payathai Rd.,<br>Pathumwan Bangkok 10330  |
| Web Site   | : <a href="http://www.se-ed.com">www.se-ed.com</a>   |
| Tel.   | : 66-2739-8000   |
| Fax.   | : 66-2751-5999   |
| E - mail   | : Company Secretary <a href="mailto:cs@se-ed.com">cs@se-ed.com</a><br>: Independent Director <a href="mailto:id@se-ed.com">id@se-ed.com</a><br>: Investor Relations <a href="mailto:ir@se-ed.com">ir@se-ed.com</a> |
| Business   | : Publisher, distributor and retailer, SE-ED Book Center and network stores<br>which consists of Book Variety, and many university bookstores in Bangkok<br>and other provinces.                                   |
| Registered No.                                   | : 0107536000285  |
| Registered Capital                               | : THB 328.35 million, Consisting of 328.35 million shares at THB 1 each,<br>THB 323.77 million are already fully paid up.  |

## Name and Location of Subsidiary Company

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

## Name and Location of Associated Companies

|                    |  |
|--------------------|--|
| <b>Name</b>        | <b>: M and E Co., Ltd.</b>   |
| Head Office        | : 77/111 Sin Sathorn Tower Bldg. 26fl. Krung Thonburi Rd., Klongtonsai,<br>klongsarn, Bangkok 10600 Thailand |
| Tel.               | : 66-2862-1396-9   |
| Fax                | : 66-2862-1395   |
| Business           | : Magazine and Book publishing for Engineer.   |
| Registered Capital | : Fully paid up for THB 400,000 for 4,000 shares at THB 100 per share.<br>SE-ED holds 25% of shares.         |

**Name** : **Plearn Patt Co., Ltd.**  
**Address** : 33/39–40 Moo 17, Suan–Phak Road, Sala Tham Sop,  
 Thawi Watthana, Bangkok 10170 Thailand  
**Tel.** : 66-2885-2670-5  
**Fax** : 66-2885-2670-5 Ext. 1201  
**Business** : Private school, operated by Plernpattana School, which is a school for  
 pre-kindergarten up to Matayom 6th.  
**Registered Capital** : Fully paid up THB 170 million for 17,000,000 shares at THB  
 10 per share. Issued and paid–up share capital THB 169,350,000,  
 SE–ED holds 48.82% of shares.

## References

**Stock Registrar** : **Thailand Securities Depository Co., Ltd.**  
 : 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

**Auditor** : **Miss. SANSANEE POOLSAWAD Auditor ID: 6977 AND/OR**  
**Miss. PRAPHASRI LEELASUPHA Auditor ID: 4664**  
**SAM NAK–NGAN A.M.C. Co.,Ltd.**  
 4th Unit, 19th Floor, Silom Complex Building, 191 Silom Road,  
 Silom, Bangrak, Bangkok 10500 Thailand  
 Tel : 66-2231-3980-7 Fax : 66-2231-3988

**Legal Consultant** : **Chuan and Associates Law Office**  
 1153/44 Soi Ladprao 101 Ladprao Rd. Klongjun, Bangklapi,  
 Bangkok 10240  
 Tel 66-2731-5337, 66-2731-5338 and 66-2731-5758  
 Fax : 66-2731-5759

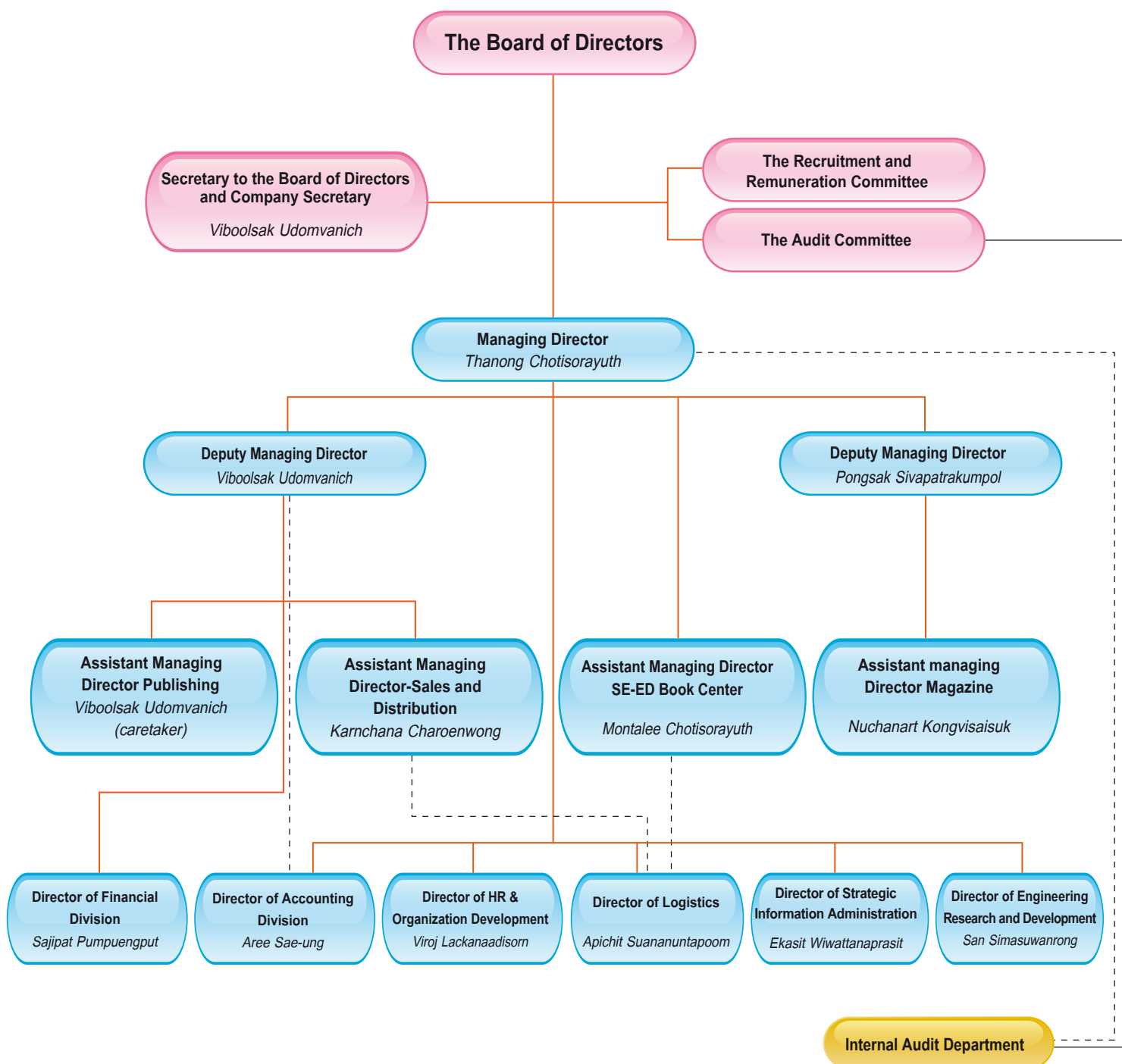
**Bond holder Representative** : No bonds

**Consultant or Manager for Management Contract** : None



# SE-EDUCATION PUBLIC COMPANY LIMITED

## Organization Chart

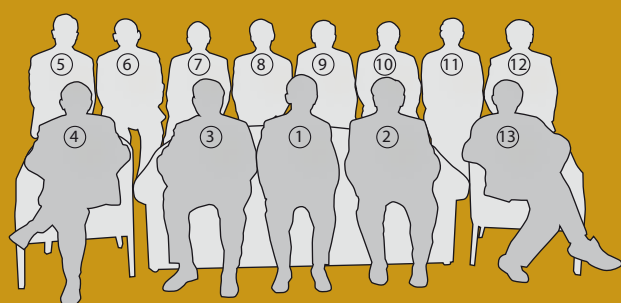






# BOARD OF DIRECTORS

SE-EDUCATION PUBLIC COMPANY LIMITED



- |                                |                                 |
|--------------------------------|---------------------------------|
| 1. Mr.Somboon Chinsawananon    | 8. Mr. Sumeth Damrongchaiham    |
| 2. Mr. Saroch Lamlerprasertkel | 9. Mr. Vorasit Pokachaiyapat    |
| 3. Mr. Thanong Chotisorayuth   | 10. Mr. Phairat Sittakul        |
| 4. Mr. Wattana Chiengkul       | 11. Mr. Pongsak Sivapatrakumpol |
| 5. Mr. Kachen Benjakul         | 12. Mr. Yongsak Eakprachyasakul |
| 6. Mr. Viboolsak Udomvanich    | 13. Asst. Prof.Yuen Poovarawan  |
| 7. Mr. Pravit Tantiwasinchai   |                                 |



# BOARD OF DIRECTORS

## 1. Mr. Somboon Chinsawananon

**Chairman of the Board and Independent Director**

### Highest Qualification

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

### IOD Certifier

- None

### Number of shares (Proportion)

- 155,842 shares (0.0481%)

### Relation among family within the executives

- None

### Working Background

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

## 4. Mr. Wattana Chiengkul

**Independent Director**

### Highest Qualification

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

### IOD Certifier

- Director Accreditation Program (DAP)

### Number of shares (Proportion)

- 5,216,992 shares\*\* (1.6105%)

### Relation among family within the executives

- None

### Working Background

- 2005-present Independent Director, SE-EDUCATION Public Co.,Ltd.
- 1990-2005 Director, SE-EDUCATION Public Co.,Ltd.
- 2002-present Managing Director, TOTEM Co., Ltd.
- 1997-2002 Org Dev-maintenance Manager, ABB Co.,Ltd.

## 7. Mr. Pravitt Tantiwasinchai

**Audit Committee and Independent Director**

### Highest Qualification

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

### IOD Certifier

- Director Accreditation Program (DAP)

## 2. Mr. Saroch Lamlerprasertkul

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

### Highest Qualification

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

### IOD Certifier

- Director Certification Program (DCP)

### Number of shares (Proportion)

- None

### Relation among family within the executives

- None

### Working Background

- 1999-present Chairman of Audit Committee and Independent Director, SE-EDUCATION Public Co.,Ltd.
- 2000-present Managing Director, CAS Management Co.,Ltd.
- 1994-present Managing Director, ACT Management Co.,Ltd.

Remark : Vice-Chairman of the Board of Directors position being appointed by the Board of Directors' meeting on 1/2009 dated February 20, 2009

## 5. Mr. Kachen Benjakul

**Independent Director**

### Highest Qualification

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

### IOD Certifier

- Director Accreditation Program (DAP)

### Number of shares (Proportion)

- 384,000 shares (0.1185%)

### Relation among family within the executives

- None

### Working Background

- 2005-present Independent Director, SE-EDUCATION Public Co.,Ltd.
- 2008-present Consultant on Human Resource, Plearn Patt Co.,Ltd.
- 2006-2008 Executive Director, Plearn Patt Co.,Ltd.
- 2001 -2004 Senior Equity Analyst, Government Pension Fund (GPF)
- 2000-2001 Analyst, Government Pension Fund (GPF)

### Number of shares (Proportion)

- None

### Relation among family within the executives

- None

### Working Background

- 1999-present Audit Committee and Independent Director, SE-EDUCATION Public Co.,Ltd.
- 1994-present Accounting & Financial Executive Manager, MK Restaurant Co.,Ltd.

## 3. Mr. Thanong Chotisorayuth

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

### Highest Qualification

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

### IOD Certifier

- Director Certificate Program (DCP)

### Training from other institutions

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

### Number of shares (Proportion)

- 14,849,742 shares\*\* (Including the Spouse's shares) (4.5844%)

### Relation among family within the executives

- Mrs.Montalee Chotisorayuth's Husband

### Working Background

- 1987-present Managing Director, SE-EDUCATION Public Co.,Ltd.
- 1985-1987 Director and Deputy MD (Marketing,Science), SE-EDUCATION Public Co.,Ltd.
- 2003-present Director and Executive Director, Plearn Patt Co.,Ltd.
- 1984-present Director M&E Co.,Ltd.

## 6. Mr. Viboolsak Udomvanich

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

### Highest Qualification

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

### IOD Certifier

- Director Accreditation Program (DAP)

### Training from other institutions

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

### Number of shares (Proportion)

- 5,064,852 shares\*\* (1.5636%)

### Relation among family within the executives

- None

### Working Background

- 2007-present Company Secretary, SE-EDUCATION Public Co.,Ltd.
- 1987-present Director and Deputy Managing Director, SE-EDUCATION Public Co.,Ltd.
- 1985-1987 Deputy Managing Director-Production, SE-EDUCATION Public Co.,Ltd.
- 2003-present Director and Executive Director, Plearn Patt Co.,Ltd.
- 1992 - Present Director, Unity Binding Center Co., Ltd.
- 1990 - Present Director, Unity Graphics, Co., Ltd.



## 8. Mr. Sumeth Damrongchaitham

### Director

#### Highest Qualification

- MBA (Finance), Thammasart University
- BBA (General Management),
- Ramkhamhaeng University
- B.S. (Construction Management),
- King Mongkut's Institute of Technology Ladkrabang
- Bachelor's degree in Economics(Public Finance), Chulalongkorn University

#### IOD Certifier

- Director Accreditation Program (DAP)
- Role of the Compensation Committee (RCC)
- D&O Insurance : Mitigating Directors Liabilities Risk / Special Seminar
- Company Secretary Program (CSP)

#### Number of shares (Proportion)

- None (Representative of Major Shareholder)

#### Relation among family within the executives

- None

#### Working Background

- 2006-present The Recruitment and Remuneration Committee, SE-EDUCATION Public Ltd.
- 2005-present Director, SE-EDUCATION Public Co.,Ltd.  
The Recruitment and Remuneration Committee and Risk management committee, GMM Grammy Public, Ltd.  
The Recruitment and Remuneration Committee and Risk management committee, GMM Grammy Public, Ltd.
- 2008-present Secretary, GMM Grammy Public Ltd. Secretary, GMM Grammy Public Ltd.
- 2007-present Assistant to the Chairman Executive Director, GMM Media Public LTD.
- 2004-present Directors, Management Director, Secretary to the Board of Directors and Director and Executive Director Chief Operation Officer (Corporate Support and Business Development), GMM Grammy Public Co.,Ltd. Directors, Management Director, Secretary to the Board of Directors and Secretary Company, GMM Media Public LTD.
- 2000-2004 First Vice President, National Finance Public Co.,Ltd.
- 1999-2000 Manager of special asset management project Tanachart Capital Public Co., Ltd.
- 1996-1999 Assistant Vice President, National Finance Public Co.,Ltd.

## 9. Mr.Vorasit Pokachaiyapat

### Independent Director

#### Highest Qualification

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

#### IOD Certifier

- Director Certification Program (DCP)

#### Number of shares (Proportion)

- None

#### Relation among family within the executives

- None

#### Working Background

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

## 10. Mr.Phairat Sittakul

### Audit Committee and Independent Director

#### Highest Qualification

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

#### IOD Certifier

- Director Accreditation Program (DAP)

#### Number of shares (Proportion)

- 6,405,166 shares\*\* (1.9773%)

#### Relation among family within the executives

- None

#### Working Background

- 2005-present Audit Committee and Independent Director, SE-EDUCATION Public Co.,Ltd.
- 1974-2005 Director, SE-EDUCATION Public Co.,Ltd.
- 2002-present Level 11 Engineer, EGAT
- 1999-2002 Maintenance Services Bureau-Manager,EGAT
- 1997-1999 Engineering-Maintenance Services Bureau-Manager, EGAT

## 11. Mr.Pongsak Sivapatrakumpol

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

#### Highest Qualification

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

#### IOD Certifier

- Director Accreditation Program (DAP)

#### Number of shares (Proportion)

- 10,850,842 shares\*\* (3.3498%)

#### Relation among family within the executives

- None

#### Working Background

- 1993-present Director and Deputy Managing Director, SE-EDUCATION Public Co.,Ltd
- 1990-1993 Executive Editor, Microcomputer Magazine, SE-EDUCATION Public Co.,Ltd.
- 1992 - Present Director, Unity Binding Center Co., Ltd.
- 1990 - Present Director, Unity Graphics Co., Ltd.

#### Relation among family within the executives

- None

#### Working Background

- 1990-present Director, SE-EDUCATION Public Co.,Ltd.
- 2002-present Vice-President for Information Technology, Kasetsart University Consultant, Office of University Computer
- 2003-present Consultant, Office of University Computer Service, Kasetsart University
- 1991-2000 Service, Kasetsart University
- Director, Office of University Computer Services, Kasetsart University

## 12. Mr. Yongsak Ekprachyasakul

### Director

#### Highest Qualification

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

#### IOD Certifier

- Director Accreditation Program (DAP)

#### Number of shares (Proportion)

- None (Representative of Major Shareholder)

#### Relation among family within the executives

- None

#### Working Background

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

## 13. Asst. Prof. Yuen Poovarawan

### Director

#### Highest Qualification

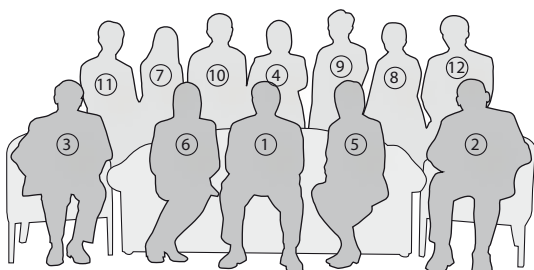
- M.S. in Industrial Engineering and Management,
- Asia Institute of Technology (AIT)
- M.S. (in Electrical Engineering), Chulalongkorn University
- B.S. (in Electrical Engineering), Chulalongkorn University

#### IOD Certifier

- None

#### Number of shares (Proportion)

- 13,174,940 shares\*\* (4.0673%)



## 1. Mr. Thanong Chotisorayuth

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

### Highest Qualification

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

### IOD Certifier

- Director Certificate Program (DCP)

### Training from other institutions

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

### Number of shares (Proportion)

- 14,849,742 shares\*\* (Including the Spouse's shares) (4.5844%)

### Relation among family within the executives

- Mrs.Montalee Chotisorayuth's Husband

### Working Background

- 1987-present Managing Director, SE-EDUCATION Public Co.,Ltd.
- 1985-1987 Director and Deputy MD (Marketing,Science), SE-EDUCATION Public Co.,Ltd.
- 2003-present Director and Executive Director, Plearn Patt Co.,Ltd.
- 1984-present Director M&E Co.,Ltd.

## 2. Mr.Viboolsak Udomvanich

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

### Highest Qualification

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

### IOD Certifier

- Director Accreditation Program (DAP)

### Training from other institutions

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

### Number of shares (Proportion)

- 5,064,852 shares\*\* (1.5636%)

### Relation among family within the executives

- None

### Working Background

- 2007-present Company Secretary, SE-EDUCATION Public Co.,Ltd.
- 1987-present Director and Deputy Managing Director, SE-EDUCATION Public Co.,Ltd.
- 1985-1987 Deputy Managing Director-Production, SE-EDUCATION Public Co.,Ltd.
- 2003-present Director and Executive Director, Plearn Patt Co.,Ltd.
- 1992 - Present Director, Unity Binding Center Co., Ltd.
- 1990 - Present Director, Unity Graphics, Co., Ltd.

## 3. Mr.Pongsak Sivapatrakumpol

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

### Highest Qualification

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

### IOD Certifier

- Director Accreditation Program (DAP)

### Number of shares (Proportion)

- 10,850,842 shares (3.3498%)

### Relation among family within the executives

- None

### Working Background

- 1993-present Director and Deputy Managing Director, SE-EDUCATION Public Co.,Ltd
- 1990-1993 Executive Editor, Microcomputer Magazine, SE-EDUCATION Public Co.,Ltd.
- 1992 - Present Director, Unity Binding Center Co., Ltd.
- 1990 - Present Director, Unity Graphics Co., Ltd.

**4. Mrs.Montalee Chotisorayuth**  
**Assistant Managing Director and Director**  
**SE-ED Book Center**

**Highest Qualification**

- B.S.(Education), Srinakarinwirot University

**Number of shares (Proportion)**

- 14,849,742 shares\*\* (Including the Spouse's shares) (4.5844%)

**Relation among family within the executives**

- Mr. Thanong Chotisorayuth's wife

**Working Background**

- 1996-present Assistant Managing Director and Director of SE-ED Book Center, SE-EDUCATION Public Co.,Ltd
- 1990-1998 Executive Editor – Education book SE-EDUCATION Public Co.,Ltd.

**5. Mrs. Karnchana Charoenwong**  
**Assistant Managing Director -Sales and**  
**Distribution**

**Highest Qualification**

- B.S. (Accounting), Kasetsart University

**Number of shares (Proportion)**

- 193,600 shares\*\* (0.0598%)

**Relation among family within the executives**

- None

**Working Background**

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

**6. Mrs. Nuchanart Kongvisaisuk**  
**Assisting Managing Director- Magazines**

**Highest Qualification**

- BBA. (Marketing), Ramkhamhaeng University

**Number of shares (Proportion)**

- 1,553,800 shares\*\* (0.4047%)

**Relation among family within the executives**

- None

**Working Background**

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

**7. Ms. Aree Sae-ung**  
**Director of Accounting**

**Highest Qualification**

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

**Number of shares (Proportion)**

- None

**Relation among family within the executives**

- None

**Working Background**

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

**8. Ms. Sajipat Pumpuengput**  
**Director of Financial**

**Highest Qualification**

- BBA (Management) Sukhothai Tammarirat University

**Number of shares (Proportion)**

- 113,840 shares (0.0351%)

**Relation among family within the executives**

- None

**Working Background**

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

**9. Mr.San Simasuwanrong\***  
**Director of Engineering Research &**  
**Develop**

**Highest Qualification**

**Engineering (Production)**

- King Mongkut's Institute of Technology North Bangkok

**Number of shares (Proportion)**

- 334,400 shares\*\* (0.1032%)

**Relation among family within the executives**

- None

**Working Background**

- 2003-present Director of Engineering Research & Develop, SE-EDUCATION Public Co.,Ltd.
- 1997-2003 MIS Manager, IT City Co.,Ltd.
- 1997 General Manager, Cyber City Co.,Ltd.

**10.Mr.Viroj Lackanaadisorn\***  
**Director of HR & Organization Development**

**Highest Qualification**

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

**Number of shares (Proportion)**

- 44,900 shares (0.0139%)

**Relation among family within the executives**

- None

**Working Background**

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

**11.Mr. Apichit Suananuntapoom\***  
**Director of Logistic**

**Highest Qualification**

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

**Number of shares (Proportion)**

- 29,120 shares (0.0090%)

**Relation among family within the executives**

- None

**Working Background**

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

**12.Mr.Ekasit Wiwattanaprasit\***  
**Director of Strategic Information Adminis-**  
**tration**

**Highest Qualification**

- M.S. in Engineering, Assumption University
- B.S. (Business Computer), Rajabhat Bansomdej chopraya University

**Number of shares (Proportion)**

- None

**Relation among family within the executives**

- None

**Working Background**

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

**Remark** \* Not the executive managers defined by SEC's announcement.

\*\* Number of shares of directors and executive managers include shareholding of spouse and children who have not attained of majority as well as related legal person in section 258.

# Message from the Board of Directors

## Dear Shareholders,

In 2008, Thai economy has been affected by world economic fluctuation in 4th quarter, whereby problem was originated from the US, and exacerbated by the year of prevailing political uncertainty which adversely affected the investors' confidence and caused the rise of unemployment eventually resulted in clearly worsening purchasing power of general consumers.

However, the Company is still confident in the long-term future of the country and the potential of future growth in book business. The Company, thus, continued to expand its work in every line of business. The Company opened up additional 49 bookstore branches, which, when combined with existing stores in operation as of 2008, reached towards the year's end with the total of 303 branches. The Company emphasized on the business of publishing, distributing, and the SE-ED Learning Center, and all have seen a great level of success. This allowed the Company to maintain the overall level of growth even when the sales figure of the same SE-ED Book Center stores shows a minimal growth due to economic circumstance and the effect from the competition of many newly opened department stores between 2007 and 2008. The Company earned in total of THB 4,423.00 million, or at 11.99% as compared to the same period the previous year, and the net profit of THB 194.63 million, an increase of 5.89% from the previous year.

Moreover, with the performance result that met the predetermined target in 2008, the Company is proud that Company's business operation has been regarded as "Good Example" in many aspects. The Company has been assessed on the issue of Corporate Governance with the score of "Excellence", or 5 stars, by the Thai Institute of Directors and is also awarded with "Best Shareholders Treatment Awards 2008" from Thailand Securities Depository Co., Ltd. and also is selected as finalists for 2 more awards which consist of Corporate Social Responsibilities Awards 2008, and Investor Relation Excellence Awards 2008. The Company was the only one outside SET 100 to have received the award and to be selected as finalists.

Lastly, the Board of Directors is honored to be part of the Company's success, and the Board of Directors would like to sincerely thank all shareholders, supporting customers, and business partners who always supported the management team and Company's staffs at all levels, which made the Company an organization that play a part in country's human resource development both directly and indirectly through the Company's existing business operation.



A handwritten signature in black ink, appearing to read "S. Chinsawananon".

**Mr. Somboon Chinsawananon**

*Chairman of the Board*

A handwritten signature in black ink, appearing to read "Thanong Chotisorayuth".

**Mr. Thanong Chotisorayuth**

*Managing Director*





# Some of the Company's Honorable Awards



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

The company has run business on the basis of “good company example” for all the past 34 years and practiced the good governance continuously with determination to run business transparently so that effected to received acceptance from public and received awards from several institutes as follow:

- Received the “excellent” (5 stars) award for Corporate Governance Report of Thai Listed Companies 2008 arranged by Thai Institute of Directors (IOD).
- Received Best Shareholder Treatment Awards 2008 arranged by The Thailand Securities Depository Co., Ltd. (TSD) corporate with Stock Exchange of Thailand, Thai Investors Association, Thai Listed Companies Association and Thai Investor Relations Club.
- One of three companies outside SET group for final round IR Excellence Awards 2008 arranged by Stock Exchange of Thailand corporate with financial and banking magazine.
- To be one of ten companies for final round Corporate Social Responsibilities Awards 2008 arranged by Stock Exchange of Thailand and financial and banking magazine.



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



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

- The company was rated as "Excellent" in the 2007 and 2008 valuation in the Annual General Meeting (AGM) of the shareholders by the Securities and Exchange Commission in cooperate with the Listed Companies Association and the Thai Investors Association.
- Received the "Board of The Year for Distinctive Practices" award, 2006/2007 from Thai Institute of Director or IOD co-operated with The Stock Exchange of Thailand, Board of Trade of Thailand, Federation of Thai Industries, The Thai Bankers' Association, Thai Listed Companies Association, and Federation of Thai Capital Market Organizations.
- One of 200 small companies outside the U.S. which are the Best under \$1 billion in revenue for 2002 (200 Companies for 2002, Best under a Billion), declared on October 28, 2002, FORBES Magazine Global edition, a world class business magazine, selected from 20,000 companies all over the world outside the U.S.

# **2008 Operation Report and Future Projects**

- **Publishing Business Situation in 2008**

- **Industry Overview and Competition**

- **Business Direction**

- **The Significant Operation in 2008**

- **Future Projects**

- **The Company Activities in  
Corporate Social Responsibility (CSR)**

## ■ Publishing Business Situation in 2008

The overall economic outlook in 2008 was still in the state of slow growth due to simultaneous multi-faceted factors which resulted in a negative effect towards confidence of consumer and investors, whether it was the fluctuation of petroleum prices, increased inflation, as well as instability in the deep which has since been violently worsen. The single most important factor is the political instability.

The above factors affected the slow down in country's demand. People reduced their purchase, coupled with the psychological stress that started to loom in and instability of country's direction. This has caused people buy less. Buying sentiment has been lessened. Less people shopped in the department stores. All these ramifications have been severely affected the retail business in department stores, shown through the economic slump in retail industry happened in 2008, which later became worsen towards the year's end. This is considered one of the hardest years for retail business entrepreneurs.

However, the book business in 2008 continued to grow in a consistent fashion, even though the growth seemed to slow down, like other retail businesses. The major force behind growth is the unusually high number of network store openings from 2007 and 2008, in particular, small convenient stores which opened by large-chain convenient store company. The effect can also be attributed to the Company's store opening as well as other the entrepreneurial store opening, coupled with the growth of small and medium scale publishers in this industry.

The new book titles which were distributed to bookstores and published in 2008 were expected to be 36.6 titles per day, compared to 31.40 titles per day in 2007, due to more awareness of publishers in selection of books to meet the market demand, resulting in the better sales for the book business in a longer term.

The Publishers and Booksellers Association of Thailand expected growth of books business in 2008 to be somewhere around 3%, a fourth consecutive drop with respect to Thailand total market value with the approximation using cover price at THB 18,900 million in 2008 with anticipation that each Thai has a budget of THB 300 per person per year to buy books. These statistics when compared to the developed nations, it is found that the rate of book-reading is still far too little and it reflects a much more market potential for greater growth book business.

With more new bookstores and the fact that pre-existing bookstores continued to improve the quality of service, this results in more convenient to buy books. It causes enlargement of market base which is good to the overall books business.



## ■ Industry Overview and Competition

The publishing industry grew at ever larger rate which expected to be around 3 percent in 2008 and approximately 1-2% in 2009, and it is believed that the market is quite small and will have much room to grow. As the result, it attracts many interested individuals into the publishing business, retail business and magazines business. The competition has, therefore, increased dramatically. However, it is also believed that this type of competition will stimulate the publishing market growth in long run.

However, the Company has a very good growth rate in book publishing business, wholesale and retail business, as the Company still holds its strength in these areas. Whereas the overall magazines business still grows in but the computer periodicals were hardest hit by competition and an advertising price war, causing a significant decrease in its advertising revenue. However, electronics and industrial periodicals still show significant growth.

**Opportunities and Threats** Government policy currently promotes more advanced education for its citizens to better prepare them for global challenge. This, in turn, stimulates a greater thirst for new areas of knowledge, triggering an increase in local demand for books. All these conducive factors contribute much to the even brighter and more stable future for the book business as a whole, particularly technical books and magazines. The rapid expansion of mega stores and supercenters all over the country has helped to mushroom the Company's retail outlets. As a major publisher and distributor of technical books, and the owner of largest bookstores chain with high liquidity cash basis, the Company is in a strong position to respond to this encouraging market trend, and grew ever larger than the market average growth.

However, the Company's future branch growth in some areas strictly depend upon the retail growth restriction policy and also the rule of law stipulated by government which may affect the growth of shopping centers and supercenters.

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

- **Business policy is evidently conducive to national development** Since its inception 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 national development. The Company's continued growth is in line with 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.
- **SE-ED has the tools and business components to efficiently operate future business** Nowadays, the Company's business divisions cooperate among themselves and render greater opportunity for even more success.
  1. The Company has its own distribution channel and system via network of SE-ED Book Center, which is the important distribution channel and is the largest book chain network in the country, because the stores are spread into many major communities all over the country and the Company is always be the first receive offers to select new location for new branches. These effects support the wholesale growth opportunity and cause the lower cost of bookstores business in return. Moreover, it allows more possibility of success for publishing books.
  2. The Company also has its own media and public relations, which were the Company own magazines, a Book Variety TV Show, website [www.se-ed.com](http://www.se-ed.com), [www.thailandindustry.com](http://www.thailandindustry.com), [www.se-edlearning.com](http://www.se-edlearning.com), free e-mail service and free homepage via [www.se-ed.net](http://www.se-ed.net).

