



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

Management Discussion and Analysis

As of December 31, 2009

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Management Discussion and Analysis: SE-ED

1. OVERVIEW

In the year 2009, the company has been effected from the slow down economic situation and fluctuation of petroleum price, the unemployment, the unstable politics and widespread of 2009 flue causing to the decreasing of people spending and less people circulated in the shopping mall which effected to overall country retail business. However the company could still maintained the revenue and profit growth rate continuously at satisfied level. Operating performance for 2009 were as follow:

- **The Company consolidated the financial statements** of SE-EDUCATION PUBLIC COMPANY LIMITED and those of Plearn Patt Co., Ltd., in the preparation of the consolidated financial statements for the 4th quarter of 2009, because the Company's Mr. Thanong Chotisorayuth, Managing Director has the controlling power in directing the financial policies and operation of Plearn Patt Co., Ltd. The said company is, therefore, treated as a subsidiary company in compliance with the Thai Accounting Standard No. 27 on "Consolidated and separate Financial Statements (Revised 2007)". The Company commenced to consolidate the financial statements of Plearn Patt Co., Ltd. since October 1, 2009 onwards.
- **Total revenue of the year 2009 is:**
 - Total revenue of Consolidated financial statements: the company and its subsidiaries revenues for 2009 was THB 4,673.69 million which THB 4,621.07 million was from sales revenue and education fee with service charge.
 - Total revenue of separate financial statements: The company's total revenue of the year 2009 is worth THB 4,646.84 million or increased from the same period of the previous year by 5.03%. The sales revenue is accounted for THB 4,595.76 million from the total revenue or increased by 5.17%.
- **The Company's net profit of the year 2009 is:**
 - The net profit of consolidated financial statements: The Company's net profit of the year 2009 consolidated financial statements of the company and its subsidiaries were worth THB 217.51 million.
 - The net profit of separate financial statements: The Company's net profit of the year 2009 of separate financial statements is worth THB 214.36 million, which increased from the same period of the previous year by 8.50%.
- **The company opened branches of SE-ED Book Center** during the year 2009 the Company opened 21 new branches of SE-ED Book Center, which results in, as of December 31, 2009, the total number of 324 operating branches and 33 operating petty sales units.

The Board of Directors considered and approved the dividend payment for the operating performance of the year 2009 at the rate of THB 0.66 per share, for the total amount of 323,921,130 shares from net profit portion from the separate financial statement 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 0.36 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 17, 2010 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, 2010. The payment of dividend will be made on May 27, 2010.

As the company has granted significance in development of good corporate governance and run business with transparency thoroughly, with the determination to do business conforming to the social benefit and along with environment care causing to resulted in 2009 as follow:

- Received Top Corporate Governance Report Awards 2009, SE-ED was the only one company of the ten companies which received this award that was not listed in the SET100 index firms.
- Received Corporate Social Responsibility Awards 2009 (CSR awards), SE-ED was one of four companies to received this award while it was the only company has not been listed in SET100 index.
- Received the "excellent" (5 stars) award for Corporate Governance Report of Thai Listed Companies 2009 and 2008 arranged by Thai Institute of Directors.

Besides, the company was rated as "Excellent" in the 2009, 2008 and 2007 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 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.

2. BUSINESS SUMMARY

Book Store Business

The company has still expanded bookstore branches continuously to keep the record of being the largest bookstores