**Quantity and Size of Competitors** As book business is one of the continuous growth businesses and has also great potential to grow and the barrier to entry is low, many people are interested to get into this business each year both in publishing role and also in retailing role, despite that fact that many of them went out of business already. Because each of them tries to differentiate from each other, this result in the flourishing of books and the base of books readers keeps expanding. As a result, such activity does not severely affect the Company.

Moreover, as the Company does business cover all categories ranged from publishing, wholesaling, distributing and bookstores it is, of course, beneficial in either way for the new comer in each role, as the result the effect of competitors is slightly.

For the bookstores 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 great step ahead by taking advantage of first priority to choose new location and has the lower operating investment. In the future the books business is expected to grow out of a few large firms who are well prepared to face the competition.

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

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 will enjoy the lead in terms of having the largest market share around 30-40 percent of Thai books market in the country.

For the business of distributing book to booksellers, the Company becomes the largest distributor in the market, but the proportion is still not high enough, due to the fact that market share in book business is less concentrated. The market share should fall somewhere around 10-20 percent for distribution system of books to retail business in Thailand.

For publishing business, the Company always ranks between number 1 out of 3 in the book market, depending upon which publishing, in each particular 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. It is expected that the market share should be around 3-6 percent of the whole publishing business in the country.

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

**Bargaining power of buyers and sellers** As the books business has a level of the 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 much problem in bargaining. However, due to the fact that new large retailers in other business expand into the books business and may cause bargaining with publishers and distributors according to the general retail business nature but is still not much effect of the over all business as their market share is still not significantly large enough at present.

## ■ Business Direction

Throughout the past 30 years, the Company has been a leading initiator in the technical book publishing business, in particular, the “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 the long term goals and marketing strategy which can be briefly described as follows:

**Vision :** SE-ED shall be a leader in ensuring that Thais have easy and convenient access to knowledge.

**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 **“Thais Smarter”** by developing the sustainable business with a continuous earning growth at the above the industry average, being a role model company that can create work result deems beneficial and accepted by society at large with happy staffs, and able to deliver and maintain an attractive long-term investment returns at the satisfaction level.

**Marketing Strategy :** To achieve the stated vision and mission, the Company stresses the readiness in several areas to develop and serve with quality which responds to the needs of target customers by focusing on the expansion of SE-ED Book Center for the larger service coverage and add more attractive products to the stores. The Company will concentrate on following executing the marketing strategies below:

1. The Company determines to ensure growth and business strength by stressing the important of market expansion to pave way for market potential which covers wider areas of sizable communities. 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 leadership in the business, and to support the growth of book business as a whole into the future while creates favorable brand perception and acceptance, with the emphasis on the idea of **“Think of buying books, think of SE-ED Book Center”**.
2. The Company emphasizes on sourcing products and service in convenient terms, meaning fast, punctual in every service channel. To do this, the Company focuses on creating impressive experience, under the idea of **“Think of reading a book, you will get to read it by no later than tomorrow”**, using technology in combination with modern management to link production, warehousing, order picking, and delivery allowing more efficiency 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, so as to make the Company more competitive.
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 important of excellent service and the promotion of Company's image, by concentrating on staffs and team consistent development, and also create professional work 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 the integrated marketing communication model, develops suitable tools and channels to promote product, and reinvents itself with several models towards relentless promotion activities. That is to say the Company is stressing the important of marketing activity 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 all over the country to stimulate more books buying sentiment.
6. The Company promotes partnerships and business alliances building efforts, in working closely with them, and abides to the signed contract under the business etiquette framework of reference. The Company seeks to work on basis of the mutual business success, for Company is opened to the exchange of views in doing business to seek way in resolving conflicts and difficulties that might occurs. 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' need. By providing products and services to customers in needs, the Company ensures that the success in creating a good impression for customers. It also brings the information to analyze and expect to improve service in the future.

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

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

- 1. Books and Magazines Retail Customers** The customers are general readers and working people. The Company distributes books and magazines through the network of SE-ED Book Center 327 branches with 303 branches are still in operation including 7 branches for network bookstores (as of December 31, 2008) 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 over 2,200 different stores. The Company is responsible for distributing all books and magazines that the Company has the sole rights to distribute to all the bookshops in Bangkok using its own transportation. For distribution to provinces, the Company uses private transportation company as appropriate.
  - However, for distribution of magazines published by SE-ED, the Company uses several transportation companies in each region to distribute to the bookshops.
  - For circulation and distribution to stores in Bangkok and around its vicinity, the Company utilizes the "Standing Order" distribution system, a combination of consignment and non-returnable sales system. For most of booksellers in other provinces, a non-returnable sales system has been applied with a limit of returnable quantities.
- 3. Advertisers** Major companies in the industrial circle including the computer and electronic circle are both regular and non-regular advertisers in the Company's monthly magazines.



## ■ The Significant Operation in 2008

In 2008 the Company still expanded in the direction that lead to longer-term growth, as the Company believes that there are room to grow for books and education business, by emphasizing on the continuity of increasing the number of bookstores branches for SE-ED Book Center, and in addition stressed even more emphasis on the role of being books distributors and book publishers to align with the growth of books business in larger picture. However, the Company has developed the information technology system, communication system for all bookstores branches and headquarters and distribution center in order to support more services which deem to soar in the future, so as to increasing efficiency and reducing product damage.

In 2008, the main activities excluding normal operation were as follow :

1. New branches opening and renovation of existing branches as follow :
  - New 49 branches were opened. As in December 31, 2008 there were in the total of 303 stores, and 37 points of sales currently in operation.
  - Renovated 11 existing branches, some branches has been move to new suitable location, some branches increased the area according to the demand and some branches improved for more modernized and more attractive outlook.
2. Installed Close-Circuited Television (CCTV) for SE-ED Book Center Bookstores and its network stores which has gradually been installed since the end of fourth quarter of 2006, until almost all the systems were installed in 2007, and also additionally installed to the newly opened stores in 2008 totaling 49 branches, resulting in the significant reduction of book loss in 2007.
3. Improved computer system for bookstores branches expansion and supporting Navision software and all communication systems, supported e-commerce, including installed back up system and other reliable protection system.
4. Organized “Thailand Electronic Technology 2008” Exhibition from 10<sup>th</sup> to 13<sup>th</sup> of July 2008, at Bangkok International Trade Exhibition Center (BITEC), Bangna, Hall 102. This is the largest electronic product exhibition event in Thailand. For the past year, several new product categories were added, such as security protection system, GPS products, as well as automotive audio system. The Company also organized Thailand USACi Competition 2007–2008, the event gathering of those automotive audiophiles to compete for the best automotive audio. This year, the Company together with Asia Institute of Technology (AIT), Thai Robotic Association, and Seagate Technology (Thailand) Co., Ltd. organized intelligence vehicle Thailand competition to promote the competition in vehicle design to move according to pre-determined track course without driver with shortest distance in the fastest time, and also were supported by different educational institute in exhibiting the work both the winner and also other participants.
5. Officially opened the “SE-ED Learning Center” at Chamchuri Building, Samyan in September 2008, to provide knowledge and inspiration for youths and general public in wider scale. Not only increasing the number of the SE-ED Kiddy Camp launched in 2002 to allow more options during

the summer school break, the Company also added other courses during weekend. In 2008, the Company has organized training at SE-ED Learning Center for more than 50 courses, which consists of 4 Youth activity courses (i.e. human planning game course, wire bending invention and coconut cone course, Pocket Planner game course, Art on the bag course) as well as seminar training course for general public in total of 46 courses (for example, computer crime law 2007 course, VBA on excel course, Microcontroller MCS 8051 using FPGA course, Basic photography technique course, camera handling course, Dramatic workshop & composition course, etc.

6. Installing SE-ED Channel system, a system that allows total control of both visual and audio contents from the headquarters via readily-installed long distance communication lines, which has already been in operation since the middle of 2008. Last year alone, the system has been installed to 116 bookstore branches, with 62 branches in Bangkok suburban area and 54 branches in the countryside area. The system will help the public relation work for products and services that each branch has to all customers who visit the stores, including the training and variety of communication between branch and the headquarters.
7. Developed and improved the reservation system, making possible for book ordering & reservation to be made directly from branches and also through the Company's website "www.se-ed.com" which make acquiring and purchasing books become more convenient and speedy, while providing enough information for faster decision to be made. In 2008, the Company has made possible the reservation at the bookstore branch to ensure the customer satisfaction. This project not only helps promote the sales which come from an increase reservation, but also allow staffs at the storefront to respond the customer's need.
8. Organized Industrial Sourcing Fair 2008 for the first time between July 31 to August 3, 2008 at BITEC Bangna international exhibition center Hall 103, an event that exhibits overall industrial products, allowing manufacturers, dealers, and industrial service provider of more than 300 firms to meet with Thai potential buyers. There are 16 product categories displayed exhibition, for example, glue and shield, automation and electronics system categories, chemical products, manufacturing and made-to-order, electrical devices, and power system, etc.
9. Launched Wi-Fi Hot Spot service at every SE-ED Book Center branch with cooperation from Communication Company to install Wi-Fi Hot Spot 2 Mb/sec at every branch of SE-ED Book Center from early November 2008 to service internet users around SE-ED Book Center. The benefit of this project is to gain revenue from selling internet pay-card and allow communication which requires a lot of bandwidth between branch and main office to improve more significantly without added expense.
10. Installed wireless communication system between main office and warehouse in the month of October, 2008, using long-distance wireless LAN (similar to Wi Max system with slightly lower frequency) to replace Lease Line 2 Link communication system, in which, after the system is modified to reduce risk that may come from linkage, the Company will be able to significantly reduce monthly expense.
11. In the end of 2008, the Company has expanded an area of additional 3,000 sq.m. for distribution center from previously 10,000 sq.m with the total of 13,000 sq.m. to increase the distribution efficiency up to 400 copies per minute (currently, the distribution center can support the book outgoing distribution of up to 200 copies per minute and can support in-coming book from different publishers of up to 12-15 publishers) and to be ready for branch expansion and service.

## ■ Future Projects

The Company's policy is to make knowledge easily available to Thais in general and conveniently accessible through different learning channels. Mean while, it also seeks to improve the management effectively that allows it compete, leading to the better return for shareholders in long term.

Therefore, not only the revision of operation system, information system, communication system between branches, distribution center and headquarters, marketing communication system, personnel development, performance index development for developing the work capability and participation, production and distribution that are in market demand which is appropriate for long term profitability. The Company still has several valuable projects for future.

- **Continuation of SE-ED book center branch expansion :** To meet the target customers' demand in various communities that make it possible for customers to buy books more conveniently, SE-ED Book Center expect to increase 20 more bookstores in 2009 to increase of Company's market coverage, particularly in the strategic areas that respond to the demand for reading for Thais that still continues to grow. This is in line with the demographic expansion of community.
- **Re-new the stores, re-decoration, add products diversity, and continuous improvement for better service :** To re-new the existing SE-ED Book Center and network that allow more variety of product, areas, and other structures in the stores, and enabling the stores to serve the more customers who may have more needs. The branch renovation activity will range from area adjustment and expansion or reduction, or relocation, redecoration of storefront in some cases to suit the demand of each community and grants the Company a continuous performance to compete, and resulting in consistent sales growth of all the existing stores.
- **Developing distribution system, ordering system, product returning system, and adding capability to the distribution center :** As these systems are the core of book business which is necessary for development in the more efficient manner to reduce the opportunity cost to sell, damage books, stepping up the effectiveness in creating profitability at the branch level, reduce the related expenses in long term. Therefore, the Company has the project to develop in continuous manner through the use of all available database to develop the decision system in each step of the work and use the technology to help increase the process speed, with less staffs, and reduce errors.
- **English outside reading project :** To increase better English reading skill for Thai students, the Company jointly works with many world's publishing in producing English outside reading which has the content and presenting a much readable at faster pace, motivating the readers to be more of a self-motivated reader.
- **Development of Training curriculum project and organizing activity :** The Company has proceeded to open the SE-ED Learning Center or SLC for the first time on the space of 600 square meters, located at Chamchuri Square – a part of Chulalongkorn University and the center has been opened since middle of 2008 in extend the knowledge to cooperate with young children, people

from variety of professions, and general public. The Company, then, initiates development of training curriculum project and organizing activities according to the needs of each group.

- **Marketing communication system development called SE-ED channel :** The Company plan to develop marketing communication system at the SE-ED Book Center branches and network to promote activities and interesting products sold in the stores to the customers through visual and audio medium using LCD screen installed at each of the store branch. The contents are developed and controlled directly from the headquarters. The training and communication between staffs at the headquarters and staffs at the stores will help boost the knowledge and capacity of each individual employee to have enough working skills. In 2008, the Company installed LCD screens at the 116 bookstore branches, and, in 2009, it is expected to install and develop the system at 11 more branches, and will develop the formats of presentation to be used as the more effective marketing communication tools.
- **Development of purchasing through EDI system :** The Company plan to develop products purchasing through electronic medium using EDI (Electronic Data Interchange) to connect suppliers and bookstores together in order to increase the efficiency in terms of operation and reduction of unnecessary procedures and respond to the need of business partners at the satisfying level. The Company will be the core coordinator between publishers, distributors, and bookstores. This effort will certainly increase efficiency of book purchasing for Thailand book industry in general.



## ■ The Company Activities in Corporate Social Responsibility (CSR)

The company realizes the important of role for all Thais toward social responsibility and also for the country at large, in whatever ways possible. For this reason, the company tries at best to play some role in every aspect of social responsibility.

Dated back to the early day of the company, the picture in this regards will be much clearer because the company are formed by ten electrical engineering graduates from Chulalongkorn University, who used to be active in varsity activities during their academic years at the club of faculty of engineering, Chulalongkorn University. They realized that Thailand still lacked the development of technical and academic material and the Company was then established on 1974. Their social responsibility ideology has the objective of company establishment as *“to do business in knowledge dissemination, with a view to developing the fullest potential of Thai people in areas essential to the national development.”* And the name that emphasizes the objective is “SE–ED”, which is derived from the words **S**cience, **E**ngineering and **E**ducation. The overall intention is to make Thais par excellence

It may be not be incorrect to say that the Company focuses on taking country’s problem regarding human development and social ideology as its business objectives that help it to grow at a sustainable pace, and practice such ideology from day one, continuing for 34 years to the present day, by transferring the determination and task through culture at different layer of organization.

The overall company business is aimed at the growth in relation to the founding objective, even if the productions may be books and magazines which is deemed to be beneficial but still lack in the market, helping other publishers distribute so that the books have a chance to be viewed, survived the market, and publishers are stronger, and make it possible for them to produce more quality books. For the bookstore business, it allows community to have opportunity to view books, make the books more available, organizing youth activity all year round, organizing training course in variety of aspects to help people excel in what they do. organize the year–round youth activity, found and operate ‘*Plearnpattana*’ school to set example of new model school for developing children for the country’s future.

Therefore, for the staffs at SE–ED, social, community, and environment responsibility are not just added activity as do any other organizations, but it is actually the main task of the Company and it is in every breath of SE-ED employees as creators, adventurers, and also being good role models in which all staffs share the task in different aspect or in different projects. The Company is considered to play a large and significant role in pioneering book business to expand reader base very quickly in both total book business and also in terms of knowledge-providing book.

The Company is confident that the development of sustainable organization not only involves the return on investment and suitable growth for shareholders, but the Company needs to develop itself to be a good role model by performing a good work that benefit the society at large and is widely accepted. The staffs are happy to work. The Company should support and save the environment while business still operates the business. The Company, therefore, operates in connection with the sustainable business development and social and environment.

In 2008, The Company engages in varieties of activity for social, community, and diverse environmental setting in addition to the normal activities which can be cited by the following examples:

**Education and Youth Development and General Public Project :** The Company aims at business development that is in line with National Education Act with respect to the social participation in education of management and supports the life-long learning, whereby the Company dedicates to produce beneficial education media for Thais, whether it is a book, magazine, or varieties of related activity such as:

- **Outside Reading Project :** Presently, Thailand Education still cannot develop English language reading skill for children in terms of communication. The Company has a policy of participating in developing the English language learning system by signing contract for distributorship of Oxford University Press - the largest English publishing for Academic books - effective January 1, 2007 onward. The Company also has a project to publish English-localized outside reading books which are expected to be launched in the beginning of April, 2008. This also extends to the training of English teacher in a country-wide effort, to help improve the teaching methodology more effectively.



- **SE-ED Enjoy Reading initiative Project :** This is project that turn on the light of desire to read English books by focusing on reading at the appropriate level to of the readers' language competent to promote language learning development in a continuous progression, and stress reading skill development for Thai children and youth nationwide. This project is established to support the English outside readings project at the schools by organizing seminar training for teachers to learn how to use book correctly and stimulate youth to love reading.



- **Youth Camp Project: (SE-ED Kiddy Camp) :** The Company takes on the youth camp called "SE-ED Kiddy Camp" in the six consecutive years, which is held during the school holiday. It is an academic camp putting the emphasis on learning process for science, in combination with extra recreation, creative, and ethic activities, such as aeronautic science camp, power of nature camp, youth business venture camp, etc. In 2008, the Company held 8 camps for the total of 502 people participating.



- **Youth Learning Center Project (SE-ED Learning Center) :** The project is designed with the aim of making Thai children smarter and excelled in the fields that are important to the country's development, through learning process associated with brain development potential –or, in other words, "Brain Based Learning". It inspires learners to learn more by using free time during the holiday weekend - or a day trip course, such curriculums as Young engineer course, Thinking development course, Math eureka course, etc. This also includes SE-ED English camp. The Company plan to open

the learning center called “SE-ED Learning Center” at the Chamchuri Square in the middle of 2008 to increase the role as knowledge provider for children, engineer, and general audience, by organizing training course at the center in total of 50 courses.

- **Academic Training Project :** The Company organizes training courses in engineering, computer for the general audiences. In 2008, the Company trained the total of 62 courses.



- **Plearnpattana School :** The Company jointly invested in Plearnpattana School with the percentage of 48.82%. The school uses Thai curriculum from kindergartens to Matayom 6 (High school) which aims at creating a model school for young Thais to have sufficient capability to become the potential citizens in the future.



- **Books for the Students Project :** A book donation project which donated the carefully selected books to the school libraries in different areas around the country which lack the learning resources. In 2008, the Company has donated books to the schools around the country of up to 600 schools, valued THB 33 million. The Company jointly donated books and educational equipments through schools in the project one Amphur one dream school initiated by Education Ministry which supports education for schools in need that is considered dream schools to be used as model schools for the whole country.



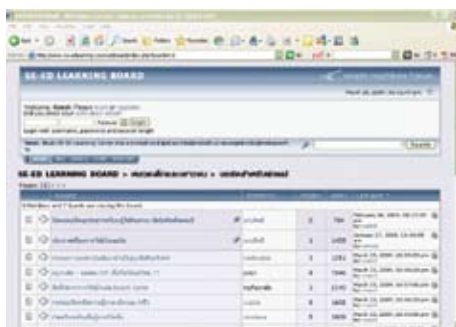
- **Library Construction for School :** The Company partake in donating shelves, educational tools, and books to school to help construct the school library in many areas of both Bangkok and other provinces, such as the library of Wat Jik-lad school library, Banpa Vidaya school library, Ban Pa Warn school library, Bureerum Provincial Police headquarter library, etc.

- **UpDATE Magazine Project :** the Company publishes monthly magazine called UpDATE magazine since 1978 to introduce interesting knowledge in science and technology for youth and general audiences without expecting profit and the Company has received the award “Academic magazine for youth” for many consecutive years.



- **Book Business Information Dissemination Project :** As the largess’s book distributor and retailer in the country, the Company is equipped with sizable information that reflect the outlook of book industry within the country to a certain extent. By organizing “Annual Information Announcement Conference” since 2004, the Company believes that by doing so will help develop book business in a big and positive way. It also publishes information used during the conference, as well as lectures and information taken from occasional seminar events in the website initiated in 1995.





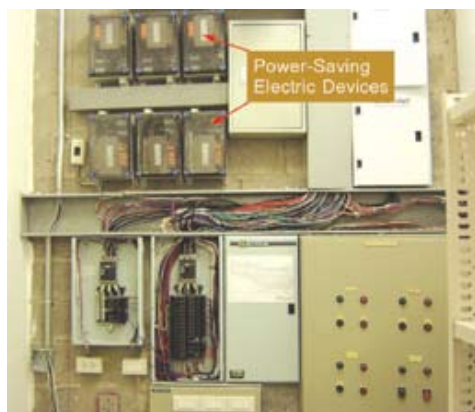
- **Coin change for children** : This is the project that allows SE-ED Book Center's customers to participate in donation activity through the donation box project where the box is placed at the bookstore counter. Or the customers may want to donate by directly transfer cash to bank account named after the project to offer chance for customers to participate in the Company's activity. The donated cash will be used toward buying good books at the production cost and donate books to children living in remote areas. The project started since July 2008.

### Social, Community, Family Institution Development Project

The Company emphasizes on being part of the society and the important of family which is the root of community and society. The Company is highly committed to create and play a major part in social development in a sustainable fashion.

- **Webboard for Parents and Youth at [www.se-ed.com](http://www.se-ed.com) Project** : This webboard has its objective in being the center of idea in child development. It also a place where the exchange of ideas, and sharing of love and concern and experiences take place. It is the place where people can find consultation about their kids psychology which includes the way to child's education.
- **White School Project** : The Company sees the important of child protection from books or media which is either produced by the Company or resell in our retail stores. These types of product will be dealt through careful censorship and selection of products to permit "white media" for kids and youth. This will ensure that parents can bring in children to visit, or make a purchase of products from our stores, children will be protected from all obscene media or media that is dangerous for kid and youth.
- **Stop the Pirated Products Project** : The Company publishes books and magazines while stressing the important of intellectual property rights. Therefore, the Company has the policy of not, in any event, producing, selling, or supporting products that are in violation of copyright law. This effort also includes the support of making people understood of how all copyright infringement practices are illegal and what laws are related to such practices, and how it can be corrected.
- **Blood Donation Project** : The Company supports the campaign seeking blood to help patient in need by actively involved in organizing staffs participation in blood donation.





**Nature Preservation and Environmental Protection :** The Company support nature preservation and environmental protection as follows :

- **Stop the Global Warming Project :** The Company campaigns on the reduction of plastic bags usage which is a non-biodegradable substance, while promoting the cloth bags instead. Customers are encouraged to used cloth bag when buying books from SE-ED Book Center. In addition, the Company plan to use plastic bag which has the natural content that has biodegradable contents, instead of plastic bag used today to contain materials used in the Company. One way of doing this is to select material which is more nature-friendly. The project started in 2007.
- **Energy Conservation for Bookstore Branch :** The Company initiated the use of energy conservation appliances installed inside SE-ED Book Center stores to reduce the energy used in the country. The project started in 2006.
- **The Energy Conservation Project :** The Company initiated the electric power conservation by installing string as an on-off switch for lighting in all working areas of the building for staffs to turn the light on and off more conveniently at the area where it is needed a kind of reminder for everyone about the energy conversation. The project has been launched since year 2001.
- **Paper Use Reduction Project :** The Company supports the practice of document or business information management in term of electronic media to reduce the use of paper and result in convenient search of information, starting from information system development and overall work process in the organization to reduce the work procedures and paper usage reduction. In bigger picture, the Company can reduce the use of paper at no less than 1,000 reams per month. On top of that, the Company finds the use of undamaged envelopes and notepad addressing different senders and recipients as a document cover delivered back and forth among work units within the firm. It turns out that one envelop can be reused up to ten times.
- **Water saving at headquarters :** The Company initiated the water saving project by installing piping valves at the door gate of every restroom. When in use without closing the toilet door the water will not flow. This is considered an efficient way of water saving to prevent useless waste of water. The project significantly helps reducing the Company's water consumption. The project started in 2001.

- **“Park your car at home and use company car instead” Project :** To serve the society and environment, the Company came up with project to offer staffs to use company cars started in 2009 for commuting to reduce the petrol usage and also help reducing the air pollution which worsening day after day. This will reduce the green house effect and also reduce global warming problem.
- **Energy saving (specifically for lighting) :** At new warehouse, the Company uses fluorescent lamp model T5 at 28 watts (previously 36 watts) which have been completely installed of December, 2008, and in use since January 2009 to help warehouse save energy of up to 22 percent on the warehouse area of 3,000 sq.m.

**Human Resources Development and working atmosphere :** The Company supports human resources development for staffs who possess good quality and being valuable to the social and country development. To do this, the Company emphasized on staffs who work with joy, creating participated working environment, permitting opportunity to for staffs to utilize their best potential, taking care of staffs with fairness, being fair and appropriate in terms of compensation and welfare through variety of process.



- **Education and Training Development Project :** The Company supports the staff development that is valuable to the social and environment by aiming at staffs who are knowledgeable, competent, and moral to build a business that is fair and sustainable in the future, and also pave way for future competition which not only develop knowledge for business but also organizes the staffs for Dharma and meditation course in the mind development project at “Satian Dharma Sathan” ‘Wat Panya Nantraram’ in an annual basis. The Dharma teaching activity is also occasionally included in the program such as “Pla – Dharm – Suk - Jai” activity.
- **SE-ED e-Learning Project :** The Company has initiate the development of training curriculum through e-Learning system, in order to develop service, knowledge, and understanding of all the products in the stores. The contents of e-Learning are prepared from the headquarters and redistribute to the network stores simultaneously all over the country. The staffs at the storefront will get a chance to view the contents through computer system placed at the stores. The contents can be reviewed repeatedly. Moreover, the staffs will receive news, information, regulations and information about Corporate Good Governance from the Board of Directors as many as what the staff at headquarters can view
- **Meditation Through Music Project :** The Company support the staff to work with concentration by play classical tunes from Mozart that is specially selected during work hours to increase work effectiveness. It also help relieve the stress during the work.

**Healthy Working and Safety :** The Company recognizes the important of work safety, healthy lifestyles and good environment to support the workplace of staffs, customers.

- **Emergency Division in Case of Fire and Critical Circumstance :** The Company headquarters is situated in the top level of the office building, and distribution center is a rental area. The Company jointly work with building owner and renter of the distribution center in creating a fire drill and training plan to rehearse the possible action that should be taken when, in case, fire occurs. The Company staffs will learn how to use extinguishers in different types and at the same time have the chance to test the existing tools for readiness. Trained staffs will have adequate knowledge and experience to deal with the unexpected events using action plan.
- **Safety warehouse and health conscious project :** The Company realized the importance of safety in the workplace whether it is hygienic health or working environment. The Company, therefore, organized newly-recruited staff trainings to teach a proper knowledge of working process and correct way of using equipments so as to prevent possible dangerous injury or sickness from work such as avoiding inadequate lighting working conditions, avoiding unsafe working environment, the use of mouth-cover cloth, and hand glove to prevent dirt touch, causing skin irritation, or lung tract, proper way of lifting things, and the use of waist belt to reduce health problem in long term, etc.

## **Company Background and Management Structure**

- **Company Background**

- **The Proportion of Shareholding in the Groups of Company and Inter–Business Groups Transactions**

- **Shareholder Information and Management Structure**

- **Recruitment and Remuneration Committee’s Report**

- **Audit Committee’s Report**

- **Risk Factors**

- **Good Corporate Governance**

- **Report on Internal Control System in Accounting**

- **Report of the Board of Directors Responsibilities for Financial Statement**

- **Remuneration of auditor**



## ■ Company Background

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 developing the fullest potential of Thai people in areas essential to the national development. The Company founders were ten electrical engineering graduates from Chulalongkorn University, who used to be active in varsity activities during their academic years at the club of faculty of engineering, Chulalongkorn University. They thoroughly realized that Thailand still lacked the development of technical and academic material.

The Company has been approved as a listed company by the Stock Exchange of Thailand (SET) in the category of media and publishing under of the service industry sector, since 1991. The Company has transformed itself to become a public company on April 29, 1993. Today the Company is popularly known, in short, by the name of “SE-ED”, which is derived from the words **S**cience, **E**ngineering and **E**ducation.

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, 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 moment.

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

The Company continues 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 the publishing firm with highest sales volume through bookstores channels and the largest books distributor at that time, the Company found that there were still limitations due to that fact 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 confident 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 has seriously venture 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 book 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 bookcenters 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 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 distribution centers to accommodate more books for more than 600 branches. In 2006, the Company expanded distribution center area from 7,400 sq.m. up to 10,000 sq.m., at the end of 2008, the Company has expanded the warehouse area by 3,000 square meters which made the total warehousing area to be as large as 13,000 square meters, or 30% increase. SE-ED also developed and tested business model that is suitable for the Company's competitiveness and business sustainability. All these developments have enabled SE-ED to be ready for future growth and to expand with confident. As it expanded, SE-ED was able to operate the new branches more conveniently with less capital and at reduced costs and, for this reason, made it possible for bookstore to be successful in the business.

Furthermore, SE-ED Book Center has developed the relationships 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 of bookcenter evolving and expanding very fast, resulting in the highest selling bookstore in Thailand and also serving as the very heart of company's business growth since 1997.

SE-ED's business performance continued to be at the satisfactory level. In 1997, when Thailand encountered serious economic crisis leading to business collapse and widespread unemployment as the

result of 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 decreasing 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 figure that came from both SE-ED own published book and other non – SE-ED published books was not as it is hoped to be. It was considered the first time that SE-ED faced accounting loss in 1998, since listed in the Stock Exchange of Thailand.

However, after the economic meltdown, the Company began to revive its business structure for the long – term strength. The Company started to diversify risk at the suitable level and, at the same time, tried to improve financial structure, increased more capital for unforeseeable economic problem in 1998 and set the reliable financial standard for paying up the long – term loan from financial institutes and for incoming expansion. Finally, SE-ED can recoup from the almost fatal slump and came back to profitability with adequate liquidity and continuous expansion in 1999.

In 2001, at the Annual General Shareholders' Meeting 1/2001, dated April 30, 2001, the shareholders has resolved the approval of additional share register by the amount of THB 137,141,660 by followings details :

- 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 lasted for 5 years, from the date of issuing the paper, allowable for exercised every 3 months and the right to exercise is expired on December 15, 2006.
- The 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 lasted 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 December 14, 2006.

As of 2005, at the Annual General Shareholders Meeting 1/2005, dated April 23, 2005, shareholders have agree to approve the change of share value (share dilution) from previously THB 10 to THB 1, which the Company has proceed 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, has resolved to allow the Company to re-purchase the shares, for the purpose of monetary management. As the Company has 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 with 3 years after date ending of share repurchase 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 29, 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 share. The Company registered the reduction of registered capital on October 24, 2007.

All Company's offices were then completely relocated from Soi Trakunsuk, Asoke – Din Daeng Road – the place where SE–ED offices have been located since 1983 – to the new location situated at the Nation Tower building in 2001, whereby SE–ED Book Center department was first to move since the middle of 1998. With this relocation effort, the Company could have bigger working space, enabling more convenient coordination and management for future business expansion.

In 2003, the distribution center has been moved to 99 Moo 1 King Kaeo Road, Ratchathewa, Bang Phli, Samut Prakan 10540 for larger area, enough to support the Company's long term growth.

Moreover, in 2008, the Company has opened the SE-ED Learning Center with the space of 600 square meters, located at Chamchuri Square – a part of Chulalongkorn University, to facilitate the expansion of youth activities in different forms in the future. This includes the training for professional and activity to increase human potential for general public.

## Nature of Business

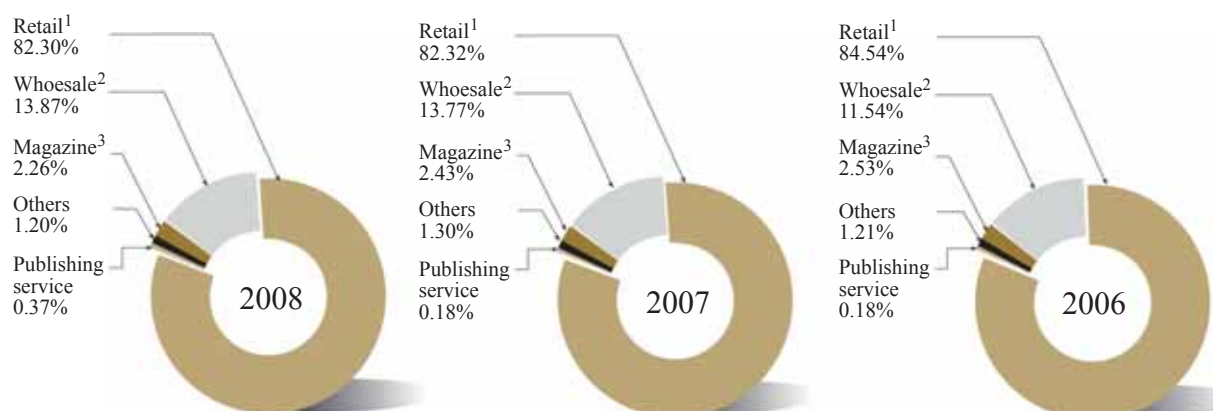
The Company has three major business areas, which can be described as follows:

- 1. Bookstores Business :** SE–ED has operated SE–ED Book Center and network stores which consists of Book Variety, and many university bookstores in Bangkok and provinces as well as the network and sales area in various forms (representing 82% of 2008 revenue).
- 2. Distribution Business :** SE–ED distributed both the books published by SE–ED and other publishers to bookstores all over the country and other sales channels.
- 3. Publishing Business :** SE–ED publishes its own books and magazines, sells advertising space, provides the printing service for other parties, organizes yearly exhibition “Thailand Electronics & Industrial Technology Exhibition” and many specialized technology exhibition, and organizes the SE–ED Kiddy Camp for children, as well as arranges several academic training and seminar courses.

In all three major businesses, SE–ED continues to engage as a leader in supporting and encouraging all aspects of the businesses, which has resulted in the achievement of a competitive advantage, as well as increasing the Company's overall value added.



### Total revenue from sales categorized sales channels



- Remark**
- <sup>1</sup> Retail – revenue from SE-ED Book Center and Book Variety bookstores, the Company's bookstores and other retail outlets managed by SE-ED Book Center.
  - <sup>2</sup> Wholesale – revenue from books published sales volume of magazines and distributed to bookstores and other sales channels; such as educational institutions and library etc.
  - <sup>1</sup> and <sup>2</sup> – total sales of Company own publications in 2008, 2007 and 2006 represents 6.91%, 6.41% and 7.81% of sales revenue respectively.
  - <sup>3</sup> Magazines – total revenue from, advertising publishing and revenue from “Thailand Electronics & Industrial Technology Exhibition”, “SE-ED Kiddy Camp”, Organizing academic seminar and technology product sales.

### Major Products and Service

Products and Services of SE-ED as follows:

**1. Books** Currently, SE-ED is the largest books publisher in Thailand, published books for nationwide bookstores. The Company pioneered in publishing knowledge books in several subject areas; such as administration/management, self-development, psychology, engineering in various fields, psychology, youth development books, language and dictionary, parenting, food and health, maps, non-book products (e.g. CD) which help to promote the development of potential in variety of aspects.

**2. Magazines** Magazines At the year's end 2008, the Company has published 10 magazines of science and technology namely,

- **Semiconductor Electronics** : A monthly magazine emphasizing on electronics, launched in 1974, and later changed the name to “Semiconductor Electronics **Plus**”, since January 2008, while maintaining similar types of content to the previous issues.
- **UpDATE** : A monthly magazine catering to those readers who want to keep abreast of latest developments in the world of science and technology, published since 1978.
- **MICROCOMPUTER** : A monthly magazine devoting entirely to the knowledge about Computer and information technology for Corporate. In circulation since 1983.
- **Hobby Electronics**: A monthly magazine specially preparing the knowledge of electronics for the fledgling electronics enthusiasts and also interested readers was launched in early 1991.

- **Industrial Technology Review** : 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** : 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** : Monthly magazine about video and audio for home, car, studio and stage, launched since the end of May 2002.
- **Extreme Technology** : Monthly magazine about new technology and hi-tech products with comparative review of performance as a source of buyer's decision, first launched in late October 2003.
- **Add Magazine** : Free monthly magazine offering variety of interesting information and also new technology adaptable to the daily living (launched in February 2006), distributed free of charge mainly through SE-ED Book Center Bookstore branches.
- **Industrial Sourcing** : This is magazine that released every four months, presenting industrial products information. It clearly categorizes the subject area for purchasing decision and reference, launched since April 2007.

The Company's revenue from magazine comes from the sales of magazines, advertisement and special edition, 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 line that of the Company's direction, by distributing books to small and large scale store nationwide roughly around 2,200 stores. The Company also sells directly to the educational institutions and distributes books to SE-ED Book Centers and network stores which consists of Book Variety, and some universities book centers, owned by SE-ED.

SE-ED has been appointed as Thailand's sole distributor of Oxford University Press (OUP) for book and related media for English language teaching and learning from January 1<sup>st</sup> 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 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 currently totaled at 1,140 titles, while also help distributing 4,800 titles from other several publishers and organizations.

**4. Bookstores business (SE-ED Book Center or SBC)** SE-ED operates several SE-ED Book Center and network stores which consists of the "Book Variety" 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 Center are medium-sized bookshops selling all kind of books, with modern design and good layout plan, efficiently selling and emphasize in being located in convenient location for people to come buying books. The main locations are located in leading supercenters (*such as Tesco Lotus, Big C, and*

*Carrefour, etc.) leading shopping malls (such as Central, The Mall, Robinson, Future Park Rangsit, Future Park Bangkai, provincial leading shopping centers, etc and education institutes (such as Ramkhamhaeng University, National Institute of Development Administration, Dhurakij Bundit University, Siam University, Khon Kaen University and University of the Thai Chamber of Commerce.) in different models both in Bangkok and other provinces.*

Moreover, the Company has also launched new bookstores in another name of “Book Variety” (*which is the same name as the Company own TV program produced and broadcasted on UBC cable TV channel 8 and later transferred to broadcast on TTV Channel 1*) since July 2002. This is also regarded as one type of SE-ED Book Center bookstore.

By the end of 2008, SE-ED has already opened 327 branches of SBC. From this mentioned figure, there are 303 branches in operation, with 120 branches in Bangkok and nearby provinces, and 183 branches in other provinces. With 296 of bookstores operated by the Company, another 5 branches are designated as SE-ED Book Center Network Bookstores (SE-ED Book Center fully supports the shops, as a book distributor supplying the books) and 2 branches are SE-ED Network Bookstores. (SE-ED does not fully support, since the shop owners can order books by themselves.) Moreover, SE-ED also responsible for managing the books and magazines sales space in Supercenters, and other shopping centers in different formats totaling of more than 37 sales and service points.

Today, SE-ED Book Center are the chain bookstores with the highest sales in Thailand.

### **SE-ED Book Center and Bookstores Chain Branches at year-end**

| Descriptions                         | 1991     | 1992     | 1993     | 1994      | 1995      | 1996      | 1997      | 1998      | 1999      | 2000      | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       | 2007       | 2008       |
|--------------------------------------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|
| Branches increase in the year        | 2        | 1        | 1        | 4         | 2         | 2         | 10        | 13        | 12        | 19        | 28         | 27         | 22         | 31         | 26         | 26         | 52         | 49         |
| Branches opened                      | 2        | 3        | 4        | 8         | 10        | 12        | 22        | 35        | 47        | 66        | 94         | 121        | 143        | 174        | 200        | 226        | 278        | 327        |
| Branches closed in the year          | -        | -        | -        | -         | -         | -         | -         | -         | -         | (1)       | -          | -          | (3)        | (1)        | (5)        | -          | -          | (14)       |
| <b>Total existing branches</b>       | <b>2</b> | <b>3</b> | <b>4</b> | <b>8</b>  | <b>10</b> | <b>12</b> | <b>22</b> | <b>35</b> | <b>47</b> | <b>65</b> | <b>93</b>  | <b>120</b> | <b>139</b> | <b>169</b> | <b>190</b> | <b>216</b> | <b>268</b> | <b>303</b> |
| Kiosk in operation                   | 1        | 1        | 2        | 2         | 2         | 2         | 5         | 8         | 11        | 18        | 29         | 37         | 39         | 41         | 44         | 40         | 40         | 37         |
| Petty sales in operation             | -        | -        | -        | -         | -         | -         | -         | -         | -         | -         | 2          | 62         | 75         | 115        | 166        | 128        | 51         | -          |
| <b>Total operation selling point</b> | <b>3</b> | <b>4</b> | <b>6</b> | <b>10</b> | <b>12</b> | <b>14</b> | <b>27</b> | <b>43</b> | <b>58</b> | <b>83</b> | <b>124</b> | <b>219</b> | <b>253</b> | <b>325</b> | <b>400</b> | <b>384</b> | <b>359</b> | <b>340</b> |

- Remark** – There has been an effort in reclassification of bookstores 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) at both Lotus supercenters
- At year's end 2008 there are 303 existing branches in operation. There are 120 branches in Bangkok and its vicinity and 183 branches in other provinces. This figure has included the small scale of 23 branches.
  - At year's end 2008 there are 279 existing branches in operation, using the brand of, SE-ED book center, 12 branches in the branch of Book Variety, 4 branches in universities book centers and 1 branches in other brand name.
  - At year's end 2008, there are 5 SE-ED Book Center network (SE-ED is responsible for all book supplied to the network stores) and there are 2 SE-ED network (SE-ED allows the stores to choose either the name of “SE-ED Book Center” or “SE-ED network”), and there are 37 kiosks.

**5. Other activities** The Company also performs additional activities as follow:

- Organized exhibition called Thailand Electronic Technology, an exhibition for electronic industrial products and technology, which remained the largest number of entrepreneurs and visitors in the country, and It is regarded as nation's largest electronic industrial products and technology fair which promotes the Thailand industry potential and capability that can compete head to head with the world market. The event has been organized annually for the past 10 years.
- Organized SE-ED Kiddy Camp for young people from 8-14 years, which is normally held during the school breaks. There are various types of camp to choose, from countryside camp, day-trip camp, to stimulate young people to learn more, while studying the learning behavior of children before the idea becomes amalgamated with other ideas that support the development of Thai children in greater number, teaching young participants the courage to learn whether they are the study of science, electronic experiment, teamwork, leaderships, self-learning, basic knowledge in survival, moral, and, in particular, friendships. Moreover, it allows children to participate in several different enjoyable activities for example, young researcher activity, activity base, gaming, exercise, sports, etc.
- Organized English Camp 2008 as an activity to promote young kids the correct use of English Language for communication during the stay in the camp for them to be familiarized with language use, simulating the daily language use. In 2008, the Company organized youth camp called SE-ED English Camp for variety of school such as Udorn Pitayakul, Udornthanee at the Matayom level year 1 and 3 (English Program), Daravittaya, Chiangmai, etc..
- Produce a cable TV program called "Book Variety", a program that offers variety of knowledge from different points of view from books for example, health, religion, managerial perspective, stocks and finance, children and youth books through recommendations and interview of person involved in publishing. This includes writers, translators, or editors broadcasted on TTV1 Nation Channel, every Saturday from 9.00-9.30.
- Organizing seminar training for management, engineer, computer, specific profession, general knowledge, offering training according to the needs of private and government sectors, as well as general public.

## **Procurements of Products and Services**

**Books Distribution from Other Publishers :** in general, consists of 2 parts:

**Books for distribution :** At present the books that are distributed to all bookstores through out the country come from the Company own publishing house and other more than 750 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 marketing direction and have sales opportunity.

**Books and other goods SE-ED Book Center deals directly :** SE-ED Book Center receives goods from 2 channels. From the Company 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 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 10% of total selling cost, whereby the proportion of product



value purchased from 10 first largest trading partner against the cost of goods sold for the past 3 years is illustrated as follows :

(Unit : Baht)

| Item   | Year 2008              |        | Year 2007              |        | Year 2006              |        |
|--|------------------------|--------|------------------------|--------|------------------------|--------|
|  | Value<br>(THB million) | %      | Value<br>(THB million) | %      | Value<br>(THB million) | %      |
| Value of reselling products from the first 10 largest trading partners | 893.91                 | 29.50  | 678.88                 | 25.27  | 822.51                 | 32.63  |
| Total cost of goods sold   | 3,030.31               | 100.00 | 2,686.28               | 100.00 | 2,520.72               | 100.00 |

In 2008, which can be considered that no specific revenue from sales can have severe effect to the Company.

**Books Published by SE-ED :** Books and magazines published by the Company. This business line is responsible by the book publishing group and the magazines group 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 any printers press, the production of books and magazines are in the responsibility of in-house work group 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 material and supplier :** Paper is the main raw material which the Company purchased from local distributors in lump sum. The types of paper used in production of books and magazines mostly are wood-free, newsprint, coated and cover coated.

**Relation with raw material suppliers and the effect of missing them :** For the purchasing value of paper, the Company has no particular relation with these suppliers and no any binding obligation to buy from them in the future. In the case that these suppliers can not provide the Company with paper, the Company can still procure them from other suppliers. The total value the Company expenses for raw materials and finished goods to 10 main suppliers was 2.84% of the cost of products sold in 2008 which can be considered that no specific supplier can cause severe effect to the Company.

**Process and production technology :** Production process for new book starts from editorial team call for meeting 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 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 agreed on the book, the content may be re-adjusted and format at the suitable

level for the market, and the use of copyright contract may be signed with writer, translator, or foreign publisher.

In the mean time, artwork team will start to design the book cover and when the finish manuscript is finished and ready for print, the computer artwork will later takes 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 book, there will be additional step that is 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 magazine 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 computer and PC along with all other related tools and equipments, whereby all these computer technology shows sign of having higher efficiency but becoming less expensive. In addition, the editorial staffs in the team are very experience and 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 reapplying machinery to compete:** As Company do not own printing press, therefore, there is no need for Company to invest in the machinery and equipment in printing. It becomes unnecessary for Company to develop machinery and equipment. And due to the competitive environment of 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 the making pollution that can affect the environment and the Company's business is not under the direct control of any government agency.

## ■ The Proportion of Shareholding in the Groups of Company and Inter-Business Groups Transactions

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

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

In 2003, the Company held 28.75% shares in Plearn Patt Co.,Ltd. (founded on September 25, 2002) with a registered paid-up share of THB 80,000,000. In December 31, 2005, the Company increased percentage of share holdings to 48.82% of registered share capital with the amount of THB 170,000,000 and the paid-up share capital was THB 169,350,000. The registering name of Plearn Patt Co., Ltd. is the name of the school called “*Plearnpattana School*”, located at Bhuddhamonthon 2 Road, enrolling students from pre-kindergarten year up to twelfth grade. The first academic year started in 2004. This was the important gathering of more than 70 education-loving alliances from several groups of people such as parents, teachers, academics, school executives, in collaboration with private organization who played a significant role towards family institutions and education to create new concept school, which to create quality children for Thai country.

As of December 31, 2008, the major Shareholders were :

| Major Shareholders                     | Share Capital<br>Paid-up | Percentage of share holding<br>Amount Paid-up share<br>(%) |
|--|--------------------------|--|
| 1. SE-EDUCATION Public Company Limited | 8,300,000                | 48.82  |
| 2. Mr. Rit Theerakomen                 | 2,000,000                | 11.76  |
| 3. RAK LUKE FAMILY GROUP Co., Ltd      | 700,000                  | 4.12   |
| 4. Mrs. Thida Phitaksinsuk             | 400,000                  | 2.35   |
| 5. Ms. Krongtong Bunprakong            | 400,000                  | 2.35   |

## Inter-Company Transaction

Related party transaction between the Company and probable conflicted persons appeared in the notes to financial statements no. 4 : Inter – Company transactions.

**Need and reasonable of related party transactions** Transactions amongst the Company, associated companies and related parties shall be approved by the Audit Committee, for fair transactions and appropriate costs compared to outside persons transactions and no interests transfer between the Company subsidiaries, associated companies and related parties.

The Board of Directors' meeting as of 3/2008 dated August 8, 2008, approved the principle concerning the general trade conditions in business activities between the Company and Company's subsidiaries and directors and management executives, or involved persons. The approval is to allow the management to approve on said business activities. If those business activities has the agreed trade similar in manner with what the competent person should act toward the other party signed in the contract, under same circumstance, without trade bargaining power that may be influenced by the persons who act as directors, management executives, or concerned person, so that it is in accordance with the Security Exchange law (issue# 4) 2008, took effect on August 31, 2008.

With this, the Company/management team will work on report to summarize business activities valued above THB 2 million per quarter to be submitted to Board of Directors in each quarter.

**Transactions between related parties** Transactions between the Company, management or Shareholders, or related parties are considered by the volume of transactions (according to the regulations defined by the Stock Exchange of Thailand). The Company has designated executives who are Members of the Board, comprising of Mr. Thanong Chotisorayuth, Mr. Viboolsak Udomvanich and Mr. Pongsak Sivapatrakumpol to approve transactions, by which agreements have to be signed and co-signed by two out of three executives.

Related transactions with executives or Shareholders that meet the regulations determined by the SET have to follow those regulations.

Connected transactions with common interest persons need to be concurred by an external Committee or independent experts.

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



## ■ Shareholder Information and Management Structure

### Major Shareholder

Major Shareholders List of the first 10 major Shareholders according to article 258, Security Exchange Commission Act (B.E. 2535), as of November 28, 2008. (latest share register closed date)

| No.          | Shareholders                                  | Number of Shares   | Percentage of Paid-up Capital |
|--------------|---|--------------------|-------------------------------|
| 1            | HSBC (SINGAPORE) NOMINEES PTE LTD.            | 43,000,000         | 13.27                         |
| 2            | GMM Grammy Public Company Limited             | 42,422,200         | 13.10                         |
| 3            | Mr. Rit Thirakomen                            | 23,008,782         | 7.10                          |
| 4            | Mr. Thanong Chotisorayuth                     | 14,849,742         | 4.58                          |
| 5            | Asst. Prof. Yuen Poovarawan                   | 13,174,940         | 4.07                          |
| 6            | Mr. Pongsak Sivapatrakumpol                   | 10,850,842         | 3.35                          |
| 7            | Bangkok Assurance Public Company Limited      | 10,764,500         | 3.32                          |
| 8            | RAFFLES NOMINEES PTE LTD.                     | 7,184,100          | 2.22                          |
| 9            | Mr. Phairat Sittakul                          | 6,405,166          | 1.98                          |
| 10           | Open long-term fund shares dividend Ayutthaya | 5,778,800          | 1.78                          |
| <b>Total</b> |   | <b>177,439,072</b> | <b>54.78</b>                  |

Remark The issued and paid-up capital, as of November 28, 2008, is equal to 323,921,130 Baht.

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

Company's ordinary shareholders (SE-ED) held by Thai NVDR limit of 3,634,750 shares or 1.12% of the paid up capital. The details are as follows.

| No. | Shareholders   | Number of Shares | % of Capital |
|-----|--|------------------|--------------|
| 1   | MORGAN STANLEY & CO. INTERNATIONAL PLC               | 1,317,700        | 36.25        |
| 2   | DBS VICKERS SECURITIES (SINGAPORE) PTE LTD           | 600,000          | 16.51        |
| 3   | MR.KUCKENBECKER, FRED JAMES                          | 550,500          | 15.15        |
| 4   | KIM ENG SECURITIES PTE. LTD.                         | 263,000          | 7.24         |
| 5   | MR.ADAM REUTERSKIOLD ARNBACK                         | 146,900          | 4.04         |
| 6   | NOMURA SINGAPORE LIMITED-CUSTOMER SEGREGATED ACCOUNT | 132,900          | 3.66         |
| 7   | PHILLIP SECURITIES PTE LTD.                          | 82,900           | 2.28         |
| 8   | HANS ULRICH LUTHER                                   | 60,000           | 1.65         |
| 9   | MR.KATSUMI SATA                                      | 50,000           | 1.37         |
| 10  | MS. INKAWAN MILLER-STERLING                          | 50,000           | 1.37         |
| 11  | MR.GUNTER FALTIN                                     | 49,300           | 1.36         |
| 12  | HANS ULRICH LUTHER                                   | 31,400           | 0.86         |
| 13  | MR.BRENT LEE BARGMANN                                | 30,000           | 0.83         |
| 14  | MR.PETER MCGUINNESS JEFFREYS                         | 20,000           | 0.55         |
| 15  | MR.BARRY JAMES ARMSTRONG                             | 18,300           | 0.5          |
| 16  | MINORITY SHAREHOLDERS                                | 231,850          | 6.38         |
|     | <b>Total</b>   | <b>3,634,750</b> | <b>100</b>   |

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

## Distribution of shares

Distribution of shareholding as at November 28, 2008 (Book closing date of the last registration).

| Item                 | share distribution |             |       |                     |             |       | Total  |             |        |
|----------------------|--------------------|-------------|-------|---------------------|-------------|-------|--------|-------------|--------|
|                      | Individual         |             |       | Juristic individual |             |       |        |             |        |
|                      | Number             | Shares      | %     | Number              | Shares      | %     | Number | Shares      | %      |
| Thai shareholders    | 2,570              | 194,561,076 | 60.06 | 34                  | 70,244,984  | 21.69 | 2,604  | 264,806,060 | 81.75  |
| Foreign shareholders | 11                 | 1,907,070   | 0.59  | 10                  | 57,208,000  | 17.66 | 21     | 59,115,070  | 18.25  |
| .Total               | 2,581              | 196,468,146 | 60.65 | 44                  | 127,452,984 | 39.35 | 2,625  | 323,921,130 | 100.00 |

Remark The issued and paid-up capital, as of November 28, 2008, is equal to 323,921,130 Baht.

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

At the registration last date, there were 2,604 Thai national Shareholders totaling 264,806,060 shares (81.75%) which consists of 34 juristic persons and 2,570 individual shareholders, 21 foreign shareholder, totaling 59,115,070 shares (18.25%), which consisted of 10 juristic persons and 11 individual shareholders.

Names of main Shareholders who practically have material influence in prescribing the management policy or the Company operation is GMM Grammy Public Company Limited.

The actual share holder of HSBC (Singapore) Nominees PTE LTD. is Mr. Edward Phillip Burke, a British citizen.

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

**(A) The Board of Directors** has the duty to make recommendations and to draw Company policy, working strategy and other visions of the Company's operation. As of December 31, 2008 the Board consisted of the following 13 members:

| Name                            | Position   | Type of Directors                              | Term of Duty   |
|---------------------------------|--|--|--|
| 1. Mr. Somboon Chinsawananon    | Chairman of the Board  | Independent Director                           | April 25, 2007 till the Annual General Shareholders' Meeting in 2010 |
| 2. Mr. Saroch Lamlerprasertkul  | Chairman of Audit Committee and Vice-Chairman of the Board of Directors <sup>(1)</sup> | Independent Director                           | April 29, 2008 till the Annual General Shareholders' Meeting in 2011 |
| 3. Mr. Pravitt Tantiwasinchai   | Audit Committee  | Independent Director                           | April 29, 2008 till the Annual General Shareholders' Meeting in 2011 |
| 4. Mr. Phairat Sittakul         | Audit Committee  | Independent Director <sup>(2)</sup>            | April 29, 2008 till the Annual General Shareholders' Meeting in 2011 |
| 5. Mr. Wattana Chiengkul        | Director   | Independent Director <sup>(2)</sup>            | April 25, 2007 till the Annual General Shareholders' Meeting in 2010 |
| 6. Mr. Vorasit Pokachaiyapat    | Director   | Independent Director                           | April 29, 2008 till the Annual General Shareholders' Meeting in 2011 |
| 7. Mr. Kachen Benjakul          | Director   | Independent Director                           | April 25, 2007 till the Annual General Shareholders' Meeting in 2010 |
| 8. Asst. Prof. Yuen Poovarawan  | Director   | Non-executive Director                         | April 25, 2007 till the Annual General Shareholders' Meeting in 2010 |
| 9. Mr. Sumeth Damrongchaitam    | Director   | Non-executive Director                         | April 29, 2008 till the Annual General Shareholders' Meeting in 2011 |
| 10. Mr. Yongsak Ekprachyasakul  | Director   | Non-executive Director                         | April 29, 2008 till the Annual General Shareholders' Meeting in 2011 |
| 11. Mr. Thanong Chotisorayuth   | Director and Managing Director   | Executive Director Authorized Signing Director | April 26, 2006 till the Annual General Shareholders' Meeting in 2009 |
| 12. Mr. Viboolsak Udomvanich    | Director, Deputy Managing Director and Company's Secretary                             | Executive Director Authorized Signing Director | April 26, 2006 till the Annual General Shareholders' Meeting in 2009 |
| 13. Mr. Pongsak Sivapatrakumpol | Director and Deputy Managing Director  | Executive Director Authorized Signing Director | April 26, 2006 till the Annual General Shareholders' Meeting in 2009 |

**Remark :** <sup>(1)</sup> The Company's Board of Directors appointed Mr. Saroj Lumlerprasertkul as Vice Chairman of the Board of Directors on February 20, 2009.

<sup>(2)</sup> As of December 31, 2008, the said independent Director did not meet the required qualifications to be independent Directors as stipulated by the Company's Board of Directors on November 12, 2008. The said independent Director will still be in the position until the term is expired.



The shares held by the Board of Directors are stipulated under the Securities Exchange Commission Act (B.E. 2535), section 258 and shareholders who are under such law in 2008 and 2007 are shown as follow:

| Name-Last name                  | Number of shares  |                   |   | Remarks                         |
|---------------------------------|-------------------|-------------------|---|---------------------------------|
|                                 | December 31, 2008 | December 31, 2007 | Number of shares: Increase (Decrease) during the year |                                 |
| 1. Mr. Somboon Chinsawananon    | 155,842           | 155,842           | –   |                                 |
| 2. Mr. Saroch Lamlertprasertkul | None              | None              | –   |                                 |
| 3. Mr. Pravitt Tantiwasinchai   | None              | None              | –   |                                 |
| 4. Mr. Phairat Sittakul         | 6,405,166         | 6,405,166         | –   |                                 |
| 5. Mr. Wattana Chiengkul        | 5,216,992         | 5,216,992         | –   |                                 |
| 6. Mr. Vorasit Pokachaiyapat    | None              | None              | –   |                                 |
| 7. Mr. Kachen Benjakul          | 384,000           | 354,000           | 30,000  |                                 |
| 8. Asst. Prof. Yuen Poovarawan  | 13,174,940        | 13,174,940        | –   |                                 |
| 9. Mr. Sumeth Damrongchaitham   | None              | None              | –   |                                 |
| 10. Mr. Yongsak Eakprachyasakul | None              | None              | –   |                                 |
| 11. Mr. Thanong Chotisorayuth   | 14,849,742**      | 14,849,742**      | –   | **including the Spouse's shares |
| 12. Mr. Viboolsak Udomvanich    | 5,064,852         | 3,700,285         | 1,364,567   |                                 |
| 13. Mr. Pongsak Sivapatrakumpol | 10,850,842        | 10,850,842        | –   |                                 |

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

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

1. To determine vision, mission, and strategy of the Company that includes the objective and financial target to support the stability and balanced and sustainable benefit for all elements concerned. This also includes the continuous value adding to the share holder.
2. To practice according to the laws, stipulations, and regulations associated with business activity and also shareholders' resolution, so that Company's business interest will be maintained as to not result in conflict of interest which may affect the interest groups.
3. To determine the management guideline and overall risk management, as effective risk management procedure may be realized.

4. To assign the task of report on financial status and ensure the openness, clarity, transparent, and reliability of such report in accordance with rules that each departments are related.
5. To supervise on the suitable communication channels between the Company and the shareholders and also interest groups
6. To ensure the availability of the suitable system or mechanism of executives' remunerations, creating a proper work incentive.
7. To approve budget for financial activity such as budget for stock investment, loan, that will not result in the conflict of interest toward any Committee member.

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

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

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

Moreover, the Company realized the importance of good supervision, as the result, 11 out of 13 Directors completed the Director Accreditation Program (DAP), Director Certification Program (DCP), the seminar course named Role of the Compensation Committee (RCC) and D&O Insurance: Mitigating Directors Liabilities Risk / Special Seminar and Company Secretary Program (CSP), in which the training course was organized by Thai Institute of Directors. The Directors also attended the training course for Corporate Secretary Development Program, organized by Listed Companies Association of Thailand.

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

#### **Scope of duty for Company's secretary**

1. To give initial recommendations to the Directors concerning the issues of legality, regulations, and a number of Company information, and follow through to ensure that all regulations are properly adhere to, including the report concerning changes which is deemed significant.
2. To organize shareholders' meeting and the Board of Directors' meeting in accordance with the law and Company's rule.
3. To record and report the issues in the shareholders' and the Board of Directors' meeting, and also keep track of activities that has been decided in the shareholders' and the Board of Director's meeting.

4. To ensure the openness of information which is in accordance with the Stock Exchange of Thailand, Securities and Exchange Commission, and other supervisory authority.
5. To communicate with the shareholders, investor, supervisory authority, which also includes the dissemination of information the those interested public, and some interest groups.
6. Performed any other assignments that delegated by the Board or Directors.

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

**The Audit Committee** As of December 31, 2008 the Audit Committee consisted of the following 3 members and 1 member of Secretary of the Audit Committee which consists of 3 independent Directors, where 2 of the Directors possess the direct knowledge and understanding or experience in accounting or finance, as the names are shown below:

| Name                          | Position                    |  |
|-------------------------------|-----------------------------|--|
| 1. Mr. Saroch Lamlertraserkul | Chairman of Audit Committee | Independent Director and has accounting experience |
| 2. Mr. Pravitt Tantiwasinchai | Audit Committee             | Independent Director and has accounting experience |
| 3. Mr. Phairat Sittakul       | Audit Committee             | Independent Director                               |

*Mr. Wachiratham Siriarchawattana, the manager of internal audit division, is the secretary of the Audit Committee*

#### **Scope of Duties of the Audit Committee**

1. Review to ensure the accuracy and adequacy of financial report
2. Review to ensure the suitability and effectiveness of Internal Control and Internal Audit system and examine the independent of Internal Audit, including the approval of position transfer, hiring termination of the head of Internal Audit or other division responsible for Internal Audit.
3. Review to ensure the Company's practice is in compliance with regulation Security Exchange Commission and relevant law concerning the Company's business.
4. Consider, select, propose the nomination of independent person to perform the duty of Company's Accounting Auditor and suggest remuneration for such person, including attend the meeting with Accounting Auditor without the presence of management by at least once a year.
5. Consider related items and disclose them in accordance with the law and regulation of security exchange commission. This is to ensure that said items is reasonable and most beneficial to the Company.
6. Prepare report of Audit Committees and discloses the information in the Company's Annual Report under which the report be signed by the Audit Committees as follows :

- (a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
- (b) an opinion on the adequacy of the Company's internal control system,
- (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
- (d) an opinion on the suitability of an auditor,
- (e) an opinion on the transactions that may lead to conflicts of interests,
- (f) the number of the audit committee meetings, and the attendance of such meetings by each committee member,
- (g) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter and
- (h) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.

7. Take any action as the Company assigned under the approval of Audit Committees

#### **The Recruitment, Appointment and term of duty for Audit Committees**

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

The Audit Committee held regular meeting by at least once every quarter with the outside accounting audit, and also the accounting department, and also report directly to the Board of Directors. Moreover, the Board of Directors has pressed the emphasis on the importance of being transparent and verifiable, therefore, it requests the Audit Committee to hold joint meeting with accounting department without the present of managing director at the meetings, but, however, under the acknowledgement of them, and, Audit Committees meeting of 5/2008 dated November 7, 2008 was a meeting between Audit Committees and Accounting Auditor without the presence of management, and 1 meeting was held.

**The Recruitment and Remuneration Committees** are appointed by the Board of Directors. Their duty is to search and recruit individuals to be positioned as Company's managing director, head of the Directors, executives, and also to follow up on succession plan to select individuals suitable for higher executives position and reports directly to the Board of Directors for approval, or to advise to the share holders, in some cases. Moreover, the Committees also review the annual remuneration for the management team to be commensurate with the responsibility and comparable to the outside labor market of the same industry, including the remuneration at the appropriate level with respect to the business growth, the operation result rate of increase in profit margin, as well as task and responsibility of committee, sub-committee, and the Company executives, to submit the proposal at the shareholder's meeting. As of December 31, 2008 the Recruitment and Remuneration Committee comprises of three respectable individuals, 2 from independent Directors and 1 from Director:



| Name                          | Position                    |   |
|-------------------------------|-----------------------------|---|
| 1. Mr. Somboon Chinsawananon  | Chairman of Board Directors | Non-executive director and is an Independent Director |
| 2. Mr. Vorasit Pokachaiyapat  | Director                    | Non-executive director and is an Independent Director |
| 3. Mr. Sumeth Damrongchaitham | Director                    | Non-executive director                                |

### **Scope of Duties of the Recruitment and Remuneration Committee**

1. Short-listing and selecting the candidates to be appointed in the position of managing director, senior executives. Follow up on succession plan to recruit the suitable individuals for the position of high executive when the term is expired.
2. To determine method and criteria in recruiting the Directors and Managing director, so that the process remains transparent.
3. To stipulate method and criteria short-listing of the candidates who possess the quality in advance from minority shareholders so as to treat all shareholders with fairness.
4. To have legitimate power in calling for document or individual related to the case in point for consideration.
5. To present the policy and criteria on payment of the remuneration for the Directors, Managing Director, Senior Executives, Advisors to the Board of Directors, Committees appointed by the Board of Directors.
6. To consider the annual remuneration of the Directors, Managing Director, and Senior Executives, Advisors to the Board of Directors, and the Committees appointed by the Board of Directors.
7. To perform the scope of duties as assigned by the Board of Directors.

### **Recruitment, Appointment, Term of duty for Recruitment and Remuneration Committees**

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

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

1. The Recruitment and Remuneration Committees determine the structure, size and constituents of the Board of Directors, and stipulate the quality of Directors to be replaced in terms of overall knowledge, experience, and expertise in compliance with the element and quality stated in the related laws/regulations.
2. The Recruitment and Remuneration Committees determines the method of nominating the qualified candidate, including the procedure of nominating the qualified candidate in advanced from the minority shareholders.
3. The Recruitment and Remuneration Committees begin the search and consider the name of suitable candidate for Directors.

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

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

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

In 2008, the Recruitment and Remuneration Committee has held 1 meeting and has reported to the Board of Directors.

In addition, the Company foresees the significant of good corporate good governance. The Recruitment and Remuneration Committee has considered the remuneration for 1 out of 3 committee member who has already attended the training course named "Role of the Compensation Committee (RCC)", organized by Thai Institute of Directors.

**Company's Executives** as of December 31, 2008 with the total of 12 individuals, as follows:  
(The executive's positions are ranked from 1 to 8 in accordance with the definition of SEC promulgation

| Name                           | Position   |
|--------------------------------|--|
| 1. Mr. Thanong Chotisorayuth   | Director/Managing Director/Authorized director to sign for and bind the company                            |
| 2. Mr. Viboolsak Udomvanich    | Director/Deputy Managing Director/Authorized director to sign for and bind the company/Company's Secretary |
| 3. Mr. Pongsak Sivapatrakumpol | Director/Deputy Managing Director/Authorized director to sign for and bind the company                     |
| 4. Mrs. Montalee Chotisorayuth | Assistant Managing Director – SE–ED Book Center  |
| 5. Mrs. Karnchana Charoenwong  | Assistant Managing Director – Sales and Distribution   |
| 6. Mrs. Nuchanart Kongvisaisuk | Assistant Managing Director – Magazines  |
| 7. Ms. Sajipat Pumpuengput     | Director of Financial Division   |
| 8. Ms. Aree Sae–ung            | Director of Accounting Division  |
| 9. Mr. San Simasuwanrong       | Director of Engineering Research and Development   |
| 10. Mr. Viroj Lackanaadisorn   | Director of HR & Organization Development  |
| 11. Mr. Apichit Suananuntapoom | Director of Logistics  |
| 12. Mr. Ekasit Wiwattanaprasit | Director of Strategic Information Administration   |

#### Report on Changes of Shares of Company's Executives in 2008, date on December 31, 2008

| Name-Last name                 | Number of shares  |                   |   | Remarks                               |
|--------------------------------|-------------------|-------------------|---|---------------------------------------|
|                                | December 31, 2008 | December 31, 2007 | Number of shares: Increase (Decrease) during the year |                                       |
| 1. Mr. Thanong Chotisorayuth   | 12,937,242        | 12,937,242        | –   | Spouse of Mrs. Montalee Chotisorayuth |
| 2. Mr. Viboolsak Udomvanich    | 5,064,852         | 3,700,285         | 1,364,567   |                                       |
| 3. Mr. Pongsak Sivapatrakumpol | 10,850,842        | 10,850,842        | –   |                                       |
| 4. Mrs. Montalee Chotisorayuth | 1,912,500         | 1,912,500         | –   | Spouse of Mr. Thanong Chotisorayut    |
| 5. Mrs. Karnchana Charoenwong  | 193,600           | 193,600           | –   |                                       |
| 6. Mrs. Nuchanart Kongvisaisuk | 1,533,800         | 1,533,800         | 20,000  |                                       |
| 7. Ms. Sajipat Pumpuengput     | 113,840           | 143,840           | (30,000)  |                                       |
| 8. Ms. Aree Sae–ung            | None              | None              | –   |                                       |

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

1. To administer Company affairs, follow objectives and obligations, including procedures and resolutions issued by the Committee and assume authority to direct all professional staffs and employees. In managing Company business, the managing director is directly responsible on behalf of the Committee.

2. To hire, position, appoint, and punish professional staffs and discontinue employment of staffs and employees, including the promotion, or salary adjustment. This directive excludes professional staff and employees who are employed, position, and punish and dismissed by a Committee, or procedural regulations.
3. To determine the conditions of employment of professional staff and employees, to order or announce the procedure of administration and operation which does not obstruct the Company's regulations, the Committee's agreements, the labor law or other related laws.
4. To operate any other business following Company regulations and the Committee's agreement, including assigning operational functions to the Company's officers and employees.
5. To act and commit for endorsement of contracts permitted under license and any other contracts involving licenses with appropriate and careful consideration to prevent any violation of a license held by others.
6. For any business related to external sources, the managing director and Authorized directors have the authority to act and commit within the scope of the authority, specified in regulation No.1, except any business in which the managing director and Authorized Directors might be in disagreement, or have some benefit from that business, or conflict with the Company or Company's subsidiaries. Conclusion should be reached when the Committee meeting includes the independent Directors. To achieve the success, the managing director and the authorized Directors will assign any person as a representative to respond to that particular duty.
7. In absence or unavailability of Managing director, the deputy managing director will act on his or her behalf for general routine work and report to the managing director afterwards, other than that the deputy managing director will request permission to proceed from the Chairman. When there is a vacancy for the position of Managing director, the acting Managing director will be selected from the list of directors or shareholders approved by the Board of Directors.
8. The approval of over-budget item beyond what has earlier been agreed by the Board of Directors must be presented in the meeting of Board of Directors for considerations and approvals according the Company's regulation or stipulated laws.

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

The background detail of directors and executives are as in attached document number 1.

### **Nomination of the Board of Directors and Executives**

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

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

### **Recruitment of Directors: Method of Recruiting Individual to be Nominated as Director is as Follow:**

1. The Recruitment and Remuneration Committees determine the structure, size and constituents of the Board of Directors, and stipulate the quality of Directors to be replaced in terms of overall



- knowledge, experience, and expertise in compliance with the element and quality stated in the related laws/regulations.
2. The Recruitment and Remuneration Committees determines the method of nominating the qualified candidate, including the procedure of nominating the qualified candidate in advanced from the minority shareholders.
  3. The Recruitment and Remuneration Committees begin the search and consider the name of suitable candidate for Directors.
  4. The Recruitment and Remuneration Committees selected the best candidate to be Directors and the recruitment result and nominated the name of person who is judged as the best candidate to be the Company's Director, together with the reasons and propose to the Board of Directors through the Company's secretary.
  5. The Board of Directors considered the selection of suitable candidate who possess the right quality as proposed by the Recruitment and Remuneration Committee and present the candidate in the shareholder's meeting for consideration.

### **Election of Directors in Annual General Assembly**

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

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

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

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

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

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

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

### **Recruitment of Managing Director and Executives**

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

determined goal, whereby the Recruitment and Remuneration Committees will propose to the Board of Directors for appointment

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

**Directors Represent Main Shareholders** as at December 31, 2008 the Company has 2 Directors who represent main shareholders, 2 Directors are representatives from GMM Grammy Public Company Limited.

### Remuneration for Executives

The remuneration for Directors of the board and managing director, the Board of Directors has appointed the Recruitment and Remuneration Committee to consider the appropriateness and responsibility of each director and managing director, circumstance, economic environment, and relative compliance with other business within the similar industry. However, the compensation of the Director of the Board of Directors, Sub-committee to the board has already been approved at the shareholder's general meeting.

**(A) Compensation for the Company's Directors** The resolution from shareholders' general meeting number 1/2008, dated April 29, 2008, has approved the compensation for directors as follows:

The salary compensation (same as in 2007) consists of

- Chairman of the Board 15,000 baht per month.
- Independent director and director 10,000 baht per month

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

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

For lump sum retirement pay for year 2007: The resolution from shareholder's general meeting number 1/2008 dated April 29, 2008, approved the lump sum retirement pay for year 2007 for the budget of no more than 3,420,000 Baht, an increase from the previous year by THB 780,000, matching the average of listed companies in the stock exchange in the same scale of business operation.

Moreover, the Annual General Shareholder's Meeting 1/2008 approved the lump sum retirement payment for 2008 is no more than THB 4,000,000 by assigning the Recruitment and Remuneration Committees considered suitable payment allocation, and report to shareholders in the following year of shareholders' meeting. The meeting of Recruitment and Remuneration Committees 1/2009 dated February 20, 2009 approved the allocation of lump sum retirement payment for 2008 by the amount of THB 3,420,000 which is equal to the sum of payment for same purpose in 2007 and the remaining sum left unallocated was THB 580,000.

**Remuneration for Board of Directors consists of 13 persons as of year 2008 are as following:**

(Unit : Baht)

| Items                           | Position   | Remuneration as of position and meeting allowance 2008 |                     |   |            | Remuneration from position 2007 | Total     |
|---------------------------------|--|--|---------------------|---|------------|---------------------------------|-----------|
|                                 |  | The Board of Directors                                 | The Audit Committee | The Recruitment and Remuneration Committees | Emoluments |                                 |           |
| 1. Mr. Somboon Chinsawananon    | Chairman of the Board and Independent Director   | 80,000   | —                   | 10,000                                      | 180,000    | 400,000                         | 670,000   |
| 2. Mr. Saroch Lamlerprasertkul  | Chairman of Audit Committee and Independent Director <sup>(1)</sup>  | 30,000   | 50,000              | —   | 120,000    | 300,000                         | 500,000   |
| 3. Mr. Pravit Tantiwasinchai    | Audit Committee and Independent Director   | 40,000   | 35,000              | —   | 120,000    | 280,000                         | 475,000   |
| 4. Mr. Phairat Sittakul         | Audit Committee and Independent Director   | 40,000   | 35,000              | —   | 120,000    | 280,000                         | 475,000   |
| 5. Mr. Wattana Chiengkul        | Director and Independent Director  | 40,000   | —                   | —   | 120,000    | 240,000                         | 400,000   |
| 6. Mr. Vorasit Pokachaiyapat    | Director and Independent Director  | 30,000   | —                   | 7,000                                       | 120,000    | 240,000                         | 397,000   |
| 7. Mr. Kachen Benjakul          | Director and Independent Director  | 40,000   | —                   | —   | 120,000    | 240,000                         | 400,000   |
| 8. Asst. Prof. Yuen Poovarawan  | Director   | 40,000   | —                   | —   | 120,000    | 240,000                         | 400,000   |
| 9. Mr. Sumeth Damrongchaitham   | Director   | 40,000   | —                   | 7,000                                       | 120,000    | 240,000                         | 407,000   |
| 10. Mr. Yongsak Ekprachyasakul  | Director   | 40,000   | —                   | —   | 120,000    | 240,000                         | 400,000   |
| 11. Mr. Thanong Chotisorayuth   | Director, Managing Director and Authorized director to sign for and bind the company                             | 40,000   | —                   | —   | 120,000    | 240,000                         | 400,000   |
| 12. Mr. Viboolsak Udomvanich    | Director, Deputy Managing Director, Authorized director to sign for and bind the company and Company's Secretary | 40,000   | —                   | —   | 120,000    | 240,000                         | 400,000   |
| 13. Mr. Pongsak Sivapatrakumpol | Director, Deputy Managing Director and Authorized director to sign for and bind the company                      | 40,000   | —                   | —   | 120,000    | 240,000                         | 400,000   |
|                                 |  | 540,000  | 120,000             | 24,000                                      | 1,620,000  | 3,420,000                       | 5,724,000 |

### Comparison Chart for the Directors' Compensation year 2008, 2007, and 2006

(Unit : Baht)

| Compensation  | 2008   |                  | 2007   |                  | 2006   |                  |
|---|--------|------------------|--------|------------------|--------|------------------|
|   | Number | Amount           | Number | Amount           | Number | Amount           |
| Gratuity of retirement fund   | 13     | 3,420,000        | 13     | 2,640,000        | 13     | 2,200,000        |
| Director's compensation   | 13     | 2,304,000        | 13     | 2,420,000        | 13     | 2,384,000        |
| <b>Total</b>  |        | <b>5,724,000</b> |        | <b>5,060,000</b> |        | <b>4,584,000</b> |
| <b>Compensation per director per year</b>                                 |        | <b>440,307</b>   |        | <b>389,230</b>   |        | <b>352,615</b>   |
| <b>Average Compensation of media and printing industry <sup>(1)</sup></b> |        | <b>N/A</b>       |        | <b>574,005</b>   |        | <b>455,545</b>   |

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

### (B) Executives' Compensation

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

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

Remuneration for management Directors and management executives for the first 4 executives next to the position of Managing Director and every executive in the same level as fourth management executive in total of 6 executives (in exclusion of the director of financial division and the director of accounting division) which can be illustrated in the table below.

Table show the remuneration of management as defined by SEC in total of 6 individual (not inculed Finance Director, Accounting Director)

| Items                                  | Cash Remuneration |                   |
|--|-------------------|-------------------|
|  | Amount (Unit)     | Total (Baht)      |
| Salaries                               | 6                 | 15,053,640        |
| Bonus                                  | 6                 | 4,581,772         |
| Other Remuneration:                    |                   |                   |
| – Contributions for the Provident Fund | 6                 | 752,688           |
| – Vehicle Expenses                     | 6                 | 720,000           |
| – Living expenses                      | 6                 | 18,000            |
| <b>Total</b>                           |                   | <b>21,126,100</b> |

### **Dividend Payment Policy**

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

The dividend payment of the past three years can be found in the note to financial statements number 16.



## ■ Recruitment and Remuneration Committee's Report

The board of directors of **SE-EDUCATION Public Company Limited** has appointed recruitment and remuneration committee members which consists of 3 individuals, where Mr. Somboon Chinsawananon, an independent board member, perform the duty as the recruitment and remuneration committee chairperson, Mr. Vorasit Pokachaiyapat, as an independent board member, and Mr. Sumeth Damrongchaitham, as non-senior management board member. In 2008, the recruitment and remuneration committee members held 1 meeting.

The recruitment and remuneration members has within its authority and capacity limits, duty, and responsibility, as delegated by the Board of Directors which constitutes the task of method determination, recruitment of directors, managing director, and also arrange a succession plan, as well as decision on remuneration policy for management and staffs.

For the recruitment of director and management, the recruitment and remuneration committee has proceeded to search and recruit suitable candidate in accordance with the criteria set by the committee and does not violate the regulations stipulated by supervisory authority. In 2008, the recruitment and remuneration committee has considered. Proposed agenda to the Board of Directors to Consider. Moreover, the committee also provides chances for small shareholders to submit names of suitable person in advance through the company contact channel, allowing the committee to consider more broadly.

In considerations of remuneration for committee, the management, and staffs whose details have been clearly declared in the annual report in the section recruitment and remuneration. The committee has sought to commensurate the remuneration with the responsibility, environment, economic circumstance, as well as benchmarking with other businesses in similar industry.

The recruitment and remuneration committees reported the details of meeting after every meeting for the Board Directors of the Company to acknowledge in a consistent manner. In 2008, the recruitment and remuneration committees worked on assignment with carefulness, great capacity, independent for the maximum benefit of the Company's shareholders and other stakeholders at an appropriate level.



**Mr. Somboon Chinsawananon**

Chairman of recruitment and remuneration committee

March 16, 2009

## ■ Audit Committee's Report

The Board of Directors of **SE-EDUCATION Public Company Limited** resolved in the appointment of the Company's Audit Committee which consists of three individuals – Mr. Saroch Lamlerprasertkul, Committee Chairman, Mr. Pravitt Tantiwasinchai and Mr. Phairat Sittakul, Committee Members. Each of the Committee was not the Company senior management or employee. And Mr. Wachiratham Siriarchawattana is the secretary to the Committee.

Audit Committee has performed the duty independently, within certain authority and capacity limit through the cooperation with independent committee, management, accounting audit, accounting department, and internal audit department. The Audit Committee understands the significance of internal audit, risk management, proper business supervision to ensure sufficient internal control, adequate and acceptable level of risk management, proper supervision, as well as proper and trustworthy financial report.

In 2008, the Audit Committee held 6 meetings. All Audit Committees attended the meeting. For meeting number 6/2008, the Audit Committees approved the amendment of the Audit Committees' rule and scope of duty to be in accordance with new regulation stipulated by Security Exchange Commission and regulation by Stock Exchange of Thailand. Moreover, Audit Committee also held 1 internal meeting among committee members, independent member, accounting audit and higher management involved in accounting, finance, internal audit, in absence of management directors but, however, they were well-informed and acknowledged the issues discussed in the meeting.

**1. Review of quarterly financial statement and annual financial report for year 2008 :** The Audit Committee has reviewed financial statement on a quarterly basis and annual financial report for the year 2008 of the Company prior to submitting the document to ensure the financial report is conducted in accordance with generally accepted accounting standard. This only includes a proper, adequate, timely release of financial information, through cooperative meeting among accounting audit, management, accounting department, and internal audit department to consider financial report on quarterly basis and annual financial report to enquire complete, correct, and proper openness, as well as the adjustment of item that might affect the financial report in an important way. The Audit Committees agreed with accounting auditor that the Company's financial statement is in accordance with General Accepted Accounting Principles and has disclosed the information accurately and adequately reliable.

**2. Supervision of good corporate governance :** Audit Committee monitors to ensure that there is sufficient and transparent openness of Company's information; and the operation was in compliance with the regulations stipulated by concerned authority. In addition, the Committee reviewed the policy on corporate good governance, environmental and social responsibilities, and the Company's promotion of good governance practices, well managed, transparent, and retraceable, to build trust and confident for all investors, supervisory authority, Stakeholders and finally result in the connection of thoughts that drive towards mutual benefit.

**3. Review of risk management practices :** In overseeing the risk management practices, the Audit Committee continued to ensure that the Company's risk was at the acceptable level. The Audit Committee reviewed the Company's risk management plan for year 2008 and acknowledged the report of the risk management practices, periodically. The Audit Committees agreed that the Company has risk management at an acceptable level.

**4. Review of abiding of security exchange laws, as well as the regulations stipulated by Stock Exchange of Thailand, and also the related laws to the Company :** Under the stipulated regulations of Stock Exchange of Thailand and the law concerning the Company, The Audit Committees ensure that law and stipulated regulations of Stock Exchange of Thailand and other related divisions are properly abided. Based on the audit committees' opinion, there is not essential issues related to the issue of not abiding the law and the regulation stipulated by Stock Exchange of Thailand and the related under-supervision division.

**5. Review and opinion toward related items and items that may post the possible conflict of interest which includes the afore-mentioned information disclosure :** The Audit Committees agreed that the Company has disclosed information completely and correctly and the items are general items that are justified and appropriate which has already been approved by management and the Company's Board of Directors.

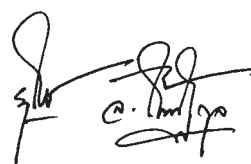
**6. Review of internal audit control assessment :** The Audit Committee performed the review of the Company's internal audit control to ensure that the internal control is properly conducted, effective, and sufficient usage of resources, and adequate protections of asset to reduce damage and possible misconduct, and upholding the reliability of financial information. The Audit Committees' opinion was in line with accounting auditor and agreed that no essential issues or shortcomings were found to affect the Company's financial statement.

**7. Supervision of internal audit :** The Audit Committee has reviewed the operation, audit plan for year 2008, as well as the adequate manpower for the task at hand. The Committee acknowledged and recommended guideline to solve the weak spot in internal control system to allow better and more effective internal audit. The Audit Committee also jointly reviewed the plan for annual audit year 2009 which determined the risk that may occur and could directly affect financial statement and the Company's operation. The audit activities include the auditing of accounting and financial on computer and information system, and also other areas that may affect the Company's operation.

**8. Review of financial accounting policy :** The Audit Committee has undertaken the review of financial and accounting policy review jointly with independent committees, management, accounting and financial department, internal audit department to review accounting policy and practices, estimation, and determination of business key index to allow a measurable operating outcomes in a clearer manner.

**9. Select and submit for appointment of auditor :** The Audit Committee considered the selection of auditor. The Committee also considered state of independence of auditor and determined the appropriate compensation to be presented to the Board of Directors for the request of final approval from Shareholders' meeting to appoint the auditor. The Audit Committee has considered the selection and proposed accounting audit to the Board of Directors to gain the approval at the Company's shareholders meeting to appoint AMC Ltd. as accounting audit for the Company for year 2009.

In summary, The Audit Committee agreed that the preparation and exposure of Company's financial information are correct, complete and reliable. The Company has also performed in accordance with regulations stipulated by authority. Moreover, the Company internal audit system has no items that may be affected significantly and all mentioned matters have already been reported to the Company's board.



**Mr. Saroch Lamlertprasertkul**

Chairman of the Audit Committee

March 16, 2009

## ■ Risk Factors

The factors that may cause risk for investment of investors or affect the issuer are as following:

**The risk from inoperable products distribution center** : Most products sold in SE-ED Book Center branches and book distributed for other publishers are distributed from the Company's distribution center. The distribution is, therefore, very important fact in business operation. In the case product distribution center becomes inoperable from natural causes, accident, or other causes, the computer business operation will be affected.

The Company has sought to insure all the assets and products to reduce unexpected risk related to disaster which might occur at the distribution center. In case distribution center failed to operate properly, the Company can mitigate the problem by requesting publishers or distributors to deliver products to the distribution center in a temporary period and then directly deliver the products to the bookstores.

**Risk from product loss** : As the Company that operates in retail bookstore business of over 300 branches nationwide, it has faced with loss of products due to thief and other causes similar to what other retail businesses have encountered.

The Company sees the importance of establishing proper product loss and prevention effort. The Closed-Circuit Tele-Visions (CCTV) have been installed since the end of fourth quarter in 2006, and also established a department named Loss Prevention Department (LPD) to address the issues of measures to deal with book loss specifically. This results in the significant reduction of product loss in 2008 from 2007.

**The risk from computer and information technology errors or mal-functions** : The Company installed varieties of computer and information technology systems for all the work such as store front selling system, distribution management system, purchasing system, accounting and financial system, etc. All these computer and information technology are regarded as crucial facts in supporting the effective Company's operation. Therefore, errors and mal-functions of computer systems may have the effect over the Company's management.

Therefore, to reduce the impact of such computer and technology system errors and malfunctions at the branch distribution center and headquarters levels, the Company has set up protection system and back-up system at the generally accepted standard. It also creates measures of preparedness for any uneventful circumstances and of back-up plan. This also includes the regular training schedules and practice of preventive measures.

**Risk in Distribution Channels** : One of the main distribution channels is the chain retail outlets SE-ED Book Center and network stores in leading department stores and supercenters nationwide. This channel made profit as 82% of total income in 2008.

Then the Company diversifies risk by opening the bookstores through several groups of shopping center groups, not binding to department or opening bookstores in one specific shopping department store group. Most of the leasing contracts for bookstores are in long term period for stability in sales location investment. Therefore, if any department stores or supercenters encounter problems or cannot operate in any condition or changing leasing policy, the Company's income will not be significantly affected.

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

In addition, the Company has the distribution channel through e-Commerce system to allow customers more alternative in shopping for books and expect that such channel will create huge revenue pool for the Company in the future as the results of rapidly growing internet usage from general public.

**Risk of outdate products damage and superseded by other media :** At present book business has grown quite a lot. There are more newly released books, resulting in the competition for the already-limited space, causing rising rate of returned books. The returned books become more difficult to find selling channel and the rate of damaged books is on the rise. Moreover, the computer technology has been developed rapidly so the sales duration of computer books which the Company is one of the leaders in this field is shorter than before. And the electronics media has begun to replace books in some category and some application. The Company has redirected the production by increasing the ratio of books with long length of sales and have large volume sales in production line, including the set up of Company website [www.se-ed.com](http://www.se-ed.com) for interested people to be informed more quickly about the new book titles release.

However the international statistics shows that even if the electronics media becomes rapidly developed it still takes more time to start taking significant effect towards books business. At that time the Company can adapt to this trend in time as the Company has already provided infrastructure for this case.

**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 employs the financial instrumental policy towards risks by using the forward buying currency with a bank to prevent unpredictable currency risk when payment of debt owed to foreign publisher is due, whereby the forward period is set at no more than 6 months.

**Risk in specialist shortage :** Expert employees and specialized personnels in each field are the most important resources in the Company academic books and magazines production including creative artwork staffs in the Company business line which most of them are the pioneer in business.

Though, the Company must confront the economic crisis as well as the problem of high fuel price and inflation that immediately ensued in the past year, which causes a great burden for the Company's staffs to encounter higher living expenses, particularly foods and travel expenses.

From the above-mentioned problems, the Company's management saw the importance of keeping the staffs in a long term basis, by organizing a meeting to find ways to help staffs so that the impact will be lessen affected from rising inflation which continues to increase continuously. The Company initiated a review of readjustment of compensation structures for the Company's staffs in the areas of living expenses, per-dium to alleviate the economic burden for all the staffs, so that it is commensurate with the increasing cost of living expenses while able to compete in labor market at large.

Besides, the Company determines to recruit the best potential staffs to support the future growth, to develop the academic knowledge, and to develop minds for staffs and team-works in a continuous manner. This includes the improvement of several welfares system such as annual checkup, life insurance, health insurance, accident insurance and increasing the insurance coverage at the adequate level for better stability and security of the employees and their families. Furthermore, the Company determines to develop human



resources and teamwork at the unrelentless pace and offers opportunity for staffs who wants to grow with the Company.

**Risk from reselling censored and pirate books :** As some of the products such as tape, CD, and published media may be stipulated and restricted by laws. Some products must be requested for permission before sales and some are directly related to the copyright. This causes the Company to be relatively cautious towards the production and distribution both retail and distribution of the Company for such products, so as to avoid the illegal practice and violation of copyrights.

The academic books production may have risk of publishing the book which may infringe on a copyright of other such as an author pictures or messages or publisher has infringed a copyright and entrust the Company to publish and/or distribute while the Company may not aware of the infringement. The copyright holder may sue the Company as the publisher or the distributor. Therefore, the Company editorial staffs have 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 did not infringe upon any copyright and will compensate all damages happened to the Company if the copyright infringement occurred. This will reduce the probability of any damages caused by this problem.

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

**Risk from raw material and product deficiency :** Paper is the important raw material in books 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 which 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.

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

**Risk from economic slowdown affecting the growth of advertising industry :** Risk from economic slowdown affecting the growth of advertising industry may actually affect the total revenue of the Company as magazine published by the Company has its main staple from advertisement. However, the Company is aware of its effect. Thus, the Company seeks to develop new publications that focuses on certain area and has a policy of securing long-term advertising contract from 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.

## ■ Good Corporate Governance

The Company stresses the importance of the good corporate governance and establishes the good governance process in a consistent manner. The Company training all staffs to be consciously aware of business ethic in treating customer, trading partners, competitors, society, colleagues with virtue, transparent, as role model, social responsibility, honesty, equality, right; and right of staffs, Directors, shareholders, trading partners until it turn into the Company organization's cultural strength, which has long been practiced ever since its establishment 34 years ago. *“SE-ED seeks to do business in the areas that promote education for knowledge in the fields that is necessary to the national development operates in the business that will make **“Thais Smarter”** by developing the sustainable business with a continuous earning growth at the above the industry average, being a role model company that can create work result deems beneficial and accepted by society at large with happy staffs, and able to deliver and maintain an attractive long-term investment returns at the satisfaction level.”*

Therefore, this organization culture is the Company's strength, making the good corporate governance practice to succeed much easier, faster, and more substantial. When the Stock Exchange of Thailand suggested the 15 points of principles for good corporate governance as general guidelines to the listed companies, the Company can adjust to build relationships with Company's operation without much effect.

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

The Board of Directors has clearly stipulated policy concerning the employment position in other Company and number of Company that Directors, managing director, and Company's senior executives can be employed to allow effective serving of duty. As of December 31, 2008, none of the Board of Directors member is positioned in more than 5 publicly listed companies.

The Board of Directors and senior executive are aware of the importance of knowledge development and experience in performing of duty. The 84% of Directors has already attended the training course from Thailand Institute of Directors (IOD). In addition, for every change of new Directors, the Board of Directors has provided useful documents and information for new Directors, which include business information and direction.

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

As the company has granted significance in development of good corporate governance thoroughly, the determination to do business transparently has resulted in 2008 as follow:

- Received the “excellent” (5 stars) award for Corporate Governance Report of Thai Listed Companies 2008 arranged by Thai Institute of Directors shared with other 22 companies amongst 448 listed companies. Only SE-ED was one of the six companies in the group of medium cap and small cap size companies while others were in SET 100 group in energy business and financial business.
- Received Best Shareholder Treatment Awards 2008 arranged by The Thailand Securities Depository Co., Ltd. (TSD) corporate with Stock Exchange of Thailand, Thai Investors Association, Thai Listed Companies Association and Thai Investor Relations Club. There were 6 companies granted this award while only SE-ED was not in the SET 100 and 4 of them were in SET 50 and one in the SET 100 (not in SET 50).
- One of three companies outside SET group for final round IR Excellence Awards 2008 arranged by Stock Exchange of Thailand and financial and banking magazine.
- One of ten companies for final round Corporate Social Responsibilities Awards 2008 arranged by Stock Exchange of Thailand and financial and banking magazine. SE-ED was only company not in SET 50 and SET 100
- The company was rated as “Excellent” in the 2007 and 2008 valuation in the Annual General Meeting (AGM) of the shareholders by the Securities and Exchange Commission in cooperate with the Listed Companies Association and the Thai Investors Association. The company has been in the group of over 100 points (normal full grade was 100 points with special bonus not more than 10 points to be total of 110 points) which has been praised as good example from SEC. The objective of this appraisal was to increase awareness of stockholders’ rights and good corporate governance principles.

In 2008 achieved 107.50 points with appraised as one of 74 companies praised as good example from SEC from overall 486 firms.

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

With such an excellent appraisal it reflects the way the meeting is organized under corporate good governance, transparent, and offering opportunity for shareholders to query and response to the question made until all questions are fully answered.

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

### **Policy Good Corporate on Governance**

The Board of Directors is aware of the importance of good corporate governance to increase transparency, competitiveness and confidence to the shareholders, the investors and the involved parties. So, it has prescribed in written format the policy on good corporate governance and also revised and updated the policy on good corporate governance and business ethic handbook that are suitable for the business environments and more international, by stipulating that the revision of good corporate governance policy shall be made once a year. In 2006, the Audit Committees has prescribed additional good practice guidelines to ensure the clear direction to be used by all executives and staffs. In 2008, the Audit Committee and the

Board of Directors has reviewed the principle of Corporate Good Governance that has been revised in the 6th Edition since 2001, by revising main points below:

1. Amendment of Independent Director's qualifications
2. Amendment of Audit Committees' qualifications

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

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

Moreover, in 2008, the Company also translates the policy on Corporate Good Governance into English to inform investors. For the principle of good practices, and business ethic for Corporate Good Governance, please search and view the information from our investor website on [www.se-ed.com/ir](http://www.se-ed.com/ir)

The Audit Committees and the Board of Directors reviewed and improved the contents in the handbook of principle of corporate good governance, guidelines, ethic, and environment and social policy to its completeness and accurate as comply to the regulations of Security Exchange Commission and also follow

the principle of corporate good governance for listed company 2006 which is illustrated in 5 different sections which are:

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

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

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

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

### **Shareholders : Rights and Equitable Treatment**

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

The Board of Directors has set a schedule for an annual shareholders' meeting within 4 months from the end of accounting's year. And in case of necessity for special meeting which may arise from the needs to



resolve the issue that may affect the interest of shareholders with regards to laws, regulations that must be approved by shareholders, the Board of Directors will call for extra meeting for Shareholder.

In organizing shareholders' meeting, the Company's Board of Directors stresses the important of shareholders' right, beginning with the date of meeting which is not a long holiday or national holiday and appointment time for meeting should not be too early or too late in the evening and the meeting place should be held in the place where transportation is relatively convenient. Moreover, the Company proceeds to send the invitation with the details of meeting agenda, along with Directors' opinions, the details of agenda to consider the important reasons, positive and negative impact in each agenda, authorization documents in 3 formats as defined by laws, and list of independent Directors along with suggestions for proxy authorization procedure so that the shareholders can assign proxy on behalf of them to attend the meeting, and declared the preparation of customs stamp to serve the proxy without charge. This includes the map of place for meeting for shareholders for at least 14 days in advance before the meeting day, a common practice since 2004, and also announced through daily newspaper for a minimum of 3 consecutive day, and 3 days before the meeting day, to allow time for shareholders of the incoming meeting. It must be noted that for the general shareholders' meeting in 2008, the Company will openly post invitation message calling for shareholders' meeting and also the annual report 2007 on the Company's website for at least 30 days in advance, and mail the invitation documents through registration office 22 days in advance of meeting date.

## **Shareholder: Right of Shareholder and Equal treatment practice**

### **Shareholder's Meeting**

In the shareholder's meeting of 2008, the Company's Board of Directors has appointed the Company's secretary to inform the shareholders through Stock Exchange of Thailand and Company's investor relations website that the shareholders can request for addition meeting agenda, nomination of candidate for the post of managing director, as well as the advance inquiry. The Board of Directors has specified the date of request from November 1, 2007 to January 31, 2008, which can be requested directly to Company's secretary, investor relation division Independent Directors, or through website, by suggesting meeting's agenda and nominated the name of Directors 6 months in advance. However, there was no shareholder who requested for additional meeting agenda and the nomination of candidate for the managerial position. For the advance inquiry, the Company has allowed the acceptance of inquiry till the day of shareholder's meeting.

In the shareholder's meeting of 2009, the Board of Directors has appointed the Company's secretary to inform the shareholders through Stock Exchange of Thailand and Company's investor relations website that the shareholders can request for addition meeting agenda, nomination of candidate for the post of managing director, as well as the advance inquiry. The Board of Directors has specified the date of request from November 3, 2008 to January 30, 2009, which can be requested directly to Company's secretary, investor relation division, or through website, by proposing the meeting agenda, and name of person for the position as Directors 6 months in advance and the Company have illustrated the principles and methods used on the website of investor relations since November 3, 2008. However, there was no shareholder who requested for additional meeting agenda, nomination of candidate for the managerial position. For the advance inquiry, the Company has allowed the acceptance of inquiry till the day of shareholder's meeting.

### **Delivery of meeting invitation document**

In shareholders' meeting, the Board of Directors has placed priority to the Shareholder's right, by sending the meeting invitation letter with meeting details, along with the Committees' opinion to consider the noteworthiness of inquiry, the positive and negative effect in each period of meeting, authorization letter, and name of independent Director(s) together with advise in authorization paper that allow shareholder choices to choose someone to represent them in the Shareholder's meeting. This includes the map of place for meeting for shareholders for at least 14 days in advance before the meeting day. This has been the Company practice since 2004, and also announced through daily newspaper for a minimum of 3 consecutive day, and 3 days before the meeting day, to allow time for alarming shareholders of the incoming meeting. It must be noted that for the general shareholders' meeting in 2008, the Company will openly post invitation message calling for shareholders' meeting on the Company's website for at least 30 days in advance, and annual report for 2007 be fully released on the website 22 days prior to the actual meeting.

### **Date of Shareholder's meeting and Meeting**

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

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

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

For those shareholders who were convenient to attend the meeting by themselves, the Company allowed the shareholders to authorize an independent Director for at least 1 individual or authorize the managing director or the Company's secretary to attend the meeting and vote in representation. In the general shareholders' meeting 2008, there are shareholders who request for representative authorization as:

- 1 shareholders authorized Mr. Somboon Chinsawananon, the chairman of the Board of Directors and also an independent
- 11 shareholders authorized Mr. Saroch Lamlertprasertkul, the chairman of audit and an independent Director
- 28 shareholders authorized Mr. Phairat Sittakul, an Audit Committee and Independent Director
- 41 shareholders authorized Mr. Viboolsak Udomvanich, director and the Company's secretary

Prior to the meeting, the Company played DVR introducing the Company history, its annual operating results to all shareholders to learn about the Company information before the start of the meeting. Before the meeting really begins, the Chairman will explain the method of voting and counting. The counting of vote will be illustrated and the results of every step in the meeting room will also be summarized. In case the

shareholders cannot attend the meeting, the Company allow the shareholder to authorize someone, independent Director(s), Managing Director, or Company's secretary represent them in the meeting. During the meeting, the Company provides adequate time and allows a fair chance for shareholders to ask questions. The Directors who is related to that question, particularly Chairman of auditor Committee, Chairman of Committee and Managing Directors, including the high-level executives in the area of accounting, finance, internal audit and accounting audit to attend the meeting at the same time to answer some of the questions in the meeting. The Chairman will moderate the meeting according to the scheduled meeting agenda. But such meeting will not allow an un-announced meeting agenda, with the total time of 2 hours and a half.

The Company's Board of Directors emphasizes the importance of attending the general shareholders' meeting to answer question and listen to the concerns. In the general shareholders' meeting in 2008, all 13 Directors attended the meeting which included the high-level executives for accounting, finance, internal audit, accounting audit, and law consultant to answer variety of questions from the shareholders.

**The significant agenda for shareholders' meeting are as follows :**

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

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

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

### After the meeting

During the meeting, the records are made towards the query and important opinions in a complete manner and summary of resolution result and vote count so that shareholder can examine the result by reporting the shareholders' meeting on the Company's website, no later than 14 days after the date of meeting, including the media recording of both picture and sound to be broadcasted on website [www.se-ed.com](http://www.se-ed.com)

### Equal treatment to shareholders

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

1. The Board of Director assigned the Company's secretary to announce to the shareholders through the communication channel of Stock Exchange of Thailand and investor website for shareholders to propose meeting agenda, list of person to be position as Directors, and submit questions in advance. The Board of Directors determines the time to receive the request from November to January of the following year, by sending request directly to the Company's secretary, investor relation, independent Directors or through website by proposing the meeting agenda and name of person to be positioned as Directors 6 months in advance, in which criteria of consideration is posted on the website of investor relation. The Company's secretary will propose the name as proposed by shareholders to the Recruitment and Remuneration Committee to examine the qualifications and then propose it to the Board of Directors and then to the shareholders' meeting. The Board of Directors will examine the suitability whether to add the agenda as requested by shareholders to the meeting or not based on said criteria, by allowing shareholders to propose name of candidate to be positioned as Director and propose the agenda in advance which has been a normal practice since 2006. .
2. The Board of Directors proposed the name of 1 independent Director as a choice for proxy of shareholders who holds the proxy authorization to exercise the right in the meeting, and voting for each agenda. In general shareholders' meeting 2007, the Board of Directors proposed the name of 5 independent Directors.
3. The Board of Directors moderate the shareholders' meeting according the agenda announced earlier in the meeting's invitation document, and will not add any agenda to the meeting without informing shareholders in advanced, so that the shareholders have enough chance to study the information of the operation performance to be considered in each agenda adequately and suitably.
4. The Company's Board of Director prepares the voting card for all agenda. The Company has used the barcode system for recording and display the voting result since 2006, while preparing staffs to facilitate the collection of voting cards in the meeting room, which except in the case of voting to elect Directors, the staffs will collect voting card whether yes, no, or absentee' vote. And after the meeting, staffs will collect the voting card for all agenda. Moreover, the Board of Directors arranges to have legal consultant to witness the voting count for transparency.
5. The Company's Board of Directors assigned the Company's secretary to prepare and write the meeting report with accuracy and complete, and the disseminate the meeting report to all shareholders through investor relation website and the Company also submitted the report to the Stock Exchange of Thailand no more than 14 days after the date of meeting. Moreover, the Company also broadcasts picture and sound of the shareholders' meeting on the investor relation website to allow interested shareholders to view the past meeting.

6. The Company determined preventive measures to tackle the use of inside information to benefit Director, executive by announcing to all parties concerned to be aware of role and duty to report the status of security holding of each individual and spouse, children who holds security whose ages are not considered sui juris and acknowledge the change in security prepared report for each time there is buy, sell, transfer, or receive of security to the Security Exchange Commission according to the Article 59 of Security Exchange Commission Act (B.E. 2535) within 3 days after the date of purchase, sell, transfer, receive the transfer of security. The Company always alert in the meeting of Board of Directors and all management committees. Moreover, the Directors and management also acknowledge the duty and responsibility as stipulated and penalty as stated in Security Exchange Commission Act (B.E.2535), and the Company prohibited the management who know the inside information of the Company to not violating article 241 of the already-mentioned law, including the related regulation.
7. To prevent conflict of interest, the Board of Directors carefully supervised. When there is item that may result in conflict of interest, the Company seeks to stipulate the policy and procedure of related item approval in written form, including the policy and method of supervision so that the management and related persons will not use inside information to their own benefits, as follows:

**Items that may have conflicts of interest** The Board of Directors has learned of the items with conflicts of interest and the connected items and has considered appropriately each time. The auditing Committees will present to the Board of Directors regarding the Items that may have conflict of interest. It includes complying with the criteria of the Stock Exchange of Thailand (SET) on the price and item as if it were on an arm's length basis. The detail, value, contract partner, reason/necessity of such connected items that are essential shall be disclosed in the annual report and the annual information form.

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

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

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



In 2008, director and high executives have reported the change of securities ownership to the securities exchange commission, according the section 59 each time trading occurred and subsequently reported to Company's secretary.

## Role of stakeholders

**The Board of Directors** The Company has given priority to all groups, regardless of being internal vested interests such as the employees or the management of the Company or external vested interests such as trade partners, competitors, writers, translators, public servants and other involved parties. Since the Company realizes that support from vested interests can help in competitiveness and profitability of the Company, they are regarded as important to the long-term success of the Company. The Company has identified the guideline of practice in written form in the good corporate governance policy that the Board of Director supports the cooperation between company and the stakeholders. It also seeks to determine the communication channels. Moreover, the Company will take care stakeholders according to the relevant laws, and, by no means, act in violation of stakeholders' right, which can be described as below.

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

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

For the report on any illegal activity, inaccurate financial report, internal control errors or management unethical activity and staffs can be voiced to the independent Directors at SE-Education Public Co., Ltd. 1858/87-90 Floor 19<sup>th</sup>, Nation Tower Building, Bangna, Bangkok, 10210 or [id@se-ed.com](mailto:id@se-ed.com)

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

In 2008, there was no person with interest reporting through the communication channel with independent directors. However, the Company will publicize to all interested public to be aware of the communication channel with independent directors, and in 2009, the Company planned to open new channel of communication between the Chairman, independent Directors, Audit committees, high executive through the Company's web board to allow stakeholders to voice concern or file report directly and more easily and conveniently.

Environmental and Social responsibility can be viewed in topic Corporate Social Responsibility.

## Information disclosure and transparency

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

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

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

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

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

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

The Board of Directors considers overall internal control of SE-EDUCATION Public Co., Ltd. to be satisfactory, and is trustworthy for the reliability of the financial statement of SE-EDUCATION Public Co., Ltd. as at December 31, 2008.

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

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

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

In 2008, the Company presented the result of business operation both in Company's monetary information and also non-monetary information for analysts and investors through email and telephone that includes a consistent active participation with the Stock Exchange of Thailand, which can be summed up below:

|  |    |        |
|--|----|--------|
| • Investor visit management team and the business operation                            | 1  | time   |
| • Institutional Investor inside/outside the country meet with management               | 12 | time   |
| • Question and Answer through telephone conversation                                   | 38 | time   |
| • e-mail inquiry get replied   | 35 | time   |
| • Travel to meet with shareholders and investors/The listed company meet the investors | 1  | time   |
| • News   | 3  | pieces |

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

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

In 2009, investor relation division plans to add more communication channels between Company's Board of Directors and shareholders through Company's web board, and also plan for company's subsidiary visit at Plern Pattana school.

## **The Board of Directors' responsibility**

### **Structure of the Board of Directors**

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

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

Moreover, the Board of Directors arrange a communication of strategy, objective, and operation result of the Company for managing director/senior executives, staffs to acknowledge and understand in a corporate-wide fashion, through several mediums such as the Company's e-mail, announcement boards, staffs conference, where the Company organizes regular annual staffs conference. The managing director of the Company later briefed the business environment and overall views of operation performance in the past year, as well as making announcement for the direction and objectives of operation for the following year. Moreover, the Company also organized the senior executives meeting together with staff supervisors to create a joint year-plan, in order to setting a direction and guidelines. Doing so it allowed the plan to conform to the highest corporate direction and objective, which, in turn, led to all business operations of the Company, effectively head towards a common goal.

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

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

### **Policy for the Company's Director and Managerial executive positions in other firms**

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

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

**Balance of Power for Non-Executive Directors** The Board of Directors consists of 13 members:

- |   |           |
|---|-----------|
| • Directors that are in the management team     | 3 persons |
| • Directors that are not in the management team | 3 persons |
| • Independent Directors                         | 7 persons |

Therefore, the 7 independent Directors which are accounted for 53.85% of all Directors are more than half of the total Directors of the Board. Thus, the Stakeholders can be sure to allow these Directors to represent the shareholders independently, resulting in check and balance for management.

The Board of the Company is responsible for performing its duties according to legality, objective and company's regulations, shareholders' resolution with integrity for the Company's best interest. The Board of the Company has exact amount of time to be in office, which is consistent with Company's regulations which stated that one-third Committees who have the longest term in position must accept the resignation in each annual common meeting.

The Board of Directors has seek to prescribe the definition of the term "Independent Director" during the Board of Directors' meeting number 4/2008 with reference to the minimum frame of definition of Independent Directors announced by the Security Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) as follows:

1. Holds shares not exceeding 1% of the total shares with voting right of the applicant, its parent company, subsidiaries, associates, major shareholders, and controlling parties of the applicant, provided that the shares held by the related parties of such independent director shall be included.
2. Is not or has never been an executive director, employee, staff, advisor who receives salary, nor controlling parties of the applicant, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of the applicant unless the foregoing status ended at least 2 years.
3. Is not the person who has relationship by means of descent or legal registration under the status of father, mother, spouse, brothers and sisters, and children. The prohibitive persons also include spouses of daughters and sons of management, major shareholders, controlling party or the person who is in the process of nomination to be the management or controlling party of the applicant or its subsidiary.
4. Have no or never had business relationship with the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant in respect of holding the power which may cause the obstacle of the independent decision, including not being or never been the significant shareholder, or controlling parties of any person having business relationship with the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant unless the foregoing status ended at least 2 years.



5. Is not or has never been the auditor of the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of applicant, and is not the significant shareholder, controlling parties, or partner of the auditing firm which employs such auditor of the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant unless the foregoing status ended at least 2 years.
6. Is not or has never been the professional service provider, including but not limited to legal service or financial advisor with received the service fee more than 2 million per year from the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties, and is not the significant shareholder, controlling parties, or partner of the above mentioned service firms unless the foregoing status ended at least 2 years
7. Is not the director who is nominated to be the representative of directors of the applicant, major shareholders, or any other shareholder related to the major shareholders.
8. Is not any otherwise which is unable to have the independent opinion regarding the business operation of the applicant.
9. After being appointed as the independent director in accordance with the conditions under the article (1) - (8), such independent director may be assigned by the board of directors to make decision in respect of collective decision on business operation of the applicant, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of applicant.

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

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

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

**Company Secretary/Secretary to the Boards of Directors :** The Board of Directors’ meeting number 5/2007 dated November 3, 2007, has appointed Mr. Viboolsak Udomvanich, a Director, to be the Company’s secretary who has proper qualification and experience to take responsibility in monitoring the Company to comply to the rules and the Company’s regulations, and also in line with principles of corporate good governance to allow effective management.

## Sub-Committees

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

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

1. Audit Committee
2. The Recruitment and Remuneration Committees

The details of name list and responsibility are referred to section “Management Structure”

## Role, duty, and responsibility of the Board of Directors

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

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

The Board of Directors is aware of the importance of good corporate governance to increase transparency, competitiveness and confidence to the shareholders, the investors and the involved parties. So, it has prescribed in written format the policy on good corporate governance and also revised and updated the policy on good corporate governance and business ethic handbook that are suitable for the business environments and more international, by stipulating that the revision of good corporate governance policy shall be made once a year. In 2006 and 2007, the Audit Committees has prescribed additional good practice guidelines to ensure the clear direction to be used by all executives and staffs. In 2008, the Audit Committee has reviewed the principle of Corporate Good Governance that has been revised in the 6th Edition since 2001

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

In 2008, the Audit Committee assessed the corporate good governance practice using the evaluation practice with reference to the principle designated in corporate good governance for listed companies 2006 (namely, “Corporate Governance Self Assessment) of Stock Exchange of Thailand and consider in tandem

with the assessment criteria of corporate good governance of Thai Listed Companies initiated by the Association of Thailand Institute of Directors for Audit Committee to acknowledge some Company errors that can be improved and corrected as well as developed. Moreover, the Audit Committee also designated the channel for staffs to voice the suggestion for ways to improve on the corporate good governance through Internal Audit division. However, in the assessment of good corporate governance of Thai Listed Companies as of 2008 (namely, Corporate Governance Report of Thai Listed Companies 2008), the Company has been evaluated by Association of Thai Institute of Directors as follows :

#### Total average score

| Listed Companies<br>in total of | Group of Companies<br>in SET 100 | Group of Companies<br>in SET 50 | SE-Education Public<br>Co., Ltd. |
|---------------------------------|----------------------------------|---------------------------------|----------------------------------|
| 75%                             | 83%                              | 84%                             | 91%                              |

#### Score distribution by subject

|  | Average Score              |                               |                                 | SE-Education<br>Public<br>Co., Ltd. |
|--|----------------------------|-------------------------------|---------------------------------|-------------------------------------|
|  | Listed Company<br>in total | Group of Companies<br>SET 100 | Group of Companies<br>in SET 50 |                                     |
| Shareholders' right                        | 86%                        | 92%                           | 92%                             | 95%                                 |
| Stakeholders                               | 79%                        | 82%                           | 82%                             | 92%                                 |
| Stakeholders' right                        | 68%                        | 79%                           | 83%                             | 91%                                 |
| Information Disclosure and<br>Transparency | 88%                        | 91%                           | 92%                             | 92%                                 |
| Directors responsibility                   | 57%                        | 69%                           | 73%                             | 88%                                 |

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

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

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

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

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

**Items that may have conflicts of interest** The Board of Directors has learned of the items with conflicts of interest and the connected items and has considered appropriately each time. The auditing Committees will present to the Board of Directors regarding the Items that may have conflict of interest. It includes complying with the criteria of the Stock Exchange of Thailand (SET) on the price and item as if it were on an arm's length basis. The detail, value, contract partner, reason/necessity of such connected items that are essential shall be disclosed in the annual report and the annual information form.

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

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

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

In 2008, director and high executives have reported the change of securities ownership to the securities exchange commission, according the section 59 each time trading occurred and subsequently reported to Company's secretary.

## Controlling System and Internal Audit

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

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

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

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

## Board of Directors' Meeting

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

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

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

The Board of Directors assigned the non-executive Directors to meet as seemed suitable to do so with the attendants from executive directors or executive from management team in the meeting to allow a healthy



discussion of problematic issues concerning the Company's business and issues that are of interest to the Directors, and later, report the result of meeting to the Chairman of the Board of Directors and the Board of Directors for acknowledgement.

In past year of 2008, the Board of Directors met in total of 4 times with the average meeting hour of 5 hours. In each meeting, there is executive director from accounting department and internal audit division manager attended in sharing additional information. The audit committees had a total of 6 meetings, with 5 regular meeting schedules, and 1 meeting between audit committees and accounting audit without the present of executive management was held. The Remuneration Sub-Committees held a total of 1 meeting; the general shareholders' meeting held 1 meeting. The details of the Board of Directors meeting in 2008 are as follows

| Name of Directors               | Board of Directors' Meeting | Audit Committees' Meeting   | The Remuneration Subcommittees' Meeting | The General Shareholders' Meeting |
|---------------------------------|-----------------------------|-----------------------------|---|-----------------------------------|
|                                 | Number of Meeting (4 times) | Number of Meeting (6 times) | Number of Meeting (1times)              | Number of Meeting (1 times)       |
| 1. Mr. Somboon Chinsawananon    | 4/4                         | –                           | 1/1                                     | 1/1                               |
| 2. Mr. Saroch Lamlerprasertkul  | 3/4                         | 6/6                         | –                                       | 1/1                               |
| 3. Mr. Pravut Tantiwasinchai    | 4/4                         | 6/6                         | –                                       | 1/1                               |
| 4. Mr. Phairat Sittakul         | 4/4                         | 6/6                         | –                                       | 1/1                               |
| 5. Mr. Wattana Chiengkul        | 4/4                         | –                           | –                                       | 1/1                               |
| 6. Mr. Vorasit Pokachaiyapat    | 3/4                         | –                           | 1/1                                     | 1/1                               |
| 7. Mr. Kachen Benjakul          | 4/4                         | –                           | –                                       | 1/1                               |
| 8. Asst. Prof. Yuen Poovarawan  | 4/4                         | –                           | –                                       | 1/1                               |
| 9. Mr. Sumeth Damrongchaitam    | 4/4                         | –                           | 1/1                                     | 1/1                               |
| 10. Mr. Yongsak Eakprachyasakul | 4/4                         | –                           | –                                       | 1/1                               |
| 11. Mr. Thanong Chotisorayuth   | 4/4                         | –                           | –                                       | 1/1                               |
| 12. Mr. Viboolsak Udomvanich    | 4/4                         | –                           | –                                       | 1/1                               |
| 13. Mr. Pongsak Sivapatrakumpol | 4/4                         | –                           | –                                       | 1/1                               |

## Self -Evaluation of Directors

The Board of Directors arranged an annual self-evaluation session to permit the Directors to reconsider the past works, problems, and difficulties that each faced during the past year to understand the need to improve or correct to increase the work performance by evaluation the result of work in aggregate view, by using evaluation guidelines recommended by the Stock Exchange of Thailand, but re-adjusted the format slightly to best suit the Company's business environment and use the evaluation result - in chart format - to review and revise, so as to increase work efficiency. With this, the assessment as referred to 6 topic, such as the structure and qualifications of the Board of Directors, duty and responsibility of the Board of Directors, the Board of Directors' meeting, performance of Directors, relationships with the management, self development of Directors and management development. The score result from assessment of the Board of Directors can be divided in 5 levels, score of 5 = Excellent, 4 = good, 3 = standard, 2 = adequate, 1 = severely needed improvement.

The Board of Directors agreed that the overall performance of the Board of Directors in 2008 with score of 4.60 is considered to be quite excellent. Some of the Board of Directors suggested additional Board of Directors' meeting to facilitate Directors with more efficient performance and agreed to focus more into the risk management of the Company.

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

### **Remuneration for the Directors and the Managerial Executives**

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

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

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

The Company has paid total remuneration to the Directors and the manager in 2008 totaling 26.85 million baht, as illustrated in details at the remuneration for high managerial executives.

### **Directors Development**

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

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

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

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

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

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

In 2008, directors and executives have reported the change of securities ownership to the securities exchange commission, according the section 59 each time trading occurred and subsequently reported to Company's secretary.

**Personnel** The Company has permanent staffs at the headquarters and nationwide branches (not including temporary out-sourced workers) as of December 31, 2008 as follows :

(Unit : person)

| Items              | 2008         | 2007         | 2006         |
|--------------------|--------------|--------------|--------------|
| Head office staffs | 888          | 816          | 770          |
| Branch staffs      | 1,384        | 1,242        | 1,053        |
| <b>Total</b>       | <b>2,272</b> | <b>2,058</b> | <b>1,823</b> |

The Company offers compensation in salary, bonus, and provident fund. In 2008, 2007, 2006, there are a total of THB 380.00, 370.95, 325.80 million respectively.

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

As the Company compensated staffs with salary, bonuses, and provident fund, it also has other welfare scheme to all staffs, such as healthcare reimbursable expense, annual health check-up, accommodation and travel expenses during trips to other provinces, insurance, bookstore branch uniforms, staff transportation service, living expense fund THB 500 per month, and other relief fund including award to diligent staffs who work for 10, 20 and 30 years as an incentive to comfort staffs' morale and spirit in building up the Company's long-term growth.

**Personnel Development Policy** The Company has a policy to enhance the potential and efficiency of its staff on a regular basis with a view to better preparing them of global change in both competitiveness and new technology. In-house training courses are designed and catered for different ranks, professional standards, goals and objectives of each business unit. The Company also sees that the employees should always have self – consciousness, the understanding of life and the ability to adapt themselves to live with the surrounding environment with happiness. Therefore, In 2008, the Company joined with Nantaram Temple to organize a continuous “meditation for self and work development” course specifically designed for all Company's staffs continuously.

## Internal Control

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

In the meeting of Audit Committee 4/2008 on August 6, 2008 their have been an appraisal of the Company internal control sufficiency by answering the questionnaires as in the documents attached. All the three members of Audit Committee joined in the meeting and briefly voiced the opinion about sufficient internal control, which can be segmented into 5 parts as follow:

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

**Part 2 Risk Management** The Company always went through the risk assessment, both internal and external business risks. The working group consisting of the Managing Director and assistant managing director Deputy Managing Director Managing Director related to the risk in each line of duty, and each

division and department managers will analyze risk factors, as well as the control and follow-up action for risk administrative plans.

**Part 3 Controlling Executive Performance** The administrative responsibilities include authorization, accounting and information booking and asset keeping. To authorize any transaction, 2 Directors have to co-sign documents.

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

**Part 4 Information and Communications System** The Company provides enough information for Directors' decisions. However, the Company is, sometimes, able to submit a financial statement with the meeting letter 7 days before the meeting, but it can be proposed just a day before, or at the meeting room.

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

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

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





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SAM NAK-NGAN A.M.C. Co., Ltd.

## Report on Internal Control System in Accounting

No. GL059/2009

February 20, 2009

To The Board of Directors

SE-EDUCATION Public Co., Ltd.

1858/87-90 Nation Tower Building 19th Floor

Bangna-Trad Rd., Bangna, Bangkok 102600

Subject: Report on the internal control system in accounting

I was assigned to audit the balance sheet of SE-EDUCATION Public Company Limited as at December 31, 2008, in accordance with generally accepted auditing standards, to express our opinion whether the financial statements and operations are correct based on our auditing principle and criteria. The audit includes studying and assessing the capability of the internal control system for accounting as seemed necessary in order to determine concisely and appropriately the scope of auditing task.

We would like to inform you that we did not audit every item, but audited by examining selected items to test for authenticity. With the exception as discussed in the last sentence of the first paragraph, we, therefore, cannot point out any weak-point in this internal control system. However, we did not find any significant weak-point in this internal control system for accounting that would affect the balance sheet.

We would like to extend our thanks to executives and all the staffs of SE-EDUCATION Plc. for their cooperation and good supports to our tasks.

Best regards,

(Miss Sansanee Poolsawad)

Certified Public Accountant (Thailand)

## ■ Report of the Board of Directors Responsibilities for Financial Statements

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

The Board of Directors is responsible the Company's financial statements and financial information presented in this annual report. The Board of Directors agreed that the aforementioned financial statements, for the year 2008 of the Company and its subsidiary company are created in accordance with the generally accepted accounting standards, using appropriate accounting policy measures consistently employed by SE-ED as well as applying careful judgment and best assessment. Essential information is adequately disclosed in the addendum notes to financial statements.

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

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

The Board of Directors has agreed that SE-ED's overall internal control system is functioned up to the satisfactory level and rendered credibility and reliability to the SE-ED financial statements for the year ended December 31, 2008



Mr. Somboon Chinsawananon  
Chairman of the Board



Mr. Thanong Chotisrayuth  
Managing Director

## ■ Remuneration of auditor

The Company and its associated company has paid auditing fee for the period of fiscal year 2008 to the SAM NAK-NGAN A.M.C. Co., Ltd. in the amount of THB 690,000. The Auditor doesn't have any relation with the Company other than auditing service only.

### **Other Service Fee**

The Company and its associated company don't pay any other service fee to the SAM NAK-NGAN A.M.C. Co., Ltd. for the fiscal year 2008.

# **Interpretation & Analysis of Financial Status and Results of Operations and Financial Report**

- **Interpretation & Analysis of Financial  
Status and Results of Operations 2008**
- **Auditor's Report**
- **Notes to Financial Statements**

## ■ Interpretation & Analysis of Financial Status and Results of Operations 2008

### Profitability and Operating Efficiency

| Year                          | 2008     | 2007     | 2006     |
|-------------------------------|----------|----------|----------|
| Total Income (THB million)    | 4,423.00 | 3,949.59 | 3,725.74 |
| Growth from the last year (%) | +11.99   | +6.01    | +9.87    |

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

In 2008, the Company opened 49 more branches of bookstore. As of December 31, 2008, the total branches from this amount, there were 303 branches which are still in operation, plus 37 points of sales. SE-ED still took more important role in distribution for other publishers, including the increasing of publishing of best-sellers title.

**Operating Results** For the year 2008 as of December 31, 2008, the financial information can be summarized as follows:

**Total revenue** of the year 2008 is worth THB 4,423.00 million or increased from the same period of the previous year by 11.99%. The sales revenue is accounted for THB 4,370.00 million from the total revenue or increased by 12.10%. The Company's higher revenue, which contradicts the overall situation in retailing business, is the result of 52 new branches of SE-ED Book Center in 2007 and 49 new branches in 2008. The revenue from SE-ED Book Center and its network stores, therefore, increased by 11.95% in spite of the fact that the same-store sales revenue only slightly increased.

Moreover, the revenue from the book distribution business, and the wholesales of books to other bookstores, schools and universities increased up to 12.82% from the same period of last year. This is the result from the higher sales volumes of ELT books from Oxford University Press by approximately 41.25%. Also, the number of books that the Company has distributed for other publishers increased satisfactorily due to the fact that more publishers has continuously trusted the Company to distribute more popular books.

**The net profit** from the year 2008 is worth THB 194.63 million, which increased from the same period of last year by 5.89%. This is the result from the 12.10% sales growth from the previous year, and from tax benefits derived from the decreasing rate of corporate income tax from 30% to 25% and book donations that is worth THB 14.23 million more than last year which granted benefit from tax reduction in investment expense. The following are the reasons why the Company's net profit only slight increased.

- The initial profit rate slightly decreased due to the sales growth of low - profit products, which are newspapers and magazines in particular, in SE-ED Book Center and its network stores.
- The sales and administrative expenses increased from the same period of last year by THB 146.30 million or 14.89%, which is higher than the sales growth rate. This is the result from the following:



- The amount of time for the expansion of SE-ED Book Center to yield satisfactory sales growth
- The same-store sales growth that is lower than the increasing expenses, which is the consequence of the economic and political problems stated above
- The rental fee, service expenses, and employees' salaries increased because of the new branches, the higher rate of minimum wage, the higher cost of living rate provided for employees, and the higher transportation fee due to the increased gas price

The Board of Directors considered and approved the dividend payment for the operating performance of the year 2008 at the rate of THB 0.59 per share, for the total amount of 323,921,130 shares from net profit portion from the financial statement which the equity method calculated by which is not exempt from corporate income tax. However, the Company already paid some interim dividend of the first three quarters at THB 0.30 per share. Thus, the additional dividend of this period will be THB 0.29 per share, for the total amount of 323,921,130 shares due to the Company's continuous profit gain and high liquidity. The names of shareholders listed for the right to receive the dividend is scheduled to be announced on May 15, 2009 and, by the section 225 in Securities and Exchange Act, the names of shareholders will be compiled by closing the shareholders register book on May 18, 2009. The payment of dividend will be made on May 28, 2009

### Financial status analysis for year 2008 compare to 2007

**Total Asset** As of December 31, 2008 the company had a total asset of THB 1,826.49 million, increase of THB 92.94 million from the end of last year. Causes of changing of total assets :

- Cash and cash equivalent items as of December 31, 2008 for THB 336.68 million increased of THB 37.90 million
- Inventories-net for THB 498.62 million increased THB 52.12 million from the ordered of foreign books to sell to the institutes for the coming academic term of May and the publishing of dictionaries series in the third quarter of 2008 and English language outside reading series which was the first year publishing.
- Loan due from associated company increased THB 11 million from the loan to Plearn Patt Co.,Ltd.
- Short-term investment-net for THB 167.93 million decreased THB 39.37 million from transferred investment in government bond (age not over than 3 months) to be in the cash equivalent item
- Trade accounts and notes receivable-net for THB 81.12 million, an decreased THB 11.09 million from payment received from wholesales debtors and foreign books debtors.
- Property, plant and equipment-net for THB 345.22 million increased THB 73.67 million from in 2008 opening of more 49 new branches.
- Assets pending for sale-net decreased THB 19.20 million from sales of five four-storied buildings in Din Dang district.

**Total liabilities** As of December 31, 2008 the Company had a total liability of THB 1,172.54 million, an increase of THB 99.34 million or 9.26%. Causes of changing of total liabilities :

- Account payable and note payable THB 972.11 million, was increased THB 113.33 million. Most of them was wholesales creditors of SE-ED Book Center and account payable of distributors.

- Other accounts and notes payable THB 36.67 million, was increased THB 8.99 million. Most of them were accrued rents.
- Accrued expenses THB 97.45 million, was increased THB 2.33 million. Most of them were accrued bonus.
- Accrued corporate income tax decreased THB 29.06 million due to the benefits derived from the decreasing rate of corporate income tax from 30% to 25% and book donation.

**Shareholders' equity** As of December 31, 2008 amount THB 653.95 million, an decrease of THB 6.40 million represent 0.97% due to:

- Retained earnings decreased due to the dividend payment as THB 181.40 million.
- Unrealized loss from investment available for sales increased THB 18.18 million from due to the financial crisis in the U.S. which affected to Thai capital market and monetary market with additional of prolonged politics problem causing to the decline of Thai Securities exchange.
- Net profit from operation result year of 2008 amount 194.63 million.
- Paid-up share capital increased THB 0.16 million from the exercised of warrant to common share the exercised of ESOP. (Since rights to exercise warrants was expired on January 14, 2008.)

### Cash flow and Capital Structure Sufficiently

(Unit : million Baht)  
For the years ended on December, 31

| Descriptions  | Jan - Dec |          | Change  |         |
|---|-----------|----------|---------|---------|
|   | 2008      | 2007     | Amount  | (%)     |
| Cash flow received (used) from operation activities | 329.70    | 286.20   | 43.50   | 15.20   |
| Cash flow received (used) from investing activities | (108.40)  | (89.22)  | (19.18) | (21.50) |
| Cash flow received (used) from financing activities | (183.41)  | (188.88) | 5.47    | 2.90    |
| Cash flow increase (decrease)                       | 37.89     | 8.10     | 29.79   | 367.78  |

### Cash Flow Received from Operation Activities for 2008 was THB 329.70 millions as listed below:

- Monetary profit from operation in the amount of THB 381.30 million:
  - The Net profit before corporate income tax for 2008 in the amount of THB 252.72 million.
  - Revenues and expenses in non-monetary form or not dealing with main operation in the amount of THB 128.57 million (Depreciation and Leasehold written-off in the amount of THB 104.61 million, Loss from lost goods as THB 27.39 million, Loss from donated goods as THB 16.53 million, and Loss from goods destroyed as THB 10.04 million).
- Cash flow increased from trade accounts and notes payable THB 112.96 million.
- Cash flow decreased amount THB 52.12 million from inventories.
- Cash flow decreased from tax payment THB 87.15 million.

**Cash Flow Used from Investment Activities for 2008 in the amount of THB (108.40) million as listed below:**

- Cash flow decreased from purchase of assets as THB 164.74 million due to investment for new branches expansion.
- Cash flow decreased from loan due from associated company as THB 11 million.
- Cash flow increased from selling of short-term investments in government bond (age over than 3 months) at the value of THB 21.61 million.
- Cash flow increased amount THB 20 million from sales of assets pending for sale of five four-storied buildings.

**Cash Flow Used from Financial Activities in 2008 was THB (183.41) million due to** Dividend payment as THB 181.40 million.

## AUDITOR'S REPORT

To the Shareholders and the Board of Directors of SE-EDUCATION PUBLIC COMPANY LIMITED

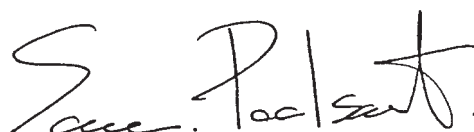
I have audited the accompanying balance sheet as of December 31, 2008 in which the equity method is applied to investment, the related statement of income, change in shareholders' equity and cash flow, in which the equity method is applied to investment, for the year ended the same date, of SE-EDUCATION PUBLIC COMPANY LIMITED. I have also audited the accompanying separate balance sheet as of December 31, 2008, in which the cost method is applied to investment, the separate statement of income, change in shareholders' equity and cash flow, in which the cost method is applied to investment, for the year ended the same date, of SE-EDUCATION PUBLIC COMPANY LIMITED. These financial statements are the responsibility of the Company's management as to their correctness and completeness in the presentation. My responsibility is to report on these financial statements based on my audit. The financial statements in which the equity method is applied to investment and the separate financial statements in which the cost method is applied to investment for the year ended December 31, 2007, present herein for comparison purpose, have been audited by another auditor in the same firm whom expressed an unqualified opinion but drawn the attention to the change in recording the investment in associated company from equity method to cost method in the separate financial statements in which the cost method is applied to investment in the report thereon dated February 22, 2008. The financial statements of two associated companies as mentioned in the notes to the financial statements No. 8, from which investments were recorded under the equity method, have been audited and reviewed by another auditor whom expressed an unqualified opinion and I have already received the reports of that auditor. My report in part related to the amounts of transactions of the said associated companies, which were included in these financial statements, in which the equity method is applied to investment, is based on the reports of the said auditor. As of December 31, 2008, the investment in the said associated companies based on equity method was in amount of Baht 75.50 million, equivalent to 4.13% of the total assets in the balance sheet, in which the equity method is applied to investment, and the participating loss from investment in the associated companies was shown and included in the income statements, in which the equity method is applied to investment, for the year ended December 31, 2008 at Baht 1.42 million, equivalent to 0.73% of the net profit in the income statements, in which the equity method is applied to investment.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements present the material information which contradicted to the facts. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit and the reports of another auditors as stated in the first paragraph provide a reasonable basis for my opinion.

Based on my audit and the another auditors' reports, in my opinion, the financial statements in which the equity method is applied to investment and the separate financial statements in which the cost method is applied to investment referred to above present fairly, in all material respects, the financial positions as of December 31, 2008, the results of its operation, and cash flows for the year then ended of SE-EDUCATION PUBLIC COMPANY LIMITED, in conformity with generally accepted accounting principles.

Without qualifying opinion, I made observation in relation to No. 20 of notes to financial statements relating to corporate income tax the Revenue Department has response about procedure to the followed in order to obtain a discounted rate in accordance to the Royal Decree issued under the Revenue Code No.475. The Company followed the condition for the benefit of discounted tax rate from 30% to 25% after I had also made examination and given my opinion as reported on February 20, 2009 and the Company had already issued the financial statements for the year 2008 which has made adjustment to the related financial statements for the year 2008 for reissuance.

SAM NAK-NGAN A.M.C. CO., LTD.



(Miss Sansanee Poolsawat)

Certified Public Accountant (Thailand) Registration No. 6977

Bangkok,

February 27, 2009



## SE-EDUCATION PUBLIC COMPANY LIMITED

## BALANCE SHEETS

As of December 31, 2008 and 2007

(Unit : Baht)

|  | Notes | Financial statements in which equity method is applied to investment |                         | Separate financial statements in which the cost method is applied to investment |                         |
|--|-------|--|-------------------------|---|-------------------------|
|  |       | 2008   | 2007                    | 2008  | 2007                    |
| <b>ASSETS</b>  |       |  |                         |   |                         |
| <b>CURRENT ASSETS</b>                                    |       |  |                         |   |                         |
| Cash and cash equivalent items                           |       | 336,679,068.11   | 298,783,666.54          | 336,679,068.11  | 298,783,666.54          |
| Short-term investments-net                               | 5     | 167,931,223.92   | 207,301,311.01          | 167,931,223.92  | 207,301,311.01          |
| Trade accounts and notes receivable-net                  | 6     | 81,116,238.75  | 92,207,936.97           | 81,116,238.75   | 92,207,936.97           |
| Loan due from associated company                         | 4.1   | 11,000,000.00  | —                       | 11,000,000.00   | —                       |
| Inventories-net  | 7     | 498,624,607.45   | 446,503,614.96          | 498,624,607.45  | 446,503,614.96          |
| Prepaid expenses   |       | 23,709,133.67  | 26,451,334.37           | 23,709,133.67   | 26,451,334.37           |
| Other current assets                                     |       | 14,434,473.70  | 21,375,454.55           | 14,434,473.70   | 21,375,454.55           |
| <b>TOTAL CURRENT ASSETS</b>                              |       | <b>1,133,494,745.60</b>  | <b>1,092,623,318.40</b> | <b>1,133,494,745.60</b>   | <b>1,092,623,318.40</b> |
| <b>NON-CURRENT ASSETS</b>                                |       |  |                         |   |                         |
| Investments in subsidiary and associated companies-net   | 8     | 75,595,444.85  | 78,519,617.54           | 69,532,021.51   | 69,532,021.51           |
| Property, plant and equipment-net                        | 9     | 345,220,602.50   | 271,550,601.78          | 345,220,602.50  | 271,550,601.78          |
| Leasehold on buildings-net                               | 10    | 129,124,847.65   | 141,726,719.77          | 129,124,847.65  | 141,726,719.77          |
| Assets pending for sale-net                              | 11    | —  | 19,200,000.00           | —   | 19,200,000.00           |
| Land and improvement for land not used for operation-net | 12    | 33,652,265.12  | 33,718,250.66           | 33,652,265.12   | 33,718,250.66           |
| Intangible assets-net                                    | 13    | 8,213,540.68   | 11,226,236.58           | 8,213,540.68  | 11,226,236.58           |
| Copyright and translation advance                        |       | 21,711,354.34  | 19,423,792.08           | 21,711,354.34   | 19,423,792.08           |
| Guarantee for rental and deposit                         |       | 63,680,608.13  | 55,628,145.51           | 63,680,608.13   | 55,628,145.51           |
| Other non-current assets                                 | 14    | 15,796,391.04  | 9,933,404.66            | 15,796,391.04   | 9,933,404.66            |
| <b>TOTAL NON-CURRENT ASSETS</b>                          |       | <b>692,995,054.31</b>  | <b>640,926,768.58</b>   | <b>686,931,630.97</b>   | <b>631,939,172.55</b>   |
| <b>TOTAL ASSETS</b>                                      |       | <b>1,826,489,799.91</b>  | <b>1,733,550,086.98</b> | <b>1,820,426,376.57</b>   | <b>1,724,562,490.95</b> |

Notes to financial statements are an integral part of the above statements.

## SE-EDUCATION PUBLIC COMPANY LIMITED

## BALANCE SHEETS

As of December 31, 2008 and 2007

(Unit : Baht)

|   | Notes | Financial statements in which equity method is applied to investment |                  | Separate financial statements in which cost method is applied to investment |                  |
|---|-------|--|------------------|---|------------------|
|   |       | 2008   | 2007             | 2008  | 2007             |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>   |       |  |                  |   |                  |
| CURRENT LIABILITIES   |       |  |                  |   |                  |
| Trade accounts and notes payable  |       | 972,108,343.90   | 858,781,415.50   | 972,108,343.90  | 858,781,415.50   |
| Accrued expenses  |       | 97,448,137.38  | 95,116,966.62    | 97,448,137.38   | 95,116,966.62    |
| Accrued corporate income tax  |       | 22,095,916.00  | 51,151,395.09    | 22,095,916.00   | 51,151,395.09    |
| Other accounts and notes payable  |       | 36,669,147.45  | 27,675,263.10    | 36,669,147.45   | 27,675,263.10    |
| Other current liabilities   |       | 35,837,846.46  | 32,896,196.36    | 35,837,846.46   | 32,896,196.36    |
| TOTAL CURRENT LIABILITIES   |       | 1,164,159,391.19   | 1,065,621,236.67 | 1,164,159,391.19  | 1,065,621,236.67 |
| NON-CURRENT LIABILITIES   |       |  |                  |   |                  |
| Other non-current liabilities   |       | 8,380,839.20   | 7,580,838.20     | 8,380,839.20  | 7,580,838.20     |
| TOTAL NON-CURRENT LIABILITIES   |       | 8,380,839.20   | 7,580,838.20     | 8,380,839.20  | 7,580,838.20     |
| TOTAL LIABILITIES   |       | 1,172,540,230.39   | 1,073,202,074.87 | 1,172,540,230.39  | 1,073,202,074.87 |
| SHAREHOLDERS' EQUITY  |       |  |                  |   |                  |
| Share capital   | 15    |  |                  |   |                  |
| Authorized share capital  |       |  |                  |   |                  |
| 328,345,090 ordinary shares @ Baht 1.00 each  |       | 328,345,090.00   | 328,345,090.00   | 328,345,090.00  | 328,345,090.00   |
| Issued and paid-up share capital  |       |  |                  |   |                  |
| 323,921,130 ordinary shares @ Baht 1.00 each  |       | 323,921,130.00   | —                | 323,921,130.00  | —                |
| 323,765,330 ordinary shares @ Baht 1.00 each  |       | —  | 323,765,330.00   | —   | 323,765,330.00   |
| Premiums on share capital   |       | 149,420,557.75   | 149,420,557.75   | 149,420,557.75  | 149,420,557.75   |
| Unrealized loss on securities available for sale                                      | 5     | (21,555,812.87)  | (2,757,466.11)   | (21,555,812.87)   | (2,757,466.11)   |
| Capital surplus from assets revaluation   | 9     | 29,065,427.81  | 30,057,629.15    | 29,065,427.81   | 30,057,629.15    |
| Discount on capital resulting from change in shareholding ratio in associated company | 8     | (6,764,068.74)   | (6,764,068.74)   | —   | —                |
| Retained earnings   | 16    |  |                  |   |                  |
| Appropriated  |       |  |                  |   |                  |
| Legal reserve   |       | 35,626,916.56  | 35,626,916.56    | 35,626,916.56   | 35,626,916.56    |
| Unappropriated  |       | 144,235,419.01   | 130,999,113.50   | 131,407,926.93  | 115,247,448.73   |
| TOTAL SHAREHOLDERS' EQUITY  |       | 653,949,569.52   | 660,348,012.11   | 647,886,146.18  | 651,360,416.08   |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY  |       | 1,826,489,799.91   | 1,733,550,086.98 | 1,820,426,376.57  | 1,724,562,490.95 |

Notes to financial statements are an integral part of the above statements.

## SE-EDUCATION PUBLIC COMPANY LIMITED

## INCOME STATEMENTS

For the years ended on December 31, 2008 and 2007

(Unit : Baht)

|  | Notes | Financial statements in which equity method is applied to investment |                    | Separate financial statements in which the cost method is applied to investment |                    |
|--|-------|--|--------------------|---|--------------------|
|  |       | 2008   | 2007               | 2008  | 2007               |
| Revenues from sales  |       | 4,370,001,374.29   | 3,898,251,153.52   | 4,370,001,374.29  | 3,898,251,153.52   |
| Cost of sales  |       | (3,030,307,321.72)   | (2,683,282,834.33) | (3,030,307,321.72)  | (2,683,282,834.33) |
| Gross profit   |       | 1,339,694,052.57   | 1,214,968,319.19   | 1,339,694,052.57  | 1,214,968,319.19   |
| Other income   |       | 34,801,984.88  | 34,742,230.47      | 34,801,984.88   | 34,742,230.47      |
| Interest and dividend income                               |       | 18,193,639.12  | 16,595,135.12      | 19,693,639.12   | 17,595,135.12      |
| Selling expenses   |       | (398,323,570.97)   | (339,633,501.56)   | (398,323,570.97)  | (339,633,501.56)   |
| Administrative expenses                                    |       | (730,322,563.18)   | (642,715,603.05)   | (730,322,563.18)  | (642,715,603.05)   |
| Directors' remuneration                                    | 19    | (9,724,000.00)   | (5,060,000.00)     | (9,724,000.00)  | (5,060,000.00)     |
| Interest expenses  |       | (171,335.55)   | (213,624.05)       | (171,335.55)  | (213,624.05)       |
| Participating loss from investment in associated companies |       | (1,424,172.69)   | (3,047,068.94)     | —   | —                  |
| Net profit before corporate income tax                     |       | 252,724,034.18   | 275,635,887.18     | 255,648,206.87  | 279,682,956.12     |
| Corporate income tax                                       | 20    | (58,091,895.87)  | (91,835,426.00)    | (58,091,895.87)   | (91,835,426.00)    |
| Net profit   |       | 194,632,138.31   | 183,800,461.18     | 197,556,311.00  | 187,847,530.12     |
| BASIC EARNINGS PER SHARE                                   | 21    | 0.60   | 0.57               | 0.61  | 0.58               |
| DILUTED EARNINGS PER SHARE                                 | 21    | —  | 0.56               | —   | 0.57               |

Notes to financial statements are an integral part of the above statements.

**SE-EDUCATION PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**For the years ended on December 31, 2008 and 2007**

**Financial statements in which equity method is applied to investment**

(Unit : Baht)

|  | Notes | Issued and paid-up share capital | Premiums on share capital | Unrealized gain (loss) on securities available for sale | Capital surplus from assets revaluation | Discount on capital resulting from change in shareholding ratio in associated company | Retained earnings |                  | Treasury stock   | Total            |
|--|-------|----------------------------------|---------------------------|---|---|---|-------------------|------------------|------------------|------------------|
|  |       |                                  |                           |   |   |   | Appropriated      | Unappropriated   |                  |                  |
| Balance as of January 1, 2007  |       | 332,894,970.00                   | 149,420,557.75            | (5,571,050.24)  | 31,047,357.62                           | (6,764,068.74)  | 158,268,011.56    | 121,591,747.82   | (122,641,095.00) | 658,246,430.77   |
| Depreciation-capital surplus from assets revaluation                   |       | -                                | -                         | -   | (989,728.47)                            | -   | -                 | -                | -                | (989,728.47)     |
| Unrealized gain on securities available for sale                       |       | -                                | -                         | 2,813,584.13  | -                                       | -   | -                 | -                | -                | 2,813,584.13     |
| Unrealized transactions in the income statements                       |       | 332,894,970.00                   | 149,420,557.75            | (2,757,466.11)  | 30,057,629.15                           | (6,764,068.74)  | 158,268,011.56    | 121,591,747.82   | (122,641,095.00) | 660,070,286.43   |
| Shares purchased by exercising warrants of directors and employees     | 15.1  | 10,653,960.00                    | -                         | -   | -                                       | -   | -                 | -                | -                | 10,653,960.00    |
| Dividend payment   | 16    | -                                | -                         | -   | -                                       | -   | -                 | (194,176,695.50) | -                | (194,176,695.50) |
| Net profit for the year  |       | -                                | -                         | -   | -                                       | -   | -                 | 183,800,461.18   | -                | 183,800,461.18   |
| Effect of reducing paid-up share capital by writing off treasury stock | 15.2  | (19,783,600.00)                  | -                         | -   | -                                       | -   | (122,641,095.00)  | 19,783,600.00    | 122,641,095.00   | -                |
| Balance as of December 31, 2007  |       | 323,765,330.00                   | 149,420,557.75            | (2,757,466.11)  | 30,057,629.15                           | (6,764,068.74)  | 35,626,916.56     | 130,999,113.50   | -                | 660,348,012.11   |
| Depreciation-capital surplus from assets revaluation                   |       | -                                | -                         | -   | (992,201.34)                            | -   | -                 | -                | -                | (992,201.34)     |
| Unrealized loss on securities available for sale                       |       | -                                | -                         | (18,798,346.76)   | -                                       | -   | -                 | -                | -                | (18,798,346.76)  |
| Unrealized transactions in the income statements                       |       | 323,765,330.00                   | 149,420,557.75            | (21,555,812.87)   | 29,065,427.81                           | (6,764,068.74)  | 35,626,916.56     | 130,999,113.50   | -                | 640,557,464.01   |
| Shares purchased by exercising warrants of employees                   | 15.1  | 155,800.00                       | -                         | -   | -                                       | -   | -                 | -                | -                | 155,800.00       |
| Dividend payment   | 16    | -                                | -                         | -   | -                                       | -   | -                 | (181,395,832.80) | -                | (181,395,832.80) |
| Net profit for the year  |       | -                                | -                         | -   | -                                       | -   | -                 | 194,632,138.31   | -                | 194,632,138.31   |
| Balance as of December 31, 2008  |       | 323,921,130.00                   | 149,420,557.75            | (21,555,812.87)   | 29,065,427.81                           | (6,764,068.74)  | 35,626,916.56     | 144,235,419.01   | -                | 653,949,569.52   |

Notes to financial statements are an integral part of the above statements.

**SE-EDUCATION PUBLIC COMPANY LIMITED**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**For the years ended on December 31, 2008 and 2007**

**Separate financial statements in which cost method is applied to investment**

|  | Notes | Issued and paid-up share capital | Premiums on share capital | Unrealized gain (loss) on securities available for sale | Capital surplus from assets revaluation | Retained earnings |                  | Treasury stock   | Total            |
|--|-------|----------------------------------|---------------------------|---|---|-------------------|------------------|------------------|------------------|
|  |       |                                  |                           |   |   | Appropriated      | Unappropriated   |                  |                  |
| Balance as of January 1, 2007  |       | 332,894,970.00                   | 149,420,557.75            | (5,571,050.24)  | 31,047,357.62                           | 158,268,011.56    | 101,793,014.11   | (122,641,095.00) | 645,211,765.80   |
| Depreciation-capital surplus from assets revaluation                   |       | -                                | -                         | -   | (989,728.47)                            | -                 | -                | -                | (989,728.47)     |
| Unrealized gain on securities available for sale                       |       | -                                | -                         | 2,813,584.13  | -                                       | -                 | -                | -                | 2,813,584.13     |
| Unrealized transactions in the income statements                       |       | 332,894,970.00                   | 149,420,557.75            | (2,757,466.11)  | 30,057,629.15                           | 158,268,011.56    | 101,793,014.11   | (122,641,095.00) | 647,035,621.46   |
| Shares purchased by exercising warrants of directors and employees     | 15.1  | 10,653,960.00                    | -                         | -   | -                                       | -                 | -                | -                | 10,653,960.00    |
| Dividend payment   | 16    | -                                | -                         | -   | -                                       | -                 | (194,176,695.50) | -                | (194,176,695.50) |
| Net profit for the year  |       | -                                | -                         | -   | -                                       | -                 | 187,847,530.12   | -                | 187,847,530.12   |
| Effect of reducing paid-up share capital by writing off treasury stock | 15.2  | (19,783,600.00)                  | -                         | -   | -                                       | (122,641,095.00)  | 19,783,600.00    | 122,641,095.00   | -                |
| Balance as of December 31, 2007  |       | 323,765,330.00                   | 149,420,557.75            | (2,757,466.11)  | 30,057,629.15                           | 35,626,916.56     | 115,247,448.73   | -                | 651,360,416.08   |
| Depreciation-capital surplus from assets revaluation                   |       | -                                | -                         | -   | (992,201.34)                            | -                 | -                | -                | (992,201.34)     |
| Unrealized loss on securities available for sale                       |       | -                                | -                         | (18,798,346.76)   | -                                       | -                 | -                | -                | (18,798,346.76)  |
| Unrealized transactions in the income statements                       |       | 323,765,330.00                   | 149,420,557.75            | (21,555,812.87)   | 29,065,427.81                           | 35,626,916.56     | 115,247,448.73   | -                | 631,569,867.98   |
| Shares purchased by exercising warrants of employees                   | 15.1  | 155,800.00                       | -                         | -   | -                                       | -                 | -                | -                | 155,800.00       |
| Dividend payment   | 16    | -                                | -                         | -   | -                                       | -                 | (181,395,832.80) | -                | (181,395,832.80) |
| Net profit for the year  |       | -                                | -                         | -   | -                                       | -                 | 197,556,311.00   | -                | 197,556,311.00   |
| Balance as of December 31, 2008  |       | 323,921,130.00                   | 149,420,557.75            | (21,555,812.87)   | 29,065,427.81                           | 35,626,916.56     | 131,407,926.93   | -                | 647,886,146.18   |

Notes to financial statements are an integral part of the above statements.

(Unit : Baht)



**SE-EDUCATION PUBLIC COMPANY LIMITED**  
**CASH FLOW STATEMENTS**

**For the years ended on December 31, 2008 and 2007**

(Unit : Baht)

|   | Financial statements in which the equity method is applied to investment |                 | Separate financial statements in which the cost method is applied to investment |                 |
|---|--|-----------------|---|-----------------|
|   | 2008   | 2007            | 2008  | 2007            |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |  |                 |   |                 |
| Net profit before corporate income tax  | 252,724,034.18   | 275,635,887.18  | 255,648,206.87  | 279,682,956.12  |
| Adjustment to net profit for cash-received (payments) from operation                    |  |                 |   |                 |
| Doubtful debts and bad debts (return of bad debts)                                      | (2,957,841.11)   | 310,792.63      | (2,957,841.11)  | 310,792.63      |
| Adjustment for account receivable reconciliation  | (203,230.52)   | 1,204,620.21    | (203,230.52)  | 1,204,620.21    |
| Loss from returned goods estimation (reversal)  | (6,560,469.94)   | 5,768,176.58    | (6,560,469.94)  | 5,768,176.58    |
| Loss from lost goods  | 27,392,842.17  | 28,923,872.74   | 27,392,842.17   | 28,923,872.74   |
| Loss from allowance for lost, dilapidated and slow-moving goods                         | 1,373,082.48   | 11,290,563.72   | 1,373,082.48  | 11,290,563.72   |
| Loss from donated goods   | 16,533,410.29  | 4,746,678.89    | 16,533,410.29   | 4,746,678.89    |
| Loss from goods destroyed   | 10,042,082.83  | 3,573,491.06    | 10,042,082.83   | 3,573,491.06    |
| Participating loss from investment in associated companies                              | 1,424,172.69   | 3,047,068.94    | —   | —               |
| Depreciation—fixed assets for operation   | 88,480,637.40  | 76,589,787.50   | 88,480,637.40   | 76,589,787.50   |
| Depreciation—fixed assets not used for operation  | 65,985.54  | 65,880.92       | 65,985.54   | 65,880.92       |
| (Gain) Loss from sale and written-off fixed assets and sales of assets pending for sale | (3,677,281.25)   | (540,468.24)    | (3,677,281.25)  | (540,468.24)    |
| Amortized leasehold   | 12,601,872.12  | 12,567,440.77   | 12,601,872.12   | 12,567,440.77   |
| Amortized intangible assets   | 3,457,684.52   | 4,451,332.67    | 3,457,684.52  | 4,451,332.67    |
| Adjustment for account payable reconciliation   | 363,366.13   | (3,246,239.35)  | 363,366.13  | (3,246,239.35)  |
| Interest expenses   | 171,335.55   | 213,624.05      | 171,335.55  | 213,624.05      |
| Interest income   | (8,879,222.08)   | (12,086,352.36) | (8,879,222.08)  | (12,086,352.36) |
| Dividend income   | (9,314,417.04)   | (4,508,782.76)  | (10,814,417.04)   | (5,508,782.76)  |
| Gain from sale of short-term investments  | (1,038,346.64)   | (7,682,488.46)  | (1,038,346.64)  | (7,682,488.46)  |
| Gain from exchange rate   | (703,304.92)   | —               | (703,304.92)  | —               |
| Profit from operation before change in operating assets and liabilities                 | 381,296,392.40   | 400,324,886.69  | 381,296,392.40  | 400,324,886.69  |

Notes to financial statements are an integral part of the above statements.

**SE-EDUCATION PUBLIC COMPANY LIMITED**  
**CASH FLOW STATEMENTS**

**For the years ended on December 31, 2008 and 2007**

(Unit : Baht)

|  | Financial statements in which the equity method is applied to investment |                  | Separate financial statements in which the cost method is applied to investment |                  |
|--|--|------------------|---|------------------|
|  | 2008   | 2007             | 2008  | 2007             |
| <b>CASH FLOW FROM OPERATING ACTIVITIES (Continued)</b>                 |  |                  |   |                  |
| Operating assets decrease (increase)                                   |  |                  |   |                  |
| Trade accounts and notes receivable                                    | 20,813,239.79  | (10,296,252.12)  | 20,813,239.79   | (10,296,252.12)  |
| Inventories  | (107,462,410.26)   | (264,033,143.97) | (107,462,410.26)  | (264,033,143.97) |
| Prepaid expenses   | 2,742,200.70   | (10,222,626.60)  | 2,742,200.70  | (10,222,626.60)  |
| Other current assets   | 6,547,634.67   | (1,255,295.32)   | 6,547,634.67  | (1,255,295.32)   |
| Copyright and translation advance                                      | (2,287,562.26)   | (1,689,071.91)   | (2,287,562.26)  | (1,689,071.91)   |
| Guarantee for rental and deposit                                       | (8,052,462.62)   | (5,962,562.79)   | (8,052,462.62)  | (5,962,562.79)   |
| Other non-current assets   | (5,362,986.38)   | 4,247,368.89     | (5,362,986.38)  | 4,247,368.89     |
| Operating liabilities increase (decrease)                              |  |                  |   |                  |
| Trade accounts and notes payable                                       | 112,963,562.27   | 212,228,155.46   | 112,963,562.27  | 212,228,155.46   |
| Accrued expenses   | 3,034,475.68   | 23,080,060.58    | 3,034,475.68  | 23,080,060.58    |
| Other accounts and notes payable                                       | 8,993,884.35   | 18,581,230.98    | 8,993,884.35  | 18,581,230.98    |
| Other current liabilities  | 2,997,099.67   | 6,148,183.27     | 2,997,099.67  | 6,148,183.27     |
| Other non-current liabilities  | 800,001.00   | 2,030,000.00     | 800,001.00  | 2,030,000.00     |
| Net cash received in operating activities                              | 417,023,069.01   | 373,180,933.16   | 417,023,069.01  | 373,180,933.16   |
| Interest Paid  | (171,335.55)   | (213,624.05)     | (171,335.55)  | (213,624.05)     |
| Corporate income tax paid  | (87,147,374.96)  | (86,772,190.67)  | (87,147,374.96)   | (86,772,190.67)  |
| Net cash provided by operating activities                              | 329,704,358.50   | 286,195,118.44   | 329,704,358.50  | 286,195,118.44   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                             |  |                  |   |                  |
| (Increase) decrease in short-term investments                          | 21,610,086.97  | (2,866,508.18)   | 21,610,086.97   | (2,866,508.18)   |
| Increase in other investment   | (500,000.00)   | —                | (500,000.00)  | —                |
| Loan due from associated company                                       | (11,000,000.00)  | —                | (11,000,000.00)   | —                |
| Interest received  | 8,403,120.91   | 12,020,804.41    | 8,403,120.91  | 12,020,804.41    |
| Dividends received   | 11,683,864.39  | 5,508,782.76     | 11,683,864.39   | 5,508,782.76     |
| Purchase of equipment  | (164,736,713.09)   | (102,814,787.86) | (164,736,713.09)  | (102,814,787.86) |
| Purchase of computer software  | (444,988.62)   | (1,679,902.16)   | (444,988.62)  | (1,679,902.16)   |
| Cash receipts from sales of assets                                     | 1,326,637.66   | 609,345.80       | 1,326,637.66  | 609,345.80       |
| Cash receipts from compensation received from written-off fixed assets | 5,260,736.18   | —                | 5,260,736.18  | —                |
| Cash receipts from sales of assets pending for sale                    | 20,000,000.00  | —                | 20,000,000.00   | —                |
| Net cash used in investing activities                                  | (108,397,255.60)   | (89,222,265.23)  | (108,397,255.60)  | (89,222,265.23)  |

Notes to financial statements are an integral part of the above statements.

**SE-EDUCATION PUBLIC COMPANY LIMITED**  
**CASH FLOW STATEMENTS**

**For the years ended on December 31, 2008 and 2007**

(Unit : Baht)

|   | Financial statements in which the equity method is applied to investment |                  | Separate financial statements in which the cost method is applied to investment |                  |
|---|--|------------------|---|------------------|
|   | 2008   | 2007             | 2008  | 2007             |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |  |                  |   |                  |
| Increase (Decrease) in bank overdrafts  | –  | (2,013,109.27)   | –   | (2,013,109.27)   |
| Cash paid for accounts payable–assets   | (2,171,668.53)   | (3,342,559.31)   | (2,171,668.53)  | (3,342,559.31)   |
| Cash receipts from additional warrants exercised to purchase ordinary shares                                | 155,800.00   | 10,653,960.00    | 155,800.00  | 10,653,960.00    |
| Dividend paid   | (181,395,832.80)   | (194,176,695.50) | (181,395,832.80)  | (194,176,695.50) |
| Net cash used in financing activities   | (183,411,701.33)   | (188,878,404.08) | (183,411,701.33)  | (188,878,404.08) |
| Cash and cash equivalent items increase (decrease) – net  | 37,895,401.57  | 8,094,449.13     | 37,895,401.57   | 8,094,449.13     |
| Cash and cash equivalent items at the beginning of the year   | 298,783,666.54   | 290,689,217.41   | 298,783,666.54  | 290,689,217.41   |
| Cash and cash equivalent items at the end of the year   | 336,679,068.11   | 298,783,666.54   | 336,679,068.11  | 298,783,666.54   |
| <b>Supplemental disclosures to the cash flow statements</b>   |  |                  |   |                  |
| 1. Cash and cash equivalent items consist of :  |  |                  |   |                  |
| Cash  | 21,597,239.56  | 23,614,404.87    | 21,597,239.56   | 23,614,404.87    |
| Cash at bank (not exceeding 3–month maturity period)  | 155,081,828.55   | 155,169,261.67   | 155,081,828.55  | 155,169,261.67   |
| Government bond (maturity period not exceeding 3 months)  | 160,000,000.00   | 120,000,000.00   | 160,000,000.00  | 120,000,000.00   |
| Total   | 336,679,068.11   | 298,783,666.54   | 336,679,068.11  | 298,783,666.54   |
| 2. Items not effecting cash flow  |  |                  |   |                  |
| 2.1 Recorded unrealized (gain)loss on revaluation of securities available for sale to shareholders' equity  | 18,798,346.76  | (2,813,584.13)   | 18,798,346.76   | (2,813,584.13)   |
| 2.2 Purchase of assets which had not yet been paid  | 2,116,218.96   | –                | 2,116,218.96  | –                |
| 2.3 Amortized capital surplus from assets revaluation   | 992,201.34   | 989,728.47       | 992,201.34  | 989,728.47       |
| 2.4 Decreased the registered and paid–up share capital by writing off treasury stock with retained earnings | –  | 19,783,600.00    | –   | 19,783,600.00    |
| 2.5 Writing off treasury stock with retained earnings   | –  | 122,641,095.00   | –   | 122,641,095.00   |

Notes to financial statements are an integral part of the above statements.

**SE-EDUCATION PUBLIC COMPANY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2008 and 2007**

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## **1. General information**

SE-EDUCATION PUBLIC COMPANY LIMITED (the Company) was registered for establishment as a limited company on July 29, 1974 and was converted to a public company limited on April 29, 1993, with the company registration number 0107536000285. The Company's head quarter is situated at 1858/87-90 Nation Tower Building, 19<sup>th</sup> Floor, Bangna-Trad Road, Bangna, Bangkok 10260 and its distribution center is situated at 99 Moo 1, Kingkaew Road, Rajatewa, Bangplee, Samutprakarn 10540.

Major areas of business:

1. Sell books and magazines on a retail basis through their own SE-ED book centers and Book Variety.
2. Publish and distribute their own technical books and magazines, as well as distribute the books from other publishers and organizations to nationwide bookshops.
3. Advertising services for magazines published by the Company.
4. Publishing engagement and sell electronic parts and equipments, etc.

## **2. Basis of financial statement preparation**

- 2.1 The financial statements are prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543 which include the accounting standards issued and announced to be effective by the Federation of Accounting Professions established under the Accounting Professions Act B.E. 2547 and in accordance with the regulation of the Office of Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

These financial statements were prepared by using original cost basis except those disclosed otherwise in the accounting policies.

- 2.2 The announcement on application of the new Thai Accounting Standard

The Federation of Accounting Professions has issued the Federation of Accounting Professions announcement nos. 9/2550, 38/2550, 62/2550 and 86/2551 (already announced in the Royal Gazettes) on the Thai Accounting Standards by announcing to apply the following new Thai Accounting Standard: –

**A) Thai Accounting Standards–Effective for the Current Year**

- No. 25 (Revised 2007) on Cash Flow Statements
- No. 29 (Revised 2007) on Rental Contracts
- No. 31 (Revised 2007) on Inventories
- No. 33 (Revised 2007) on Costs of Borrowing
- No. 35 (Revised 2007) on Presentation of Financial Statements
- No. 39 (Revised 2007) on Accounting Policies, Changes in Accounting Estimates and Errors
- No. 41 (Revised 2007) on Interim Financial Statements
- No. 43 (Revised 2007) on Business Combinations
- No. 49 (Revised 2007) on Construction Contracts
- No. 51 on Intangible Assets

**B) Thai Accounting Standards–Effective for the Year 2009**

- No. 36 (Revised 2007) on Asset Impairment
- No. 54 (Revised 2007) on Non–Current Assets held for Sale and Cancelled Operation

For the application of the said accounting standards, the management of the Company has evaluated and thought the said Thai Accounting Standards would not have material effect on the financial statements for the year the said Thai Accounting Standards have to be applied.

- 2.3 The Company did not prepare the consolidated financial statements between the Company and the SE–ED Book Center Co., Ltd., a subsidiary company, since the investment value in such subsidiary is not material to the Company’s financial statements.
- 2.4 Accounting items in the financial statements for the year ended December 31, 2007 have been reclassified to facilitate the comparison with the financial statements for the year ended December 31, 2008, which these reclassifications have no effect to the reported net profit or the shareholders’ equity, are as follows:
  - Accrued dividend from investment units and accrued fund fee recorded to short–term investments at amount of Baht 0.85 million have been reclassified to other current assets.
  - Computer software recorded to property, plant and equipment have been reclassified to intangible assets at amount of Baht 11.23 million.
  - Computer spare part recorded to work in progress have been reclassified to other current assets at Baht 5.86 million.
  - Copyright and translation advance recorded to current assets have been reclassified to other non–current assets at Baht 19.42 million.
- 2.5 The Company prepares its statutory financial statements in the Thai version in conformity with generally accepted accounting principles in Thailand. The accounting principles used may be different from generally accepted accounting principles in other countries. For the convenience of the readers, the financial statements in English version have been prepared by translating from

the statutory financial statements in Thai version in order to meet the requirement of domestic reporting.

### 3. Summary of significant accounting policies

The significant accounting policies of the Company and associated companies can be summarized as follows:—

#### 3.1 Recognition of revenues and expenses

3.1.1 Revenue from sales recognized when goods are dispatched to customers except for consignment where the revenue from consignment is recognized when the event of either the sales report is received or the payment is received incurred first.

3.1.2 Revenue from advertising are recognized once the advertisement is released.

3.1.3 Dividend is recognized when entitled to receive dividend.

3.1.4 Interest income is recognized according to the time period.

3.1.5 Other income and expenses are recognized on accrual basis.

3.2 Cash and cash equivalent items includes bank deposit in the types of savings, current and not exceeding three-month fixed deposit and government bond with maturity not exceeding three-month period with no guarantee obligation.

3.3 Short-term investments in marketable debt and equity instruments, which are recorded as securities for sale, are investments without time frame for holding but may be sold whenever liquidity needed. The management will decide on the appropriate classification of investments at the time of investing and will review this classification regularly. These investments will be shown at fair value which is calculated from the closing price at the end of the accounting period and the change in value of the investment will be recognized as a separate item under the shareholders' equity and the recognition will be made to the income statement when the investment is sold or becomes impaired.

3.4 Trade accounts and notes receivable are shown at the net realizable value. Allowance for doubtful debt calculated from percentage of the aging of the accounts and note receivable balance at the end of the period in conjunction with the consideration of each respective account receivable anticipated of uncollectibility.

3.5 The Company has the policy to set up the allowance for returned goods at the percentage rate of the average returned goods for the year of provincial account receivable at the end of the period.

#### 3.6 Inventories

3.6.1 Paper-raw materials are valued at cost under weighted average method. Works in process are valued at actual cost incurred or net realizable value, whichever is lower.

3.6.2 Finished goods for sale by the Company holds accounting policies as follows:

- Finished goods produced by the Company are valued at cost under weighted average method or net realizable value, whichever is lower.

- Finished goods purchased for sale are valued at cost price under weighted average method or net realizable value, whichever is lower.



- Allowance for dilapidated and slow-moving goods: the estimate is made from percentage of the inventory turnover in conjunction with the consideration of the book editor.
- Allowance for lost inventories; the Company holds the policy of allowance for lost inventories at the rate of 1.00 percent of each sales branch, which the Company adjust such allowance after the inventory taking and found actual lost inventories incurred at the respective branch.

### 3.7 Investments

- 3.7.1 Investment in the subsidiary company in the financial statements in which the equity method is applied to investment and in the separate financial statements in which the cost method is applied to investment is recorded at cost since the investment value in subsidiary company is not material to the Company's financial statements.
- 3.7.2 Investments in associated companies in the financial statements in which the equity method is applied to investment are recorded by equity method and in the separate financial statements in which the cost method is applied to investment are recorded by cost method.

Such investments in the separate financial statements in which the cost method is applied to investment are shown net from the allowance for the adjustment in value of the investment, which consider from the present and future operating results of respective companies.

### 3.8 Property, plant and equipment

- 3.8.1 Properties and plants are initially recorded at cost and later stated at fair value, base on the valuation made by external independent appraisers. The Company have a policy to use independent appraisers to revalue assets at times and during the intervals if there are factors indicating a significant change in the value of assets, the revaluation will be performed in that year. Increase from appraisal value will be recorded as capital surplus from assets revaluation in the shareholders' equity, and decrease from cost recorded as loss from revaluation of assets in the income statement. Capital surplus from assets revaluation on building will be amortized in accordance to the remaining useful lives of those assets of approximately 10 years.
- 3.8.2 Building decoration, office equipment, air-conditioners and vehicles are recorded at cost less accumulated depreciation.
- 3.8.3 The depreciations are calculated on a straight-line method over the estimated useful life as follow:
- |   |           |
|---|-----------|
| – Building                              | 20 years  |
| – Building Decoration                   | 5–6 years |
| – Office equipment and air-conditioners | 5 years   |
| – Vehicles                              | 5 years   |

No depreciation is made for land and construction in progress.

Depreciation is included in the calculation for the operating result except the depreciation of increase in appraised price, which the Company takes out of the capital surplus from assets revaluation under the caption of shareholders' equity.

- 3.9 Leasehold right, which is the contractual right to obtain the right to lease the area to set up branches, is amortized on the straight line method over the beneficial period of the said right as stipulated in the contracts.

- Intangible asset, with limited useful life, have the following period of useful life:–

- 3.13 Impairment of assets; the Company and its associated companies assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company and its associated companies make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the income statement. (An asset's recoverable amount is the higher of fair value less costs to sell and value in use).
- 3.14 Lease operation contract in hiring assets which the risk and ownership of the hired assets remain with the leaser classified as lease operation. The lease fee paid under lease operation recorded as expense throughout the term of the contract.
- 3.15 Trade and other accounts payable are shown at cost.
- 3.16 Interest bearing liabilities are shown at cost and state the expense related to the incurrence of debt as the expense for the period.
- 3.17 Provision—the Company and its associated companies set up the provision when there is a certain possibility of a legally incurred liability from the present or infer from a continuing result from the past incident. The said liability is expected to result in losing the economical beneficial resources to pay for the liability. The amount to be paid is reliable and it is certain that the paid amount on the provision would be repaid back in full or partial amount. The Company and its associated companies would recognize the repayment of the expense as separate asset but not more than the related provision and shown the expense related to the provision in the income statement net from the recognized expense expected to be repaid.
- 3.18 Discount on capital is resulting from change in shareholding ratio in associated company is the variance between the money paid to purchase the increase in the shareholding ratio in the associated company and the book value of the associated company, incurred from the increase in the shareholding ratio of the associated company. The said discount is shown in the balance sheet in which the equity method is applied to investment under the caption of shareholders' equity.
- 3.19 Items denominated in foreign currencies are recorded in Baht at the exchange rate ruling on the day that transaction occurs, while the remaining balances of assets and liabilities denominated in

foreign currencies at the year-end are translated into Baht at the prevailing exchange rate on that date, and the gain or loss arising from such translation is included in the related statement of income as revenue or expense.

- 3.20 The related parties and related companies with the Company meant individuals or enterprises which have the controlling power over the Company or are controlled by the Company either directly or indirectly, or under the same control with the Company. Furthermore, the related parties or related companies also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Company, important managers, directors or the employees of the Company who have the power to plan and control the operations of the Company including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.
- 3.21 The Company has set up the provident fund for the type that the contribution plan has already been determined. The provident fund's asset has been separated from the assets of the Company and manages by an outside fund manager. The said provident fund receives contributions from the employees and the Company. The contribution from the Company is recorded as the expense in the income statements for the accounting period the transaction incurred. However, the Company did not set up the liability for the employee benefits according to the Thai Labor Law.
- 3.22 Dividend paid recorded in the financial statements for the accounting period the Company's shareholders or the board of directors' meeting has approved the dividend payment.
- 3.23 Corporate income tax will be recognized as expense item whenever the Company and associated companies are liable to pay such tax.
- 3.24 Earnings per share
  - Basic earnings per share are calculated by dividing net profit with the weighted average number of issued and paid-up shares during the period.
  - Diluted earnings per share is calculated by dividing net profit with the sum of weighted average number of issued shares and the weighted average number of diluted ordinary share equivalents that needed to cover the warrants converted to ordinary stock.
- 3.25 Sectoral Business Operations : the business sector is the business sector that source products or provide services which have different risks and return from the risks and return of the products or services provide by other business sectors. The sectoral business operation is disclosed under the separate business sectors of the Company.
- 3.26 Financial instruments comprised of financial assets as presented in balance sheets are consisted of cash at bank, investment, trade accounts receivable and loan receivable while financial liabilities are consisted of trade accounts payable. The particular accounting policy for each transaction is respectively disclosed in each related caption.
- 3.27 For accounting estimates required for preparation of financial statements to conform to the generally accepted accounting principles, the management has to use various estimates and assumptions which would affect the policy setting and the reporting of the amounts relating to assets, liabilities, incomes and expenses. The estimates and assumptions are made from the

experience and factors that the management reasonably believed under the circumstance; therefore, the actual result from the assumptions to the book value of the assets and liabilities may differ from amounts already estimated.

The estimates and assumptions used in preparation of the financial statements would be revised regularly. The adjustment of the accounting estimate is recorded in the accounting period that the said estimate has been revised. If the adjustment of the estimate only effect the incurred accounting period, it would be recorded in the affected period. If the adjustment of the estimate effects the present and succeeding accounting periods, it would be recorded in the present or the succeeding accounting periods.

#### 4. Inter-transactions

The Company constitutes accounting transactions incurred with related entities that have mutual group of shareholders or joint directors. The materially remaining inter-balances and transactions between the Company and related entities are as follows:

##### 4.1 Inter-asset and liabilities

(Unit : Thousand Baht)

|   | Financial statements in which the equity method is applied to investment/<br>Separate financial statements in which the cost method is applied to investment |                    |               |
|---|--|--------------------|---------------|
|   | Type of relation   | As of December 31, |               |
|   |  | 2008               | 2007          |
| <b>Loan due from associated company</b> |  |                    |               |
| Pleam Patt Co.,Ltd.                     | Associated company   |                    |               |
| Beginning balance                       |  | –                  | –             |
| Increased in the period                 |  | 16,000             | –             |
| Received in the period                  |  | (5,000)            | –             |
| Ending balance                          |  | <u>11,000</u>      | <u>–</u>      |
| <b>Accrued interest income</b>          |  |                    |               |
| Pleam Patt Co., Ltd.                    | Associated company   | 211                | –             |
|   |  | <u>211</u>         | <u>–</u>      |
| <b>Trade accounts payable</b>           |  |                    |               |
| M AND E Co., Ltd.                       | Associated company   | 2,023              | 1,999         |
| GMM Grammy Public Co., Ltd.             | Shareholders   | 8,870              | 5,192         |
| Bliss Publishing Co., Ltd.              | Related company with shareholders  | 5,109              | 6,190         |
| Total                                   |  | <u>16,002</u>      | <u>13,381</u> |

As of December 31, 2008, the whole amount of loan due from an associated company was in the form of promissory note with a maturity period of 1 year. The interest rate is the rate of credit interest of a commercial bank at MOR per annum. The objective of the loan is for the associated company to use for construction and working capital for the school. On February 10, 2009, the Company has already received the full payment for the outstanding amount.

4.2 Inter-revenues and expenses

(Unit : Thousand Baht)

|                               | Financial statements in which the equity method is applied to investment/<br>Separate financial statements in which the cost method is applied to investment |                                   |        |                                |
|-------------------------------|--|-----------------------------------|--------|--------------------------------|
|                               | Type of relation   | For the year ended on December 31 |        | Policy of Inter-price setting  |
|                               |  | 2008                              | 2007   |                                |
| <b>Purchase goods values</b>  |  |                                   |        |                                |
| M AND E Co.,Ltd.              | Associated company   | 1,594                             | 1,263  | Market price                   |
| GMM Grammy Public Co., Ltd.   | Shareholders   | 10,202                            | 5,106  | Market price                   |
| Bliss Publishing Co., Ltd.    | Related company with shareholder   | 16,131                            | 20,494 | Market price                   |
| <b>Interest income values</b> |  |                                   |        |                                |
| Plearn Patt Co., Ltd.         | Associated company   | 556                               | —      | Interest rate of MOR per annum |

5. **Short – term investment–net**

Consisted of: –

(Unit : Baht)

|  | Financial statements in which the equity method is applied to investment/<br>Separate financial statements in which the cost method is applied to investment |                |                         |                |
|--|--|----------------|-------------------------|----------------|
|  | As of December 31, 2008  |                | As of December 31, 2007 |                |
|  | Cost   | Fair value     | Cost                    | Fair value     |
| <b>Securities available-for-sale</b>                         |  |                |                         |                |
| <u>Equity Instruments</u>                                    |  |                |                         |                |
| Ordinary shares  | —  | —              | 31,119,354.31           | 31,831,359.48  |
| Unit trusts  |  |                |                         |                |
| One Fas Prosperity Fund                                      | 30,000,000.00  | 16,821,797.81  | —                       | —              |
| Bangkok Commercial Property Fund                             | 19,101,000.00  | 14,325,750.00  | 19,101,000.00           | 16,617,870.00  |
| Vayupak Fund 1   | 30,000,000.00  | 27,900,000.00  | 30,000,000.00           | 29,160,000.00  |
| <u>Debt Instruments</u>                                      |  |                |                         |                |
| Government bond (exceeding 3-month maturity period)          | —  | —              | 20,000,000.00           | 20,000,000.00  |
| Asset Plus Fixed Income Dividend Fund                        | —  | —              | 20,038,422.81           | 20,319,555.43  |
| Asset Plus Fixed Income Dividend Fund 2                      | 110,386,036.79   | 108,883,676.11 | 89,800,000.00           | 89,372,526.10  |
| Total  | 189,487,036.79   | 167,931,223.92 | 210,058,777.12          | 207,301,311.01 |
| <b>Less</b> Unrealized loss on securities available for sale | (21,555,812.87)  | —              | (2,757,466.11)          | —              |
| Net  | 167,931,223.92   | 167,931,223.92 | 207,301,311.01          | 207,301,311.01 |

For the years ended December 31, 2008 and 2007, the Company received return from the above investments in amounts of Baht 10.35 million and Baht 14.79 million respectively.

## 6. Trade accounts and notes receivable–net

Trade accounts receivable are classified by aging overdue as follows:–

( Unit : Baht )

|  | Financial statements in which the equity method is applied to investment/<br>Separate financial statements in which the cost method is applied to investment |                      |
|--|--|----------------------|
|  | As of December 31,   |                      |
|  | 2008   | 2007                 |
| <b>Trade accounts receivable</b>                 |  |                      |
| Within credit term                               | 39,615,699.17  | 48,258,741.94        |
| Over credit term less than 6 months              | 38,438,031.60  | 44,385,926.65        |
| Over credit term more than 6 months to 12 months | 2,047,711.78   | 1,868,616.16         |
| Over credit term more than 12 months             | 21,058,496.84  | 21,997,143.27        |
| Total trade accounts receivable                  | 101,159,939.39   | 116,510,428.02       |
| Notes receivable                                 | 7,527,871.60   | 12,787,392.24        |
| Total trade accounts and notes receivable        | 108,687,810.99   | 129,297,820.26       |
| <b>Less</b> Allowance for doubtful debts         | (22,794,098.00)  | (25,751,939.11)      |
| Allowance for returned goods                     | (4,777,474.24)   | (11,337,944.18)      |
| <b>Net</b>                                       | <b>81,116,238.75</b>   | <b>92,207,936.97</b> |

As of December 31, 2008 and 2007, the majority of trade accounts receivable, that were over due for more than 12 months, are those that have already provided with full allowance since the year 1998. The Company has already filed lawsuit against one of them and on February 5, 2007, the Central Bankruptcy Court ordered for the Company to receive a repayment of Baht 32.93 million (including interest from default repayment) from the asset pool of that debtor. At present, the case is in the process of execution for debt collection by the receiver. The Company, therefore, has still no need to reverse the already made allowance for doubtful debt.



## 7. Inventories—net

Consisted of: –

(Unit : Baht)

|   | Financial statements in which the equity method is applied to investment/<br>Separate financial statements in which the cost method is applied to investment |                       |
|---|--|-----------------------|
|   | As of December 31,   |                       |
|   | 2008   | 2007                  |
| Raw material                                    | 38,709,100.94  | 27,201,347.57         |
| Work in process                                 | 10,571,870.42  | 9,863,281.78          |
| Finished good                                   | 537,443,204.32   | 496,165,471.36        |
| <b>Total</b>                                    | <b>586,724,175.68</b>  | <b>533,230,100.71</b> |
| <b>Less</b> Allowance for lost goods            | (19,908,665.44)  | (28,227,902.58)       |
| Allowance for dilapidated and slow-moving goods | (68,190,902.79)  | (58,498,583.17)       |
| <b>Net</b>                                      | <b>498,624,607.45</b>  | <b>446,503,614.96</b> |

In the first quarter of 2008, the Company changed the policy for setting the estimate for the allowance for lost inventories from 1.20% of the total sales of each branch to 1.00% of the total sales of each branch thus resulted in Baht 1.73 million decrease in the allowance for lost inventories for the year 2008. The policy change was made to correspond with the current situation of the Company.

## 8. Investments in subsidiary and associated companies—net

Consisted of: –

(Unit : Baht)

|  | Financial statements in which the equity method is applied to investment/<br>Separate financial statements in which the cost method is applied to investment |                          |                       |                              |                         |                      |                     |
|--|--|--------------------------|-----------------------|------------------------------|-------------------------|----------------------|---------------------|
|  | Nature of business   | Country of Incorporation | Paid-up share capital | Percentage of share holdings | As of December 31, 2008 |                      | Dividend            |
|  |  |                          |                       |                              | Equity Method           | Cost Method          |                     |
| <b>Subsidiary company</b><br>SE-ED Book Center Co., Ltd.                   | Business consulting firm   | Thailand                 | 100                   | 99.93                        | 99,930.00               | 99,930.00            | –                   |
| <b>Associated companies</b><br>M AND E Co., Ltd.                           | Printing office company, produces technical magazines and engineering manuals  | Thailand                 | 400                   | 25.00                        | 24,502,582.23           | 100,000.00           | 1,500,000.00        |
| Plearn Patt Co., Ltd.  | Institute of private education–Plearn Pattana School   | Thailand                 | 169,350               | 49.01                        | 50,992,932.62           | 83,000,000.00        | –                   |
| Total investment   |  |                          |                       |                              | 75,595,444.85           | 83,199,930.00        | 1,500,000.00        |
| <b>Less</b> Allowance for revaluation of investments Plearn Patt Co., Ltd. |  |                          |                       |                              | –                       | (13,667,908.49)      | –                   |
| Net  |  |                          |                       |                              | <b>75,595,444.85</b>    | <b>69,532,021.51</b> | <b>1,500,000.00</b> |

(Unit : Baht)

|  | Financial statements in which the equity method is applied to investment/<br>Separate financial statements in which the cost method is applied to investment |                          |                       |                              |                         |                 |              |
|--|--|--------------------------|-----------------------|------------------------------|-------------------------|-----------------|--------------|
|  | Nature of business   | Country of Incorporation | Paid-up share capital | Percentage of share holdings | As of December 31, 2007 |                 | Dividend     |
|  |  |                          |                       |                              | Equity Method           | Cost Method     |              |
| <b>Subsidiary company</b><br>SE-ED Book Center Co., Ltd.                   | Business consulting firm   | Thailand                 | 100                   | 99.93                        | 99,930.00               | 99,930.00       | –            |
| <b>Associated companies</b><br>M AND E Co., Ltd.                           | Printing office company, produces technical magazines and engineering manuals  | Thailand                 | 400                   | 25.00                        | 22,789,884.25           | 100,000.00      | 1,000,000.00 |
| Plearn Patt Co., Ltd.  | Institute of private education–Plearn Pattana School   | Thailand                 | 169,350               | 49.01                        | 55,629,803.29           | 83,000,000.00   | –            |
| Total investment   |  |                          |                       |                              | 78,519,617.54           | 83,199,930.00   | 1,000,000.00 |
| <u>Less</u> Allowance for revaluation of investments Plearn Patt Co., Ltd. |  |                          |                       |                              | –                       | (13,667,908.49) | –            |
| Net  |  |                          |                       |                              | 78,519,617.54           | 69,532,021.51   | 1,000,000.00 |

## Summarized financial information of the associated companies

M AND E Co., Ltd. (Accounting period : December 31)

(Unit : Baht)

|                   | As of December 31, |                | For the year ended December 31, |               |
|-------------------|--------------------|----------------|---------------------------------|---------------|
|                   | 2007               | 2006           | 2007                            | 2006          |
| Total assets      | 108,044,667.49     | 100,404,478.64 |                                 |               |
| Total liabilities | 4,034,338.55       | 5,244,941.63   |                                 |               |
| Total revenue     |                    |                | 41,199,078.69                   | 44,422,081.90 |
| Net profit        |                    |                | 12,850,791.93                   | 15,564,602.19 |

Plearn Patt Co., Ltd. (Accounting period : March 31)

(Unit : Baht)

|                   | As of December 31, |                |
|-------------------|--------------------|----------------|
|                   | 2008               | 2007           |
| Total assets      | 187,413,460.30     | 194,602,383.72 |
| Total liabilities | 83,367,484.74      | 81,076,241.81  |

(Unit : Baht)

|               | For the three-month period<br>ended December 31, |                | For the nine-month period<br>ended December 31, |                | For the years<br>ended December 31, |                 |
|---------------|--|----------------|---|----------------|-------------------------------------|-----------------|
|               | 2008   | 2007           | 2008  | 2007           | 2008                                | 2007            |
| Total revenue | 17,005,852.10                                    | 12,927,327.50  | 64,946,816.48                                   | 48,645,791.70  | 81,952,668.58                       | 61,573,119.20   |
| Net loss      | (6,372,353.39)                                   | (7,098,609.26) | (3,106,538.76)                                  | (7,057,866.28) | (9,478,892.15)                      | (14,156,475.54) |

- 8.1 For the investments in M AND E Co., Ltd., which is an associated company, the Company recognized participating profit or loss from operation of that associated company in the financial statements, in which the equity method is applied to investment, as follows:–

For the years ended December, 31, 2008 and 2007, the Company recognized participating result from operation for the year ended December 31, 2007 and 2006 of the associated company, of which financial statements were audited by another auditor. The Company consequently recorded participating profit from investment in such associated company in the income statements, in which the equity method is applied to investment, for the year ended December 31, 2008 and 2007 for the amount of Baht 3.21 million and Baht 3.89 million respectively equivalent to 1.65% and 2.12% of net profit shown in the financial statements, in which the equity method is applied to investment, and as of December 31, 2008 and 2007, the Company had investment in that associated company for the amount of Baht 24.50 million and Baht 22.79 million respectively equivalent to 1.34% and 1.31% of total assets in the financial statements, in which the equity method is applied to investment.

- 8.2 For the investments in Plearn Patt Co., Ltd., which is an associated company, the Company made recognition of participating result from operation in the financial statements, in which the equity method is applied to investment, as follows:–

- 1) For the year ended December 31, 2008, the Company recognized participation in loss from investment in associated company as presented in the income statements, in which the equity method is applied to investment, for the amount of Baht 4.63 million equivalent to 2.38% of net profit shown in the financial statements, in which the equity method is applied to investment, from the financial statements for the year ended March 31, 2008 and the financial statements for the nine-month period ended December 31, 2008 of the associated company, which were audited and reviewed by another auditors respectively, and as of December 31, 2008, the Company had investment in that associated company for amount of Baht 50.99 million equivalent to 2.79% of total assets in the balance sheets, in which the equity method is applied to investment.
- 2) For the year ended December 31, 2007, the Company recognized participation in loss from investment in associated company as presented in the income statement, in which the equity method is applied to investment, for the amount of Baht 6.94 million equivalent to 3.78% of net profit shown in the financial statements, in which the equity method is applied to investment, from the financial statements for the years ended March 31, 2007 and the financial statements for the nine-month periods ended December 31, 2007 of the

associated company, which were audited and reviewed by another auditors respectively. As of December 31, 2007, the Company had investment in that associated company for the amount of Baht 55.63 million equivalent to 3.21% of total assets shown in the financial statements, in which the equity method is applied to investment.

- 3) As of December 31, 2007, the Company adjusted the discount on capital incurred from the change in the shareholding ratio in associated company at Baht 6.76 million, which incurred between the year 2005–2006; therefore, resulted in the decrease in the investment and increase the discount from the change in the shareholding ratio in associated company in shareholders' equity by the same amount.

## 9. Property, plant and equipment–net

Financial statements in which the equity method is applied to investment / Separate financial statements in which the cost method is applied to investment consisted of: –

(Unit : Baht)

| Financial statements in which the equity method   |               |                |                     |  |                 |                  |                                |
|---|---------------|----------------|---------------------|--|-----------------|------------------|--------------------------------|
| Descriptions  | Land          | Building       | Building decoration | Office equipments and air conditioners | Vehicles        | Work in progress | Total                          |
| <b>Cost :</b>   |               |                |                     |  |                 |                  |                                |
| As of December 31, 2007   | 4,714,125.00  | 2,353,700.00   | 269,238,225.08      | 405,407,069.35                         | 31,204,436.34   | 5,973,730.71     | 718,891,286.48                 |
| Purchase  | –             | –              | 21,808,465.90       | 80,275,931.60                          | 10,886,327.67   | 53,882,206.88    | 166,852,932.05                 |
| Transfer in   | –             | –              | 34,024,872.81       | 81,374.15                              | –               | –                | 34,106,246.96                  |
| Sale  | –             | –              | (5,388,189.24)      | (18,499,412.72)                        | (3,754,128.89)  | –                | (27,641,730.85)                |
| Written–off   | –             | –              | (7,604,841.87)      | (487,330.11)                           | –               | (124,534.98)     | (8,216,706.96)                 |
| Transfer out  | –             | –              | –                   | –                                      | –               | (34,106,246.96)  | (34,106,246.96)                |
| As of December 31, 2008   | 4,714,125.00  | 2,353,700.00   | 312,078,532.68      | 466,777,632.27                         | 38,336,635.12   | 25,625,155.65    | 849,885,780.72                 |
| <b>Accumulated depreciation :</b>   |               |                |                     |  |                 |                  |                                |
| As of December 31, 2007   | –             | (2,353,699.00) | (193,710,994.30)    | (257,623,269.71)                       | (23,710,350.84) | –                | (477,398,313.85)               |
| Depreciation for year   | –             | –              | (31,761,677.47)     | (53,001,330.15)                        | (3,717,629.78)  | –                | (88,480,637.40)                |
| Sale  | –             | –              | 7,009,036.07        | 16,882,790.31                          | 3,648,597.40    | –                | 27,540,423.78                  |
| Written–off   | –             | –              | 4,126,159.96        | 481,761.48                             | –               | –                | 4,607,921.44                   |
| As of December 31, 2008   | –             | (2,353,699.00) | (214,337,475.74)    | (293,260,048.07)                       | (23,779,383.22) | –                | (533,730,606.03)               |
| <b>Capital surplus from assets revaluation :</b>  |               |                |                     |  |                 |                  |                                |
| As of December 31, 2007   | 21,385,547.00 | 17,292,418.41  | –                   | –                                      | –               | –                | 38,677,965.41                  |
| As of December 31, 2008   | 21,385,547.00 | 17,292,418.41  | –                   | –                                      | –               | –                | 38,677,965.41                  |
| <b>Accumulated depreciation–capital surplus :</b>   |               |                |                     |  |                 |                  |                                |
| As of December 31, 2007   | –             | (8,620,336.26) | –                   | –                                      | –               | –                | (8,620,336.26)                 |
| Depreciation for the year   | –             | (992,201.34)   | –                   | –                                      | –               | –                | (992,201.34)                   |
| As of December 31, 2008   | –             | (9,612,537.60) | –                   | –                                      | –               | –                | (9,612,537.60)                 |
| <b>Net Book Value :</b>   |               |                |                     |  |                 |                  |                                |
| As of December 31, 2007   | 26,099,672.00 | 8,672,083.15   | 75,527,230.78       | 147,783,799.64                         | 7,494,085.50    | 5,973,730.71     | 271,550,601.78                 |
| As of December 31, 2008   | 26,099,672.00 | 7,679,881.81   | 97,741,056.94       | 173,517,584.20                         | 14,557,251.90   | 25,625,155.65    | 345,220,602.50                 |
| <b>Depreciation in the income statement for the years ended on December 31, 2007 ended on December 31, 2008</b> |               |                |                     |  |                 |                  | 76,589,787.50<br>88,480,637.40 |

As of December 31, 2008 and 2007, building decoration built on lease and leasehold right contracts of the Company with book value in amount of Baht 97.74 million and Baht 75.53 million respectively. Most of these assets would automatically be owned by the lessor once the lease contracts expire or dismantle the decoration to return the property at its original state according to the condition stipulated in the contracts as mentioned in the notes to financial statements No. 23.2.

As of December 31, 2008 and 2007, the Company has fixed asset which were fully depreciated at the same cost value of Baht 318.51 million and Baht 281.58 million respectively, with parts of them are still in use.

As the Company chose cost method for accounting and when there is an increase in asset revaluation, only net value of increased book value will be recorded to related assets account along side with capital surplus from assets revaluation account. For the year ended December 31, 2008 and 2007, the depreciation of capital surplus being charged to capital surplus from assets revaluation account appeared under the shareholders' equity for the amounts of Baht 0.99 million for both years. If the Company chooses to account for depreciation on capital surplus through the income statement, the net profit for the year ended December 31, 2008 and 2007, will be shown at amounts less by of Baht 0.99 million for both years, but has no significant effect on the earnings per share.

## 10. Leasehold on buildings–net

The whole amount of the leasehold on buildings represented leased areas in leading shopping centers in order to open 13 branches of SE–ED Book Center. Most of these leaseholds were for the period of approximately 15–30 years. For the year ended December 31, 2008 and 2007, these leasehold rights were amortized to expenses by the amounts of Baht 12.60 million and Baht 12.57 million respectively.

## 11. Assets pending for sale–net

As of December 31, 2007, this amount consisted of:–

( Unit : Baht )

|  | Financial statements in which the equity method is applied to investment/Separate financial statements in which the cost method is applied to investment |
|--|--|
| Book Value                                     | 38,912,859.15  |
| <b>Less</b> Allowance for impairment on assets | (19,712,859.15)  |
| Net  | 19,200,000.00  |

The whole amount of represented commercial buildings pending for sales off on March 19, 2008, the Company made sale/purchase contracts for 5 units of four–floor commercial building in amount of Baht 20.00 million and received deposit from buyer in amount of Baht 2.00 million. In the 2<sup>nd</sup> quarter of 2008, the Company has received the remaining amount and transferred the ownerships on the building title to the buyer.

## 12. Land and improvement for land not used for operation–net

Consisted of:–

( Unit : Baht )

|   | Financial statements in which the equity method is applied to investment/<br>Separate financial statements in which the cost method is applied to investment |   |                 |
|---|--|---|-----------------|
|   | Land not used for operation  | Improvement for land not used for operation | Total           |
| <b>Cost :</b>   |  |   |                 |
| As of December 31, 2007                                   | 49,495,608.93  | 658,413.00                                  | 50,154,021.93   |
| As of December 31, 2008                                   | 49,495,608.93  | 658,413.00                                  | 50,154,021.93   |
| <b>Accumulated depreciation :</b>                         |  |   |                 |
| As of December 31, 2007                                   | –  | (422,793.30)                                | (422,793.30)    |
| Depreciation for the year                                 | –  | (65,985.54)                                 | (65,985.54)     |
| As of December 31, 2008                                   | –  | (488,778.84)                                | (488,778.84)    |
| <b>Allowance for impairment :</b>                         |  |   |                 |
| As of December 31, 2007                                   | (16,012,977.97)  | –   | (16,012,977.97) |
| As of December 31, 2008                                   | (16,012,977.97)  | –   | (16,012,977.97) |
| <b>Net Book Value :</b>                                   |  |   |                 |
| As of December 31, 2007                                   | 33,482,630.96  | 235,619.70                                  | 33,718,250.66   |
| As of December 31, 2008                                   | 33,482,630.96  | 169,634.16                                  | 33,652,265.12   |
| <b>Depreciation in the income statement for the years</b> |  |   |                 |
| ended on December 31, 2007                                |  |   | 65,880.92       |
| ended on December 31, 2008                                |  |   | 65,985.54       |



### 13. Intangible assets–net

Consisted of:–

( Unit : Baht )

|   | Financial statements in which the equity method is applied to investment/Separate financial statements in which the cost method is applied to investment |
|---|--|
|   | computer software  |
| <b>Cost :</b>   |  |
| As of December 31, 2007                                   | 33,440,198.21  |
| Purchases   | 444,988.62   |
| As of December 31, 2008                                   | 33,885,186.83  |
| <b>Accumulated amortization :</b>                         |  |
| As of December 31, 2007                                   | (22,213,961.63)  |
| Amortization for the year                                 | (3,457,684.52)   |
| As of December 31, 2008                                   | (25,671,646.15)  |
| <b>Net Book Value :</b>                                   |  |
| As of December 31, 2007                                   | 11,226,236.58  |
| As of December 31, 2008                                   | 8,213,540.68   |
| <b>Amortization in the income statement for the years</b> |  |
| As of December 31, 2007                                   | 4,451,332.67   |
| As of December 31, 2008                                   | 3,457,684.52   |

### 14. Other non–current assets

Other non–current assets have included the investment with guarantee obligation for electricity usage, area lease and book agents as follow: –

- As of December 31, 2008 and 2007, fixed deposit with 12–month maturity period bearing the interest rate of 2.375% per annum for both years in amount of Baht 8.47 million and Baht 8.25 million respectively has been pledged as collateral in amount of Baht 4.63 million and Baht 5.19 million respectively.
- As of December 31, 2008, savings bond with 7–year maturity period bearing the interest rate of 5.10% per annum in amount of Baht 2.00 million has been pledged as collateral in amount of Baht 1.70 million.

## 15. Share capital

- 15.1 In accordance with the resolution of the annual general shareholders' meeting No. 1/2001 held on April 30, 2001, it was resolved to issue warrants to purchase ordinary shares for the directors, employees and sub-agents in number of 31,648,000 units at the price of Baht 1.00 per unit, dividing into 5 versions. The period of exercising for each version of right is 1 year apart. The warrants' right can be exercised every 3 month and the last date to exercise the right is January 14, 2008. The right of each version can be exercised to purchase ordinary shares in the proportion of 10%, 10%, 10%, 30% and 40% of the entire number of rights received respectively.

The exercise of warrants' right for the year ended December 31, 2008 and 2007 (these warrants forfeited their exercisable rights on January 14, 2008) :—

1. Directors and employees had exercised their rights to purchase ordinary shares in number of 155,800 units and 10,653,960 units respectively. Thus, the Company had increased the issued and paid-up share capital by the total of Baht 0.16 million and Baht 10.65 million respectively. The Company gradually registered the change in paid-up share capital and the latest registration was on January 22, 2008 and October 31, 2007 respectively.
  2. The remaining balances of exercisable warrants as of December 31, 2007, are as follows:—
    - 2.1 Warrants with full conversion right to purchase ordinary shares for directors, employees and sub-agents but not yet exercised amounting to 192,340 units.
    - 2.2 Warrants to purchase ordinary shares for directors, employee and sub-agents not yet appropriated amounted to 4,090,410 units.
- 15.2 In accordance to the minutes of the board of directors' meeting No. 4/2007 held on September 19, 2007, the resolutions approved the write off the Company's treasury stock; therefore, reducing its paid-up capital by 19.78 million shares; with the total value at Baht 122.64 million; thus, decreased the issued and paid-up share capital by the total of Baht 19.78 million and decreased the treasury stock reverse at Baht 122.64 million. The Company registered the decrease in authorized share capital and paid-up share capital with the Ministry of Commerce on September 28, 2007.

## 16. Retained earnings

### Dividend payment and legal reserve

Consisted of:

|              | Year 2008 operating result         |              |                        |                            |                                       |                 |                       |
|--------------|------------------------------------|--------------|------------------------|----------------------------|---------------------------------------|-----------------|-----------------------|
|              | Resolutions of the Company's Board | Meeting date | Dividends payment date | Dividends Per share (Baht) | Dividend Paid Totaling (Million Baht) | Legal reserve   |                       |
|              |                                    |              |                        |                            |                                       | % of Net profit | Amount (Million Baht) |
| Quarter 1    | 2/2008                             | 12/05/2008   | 06/06/2008             | 0.10                       | 32.39                                 | –               | –                     |
| Quarter 2    | 3/2008                             | 08/08/2008   | 05/09/2008             | 0.10                       | 32.39                                 | –               | –                     |
| Quarter 3    | 4/2008                             | 12/11/2008   | 11/12/2008             | 0.10                       | 32.39                                 | –               | –                     |
| <b>Total</b> |                                    |              |                        | <b>0.30</b>                | <b>97.17</b>                          |                 | –                     |

|              | Year 2007 operating result                              |              |                        |                            |                                       |                 |                       |
|--------------|---|--------------|------------------------|----------------------------|---------------------------------------|-----------------|-----------------------|
|              | Resolutions of the Company's Board/ Shareholder meeting | Meeting date | Dividends payment date | Dividends Per share (Baht) | Dividend Paid Totaling (Million Baht) | Legal reserve   |                       |
|              |   |              |                        |                            |                                       | % of Net profit | Amount (Million Baht) |
| Quarter 1    | 2/2007  | 10/05/2007   | 08/06/2007             | 0.10                       | 32.36                                 | –               | –                     |
| Quarter 2    | 3/2007  | 09/08/2007   | 06/09/2007             | 0.10                       | 32.37                                 | –               | –                     |
| Quarter 3    | 5/2007  | 13/11/2007   | 11/12/2007             | 0.10                       | 32.38                                 | –               | –                     |
| Quarter 4    | 1/2008  | 29/04/2008   | 28/05/2008             | 0.26                       | 84.22                                 | –               | –                     |
| <b>Total</b> |   |              |                        | <b>0.56</b>                | <b>181.33</b>                         |                 | –                     |

|              | Year 2006 operating result                              |              |                        |                            |                                       |                 |                       |
|--------------|---|--------------|------------------------|----------------------------|---------------------------------------|-----------------|-----------------------|
|              | Resolutions of the Company's Board/ Shareholder meeting | Meeting date | Dividends payment date | Dividends Per share (Baht) | Dividend Paid Totaling (Million Baht) | Legal reserve   |                       |
|              |   |              |                        |                            |                                       | % of Net profit | Amount (Million Baht) |
| Quarter 1    | 2/2006  | 10/05/2006   | 09/06/2006             | 0.10                       | 31.13                                 | –               | –                     |
| Quarter 2    | 3/2006  | 11/08/2006   | 11/09/2006             | 0.10                       | 31.16                                 | –               | –                     |
| Quarter 3    | 4/2006  | 10/11/2006   | 08/12/2006             | 0.10                       | 31.19                                 | –               | –                     |
| Quarter 4    | 1/2007  | 25/04/2007   | 23/05/2007             | 0.30                       | 97.07                                 | –               | –                     |
| <b>Total</b> |   |              |                        | <b>0.60</b>                | <b>190.55</b>                         |                 | –                     |

## 17. Capital management

The primary objectives of the Company and its associated companies' capital management are to maintain their ability to continue as a going concern and to maintain an appropriate capital structure.

## 18. Nature of expenses

The nature of expense consisted of: –

(Unit : Baht)

|  | Financial statements in which the equity method is applied to investment/Separate financial statements in which the cost method is applied to investment |                  |
|--|--|------------------|
|  | As of December 31,   |                  |
|  | 2008   | 2007             |
| Employees' salaries, wages and other benefits  | 379,988,185.21   | 329,351,709.71   |
| Directors' remuneration                        | 9,724,000.00   | 5,060,000.00     |
| Depreciation and Amortization                  | 104,606,179.58   | 93,674,441.86    |
| Operational expenses                           | 430,851,726.93   | 367,731,236.82   |
| Accounting estimates expenses                  | 1,373,082.48   | 11,601,356.35    |
| Variable cost depending on sale volume         | 211,826,959.95   | 179,990,359.87   |
| Production department-salaries and wages       | 47,942,770.76  | 43,500,762.66    |
| Production expenses                            | 130,881,491.42   | 99,910,093.66    |
| Purchase of goods                              | 2,809,496,737.94   | 2,322,372,772.95 |
| Movement in finished goods and work-in-process | 41,986,321.60  | 217,499,205.06   |
| Interest expenses                              | 171,335.55   | 213,624.05       |
| Total  | 4,168,848,791.42   | 3,670,905,562.99 |

## 19. Directors' remuneration

In accordance to the minutes of the Board of directors' meeting No. 1/2008 held on February 22, 2008, it unanimously agreed to authorize remunerations (as rewards) to the board of directors, audit committee members for the year 2007 in the amount not more than Baht 3.42 million and for the year 2008 not more than Baht 4.00 million. This proposal was approved by the annual general shareholders' meeting No. 1/2008 held on April 29, 2008. This resulted in the financial statements for the year 2008 recognized remuneration (rewards) to directors as follow :–

- Remuneration (rewards) to directors out of operating result of the year 2007 in amount of Baht 3.42 million
- Remuneration (rewards) to directors out of operating result of the year 2008 which recorded as accrued remuneration in amount of Baht 4.00 million

A part of directors' remuneration is remuneration (rewards) to directors for the year ended December 31, 2008 and 2007 are in amount of Baht 7.42 million and Baht 2.64 million respectively.

## 20. Corporate income tax

In accordance to the Royal Decree No.475 dated August 6, 2008 issued under the Revenue Code to reduce corporate income tax rate from 30% to 25% of net profit for the listed companies under the law on securities and securities market for the portion not exceeding Baht 300 million for the 3 consecutive accounting periods commencing from the first accounting period which commences on or after January 1, 2008. Nevertheless, for the financial statements for the year ended December 31, 2008. First, the Company has still calculated the corporate income tax with tax rate at 30% of net profit before corporate income tax after adding back allowances and various expenses not allowable for tax calculation purpose as calculated in the previous years, because the Company is in the process for consultation with the Revenue Department about the compliance with the condition to exercise the right for discount on the tax rate.

Subsequently, the Revenue Department has responded the above consultation to the Stock Exchange of Thailand as in the letter no. Kor. Khor. 0702/1316 on February 19, 2009, and the Stock Exchange of Thailand then sent such letter to the Company on February 25, 2009, which the Company can make a reduction of the corporate income tax rate from 30% to 25% in accordance to the above Royal Decree. The Company has adjusted the financial statements for the year 2008 for reissuance, resulting in the balance sheet in which the equity method is applied to investment and balance sheet in which the cost method is applied to investment as of December 31, 2008 present accrued corporate income tax amount decreased by Baht 1.18 million and the income statement in which the equity method is applied to investment and income statement in which the cost method is applied to investment for the year ended December 31, 2008 show corporate income tax decreased by the same amount.

## 21. Basic and diluted earnings per share

For the year ended December 31, 2008, the Company has not calculated the diluted earnings per share, since rights to exercise warrants have expired on January 14, 2008.

For the year ended December 31, 2007, the diluted earnings per share was calculated by including the ordinary shares which the Company may have to issue, even the condition or the determined event has not yet incurred, with consideration of the effect of the exercisable warrants which have not yet been exercised as follows :—

|  | Financial statements in which the equity method is applied to investment<br>For the year ended December 31, 2007 |   |                            | Separate financial statements in which the cost method is applied to investment<br>For the year ended December 31, 2007 |   |                            |
|--|--|---|----------------------------|---|---|----------------------------|
|  | Net profit<br>'000 Baht  | Weighted average number of ordinary shares<br>'000 Shares | Earnings per share<br>Baht | Net profit<br>'000 Baht   | Weighted average number of ordinary shares<br>'000 Shares | Earnings per share<br>Baht |
| <b>Basic earnings per share</b>  | 183,800  | 323,756   | 0.57                       | 187,848   | 323,756   | 0.58                       |
| Effect of diluted equivalent ordinary shares :<br>Assuming the conversion of warrants for the director, employees and security sub-agent | —  | 3,798   | —                          | —   | 3,798   | —                          |
| <b>Diluted earnings per share</b>  | 183,800  | 327,554   | 0.56                       | 187,848   | 327,554   | 0.57                       |

## 22. Disclosure of sectoral business operations

The Company operates in one principal business sector, namely business of production and sale of books and confines its operation only in one geographical area i.e. in Thailand. Thus, all income, profit and assets shown in the financial statements were related to the said business sector and geographical area.

## 23. Obligations and contingent liabilities

23.1 As of December 31, 2008 and 2007, the Company also holds contingent liabilities as follows :–

(Unit : Thousand Baht)

|                      | As of December 31, 2008 |                   |                    | As of December 31, 2007 |                   |                    |
|----------------------|-------------------------|-------------------|--------------------|-------------------------|-------------------|--------------------|
|                      | Total facility          | Facility utilized | Available facility | Total facility          | Facility utilized | Available facility |
| Letters of guarantee | 49,000                  | 4,847             | 44,153             | 49,000                  | 5,752             | 43,248             |
| Letters of credit    | 4,000                   | –                 | 4,000              | 4,000                   | –                 | 4,000              |
| Overdrafts           | 30,000                  | –                 | 30,000             | 30,000                  | –                 | 30,000             |
| Short-term loan      | 50,000                  | –                 | 50,000             | 50,000                  | –                 | 50,000             |

As of December 31, 2008 and 2007, a part of letter of guarantee for the amount of Baht 4.63 million and Baht 5.19 million respectively are guaranteed by the 12-month fixed deposit accounts and the government bonds as mentioned in the notes to financial statements No. 14.

23.2 The Company has entered into agreements of building lease and agreements of service with the company and an outside party so as to use as head office and the distribution center of merchandise. The Company has also entered into area rental agreements so as to use as branch offices totaling 283 branches. The leased period ranged from 1 to 10 years. The total rental fee and public utility service fee that the Company has to pay are approximately Baht 374.66 million per annum, most of which are calculated from percentage of sales amount.

The Company has entered into lease agreement for a warehouse (Kingkaew Road) with a company and the lease period of 3 years commencing from January 1, 2006 to June 14, 2009 and rental fees are of Baht 16.04 million per annum. Furthermore, on November 24, 2008, the Company has entered into lease agreement for land and warehouse to be constructed in the area with close proximity to the previous warehouse with the former lessor at fees calculated per square meters for the area leased for the contractual period of 12 years 9 months. The lease fees are ranged from Baht 1.78 million to Baht 2.64 million per annum. The annual leasing fee must be paid in advance. In the second quarter of 2008, the Company paid a deposit of Baht 1.60 million, which will be return by the lessor when the leasing term ends.

23.3 The Company entered into agent appointment agreement with a foreign company for the contractual period of 3 years commencing from January 1, 2007 to December 31, 2009. The Company has to provide support for promoting sales and marketing of the sale agent at 2.50% of the total book purchased and the Company shall arrange for the office area and services to support the marketing activities. The actual cost incurred can be deducted as expense for supporting the sale agent.



#### 23.4 Copyright contracts

The Company entered contracts allowing the use of copyrights with the owners of various successful works for the contractual period of 3 years with option to extend for another 3 years automatically, and payment of consideration at the percentage of number of books published or sold.

23.5 The Company entered into a purchase/sale agreement for goods custody and transportation system with a company for the contractual amount of Baht 25.15 million. The date of agreement is June 16, 2008. As of December 31, 2008, the outstanding balance of this obligation is at Baht 2.51 million.

23.6 The Company entered into contracts to rent printing machines with a company for the period of one year. When the term of the contracts ended, not any party informed to cancel it in writing, thus the contracts are regarded as binding for another year. The rate for printing service is calculated by printing volume. The payment of service is approximately Baht 3.36 million per annum and once the term ended the owner party can take away the printing machines from the renter immediately.

### 24. Financial instruments

#### 24.1 Financial risk management policy

The Company obtains minimum risk with respect to the change of interest rates and exchange rates. Due to the business's expansion, the Company's investment is utilized by current cash flow; however, long term liabilities which incurred interest obligation do not exist. The nature of the Company's operation related to foreign currency has non-material proportion which the Company would consider the use of appropriate financial instruments to hedge against the risk. Nevertheless, the Company holds no policy to adopt any with financial instrument off the balance sheets which are derivative instruments for speculative or for trade purpose.

#### 24.2 Risk on Credit Provision

The Company obtains risk from provision in relation to trade debtors and loan due from related company. Nevertheless, the Company constitutes the conservative policy in granting credit and the numbers of debtor are several; hence, the Company does not anticipate any material indemnity from debt collection.

#### 24.3 Risk on interest rates

Risk on interest rates is derived from the fluctuation of the market interest rates in the future which affect upon the Company operating results and cash flow. However, the Company manages the risk on interest rates with several instruments included setting the appropriate allocation of the investment at fixed and floating interest rates to suit the various activities of the Company.

#### 24.4 Risk on exchange rates

The Company has a forward contract with a commercial bank to hedge against exchange rate risk from debt repayment denominated in foreign currency. The Company has not recorded such financial liability in the financial statements. The due date for payment of the forward contract already committed has outstanding period of not greater than 6 months with the following details :—

| Amount fixed in the contract<br>GBP<br>As of December 31, |            | Amount earned in the contract<br>Baht<br>As of December 31, |               | Fair value<br>Baht<br>As of December 31, |               |
|---|------------|---|---------------|--|---------------|
| 2008  | 2007       | 2008  | 2007          | 2008                                     | 2007          |
| 70,000.00   | 395,485.57 | 3,839,500.00  | 27,048,601.01 | 3,577,847.00                             | 26,811,944.22 |

## 24.5 Fair Value

Since the financial assets and liabilities are mainly in short-term types. Hence, the book values of such financial assets and liabilities presented herein do not materially differ from fair values. Moreover, the Company's short-term investments has already been adjusted to fair values.

## 25. Provident fund

The Company and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and their employees contributed to the fund monthly at the rate of 5.00% of basic salary. The fund was managed by Ayudhya Fund Management Co., Ltd. and will be paid to the employees upon termination in accordance with the fund rules. For the years ended December 31, 2008 and 2007, the Company's contribution to the fund amounted to Baht 8.89 million and Baht 8.11 million respectively.

## 26. Subsequent events

In accordance to the minutes of the Board of Directors' Meeting No.1/2009 dated February 20, 2009, it was resolved to approve and agree to propose in the annual general shareholders' meeting No. 1/2009 held on April 29, 2009, for considering the dividend payment for the operating performance of the year 2008 at the rate of Baht 0.59 per share, for the total amount of 323,921,130 shares from net profit portion from financial statements in which the equity method is applied to investment calculated by which is not exempt from corporate income tax. However, the Company already paid some interim dividend for three quarters at Baht 0.10 per share in each quarters totaling Baht 0.30 per share. Thus, the additional dividend of this period will be Baht 0.29 per share, for the total amount of 323,921,130 shares aggregating to Baht 93.94 million. The remaining dividends are scheduled to be paid on May 28, 2009.

## 27. Approval of financial statements

These financial statements have been approved for issuance by SE-EDUCATION PUBLIC COMPANY LIMITED's board of directors on February 27, 2009.

# กิจกรรม Activities



การประชุมประจำปีผู้จัดการสาขา  
ซีเอ็ดบุ๊คเซ็นเตอร์

SE-ED Book Center Managers  
Annual Conference



ซีเอ็ดพบนักลงทุน Opportunity Day

SE-ED met the investors on the  
Opportunity Day



การประชุมวางแผนงานประจำปี

Annual planning workshop.



งานแถลงข้อมูล “ที่สุดในธุรกิจหนังสือ  
ประจำปี 2551”

Press Conference “Best in Book  
Business 2008”



กิจกรรมพัฒนาบุคลากร

Human resources development  
activities.



งาน Thailand Electronics  
Technology และ งาน  
Industrial Sourcing Fair 2008

Thailand Electronics Technology  
and Industrial Sourcing Fair  
2008.





# เรามุ่งมั่นที่จะทำให้คนไทยเก่งขึ้น

Our Determination is to make Thais Smarter



ซีเ็ด

บริษัท ซีเ็ดยูเคชั่น จำกัด (มหาชน)

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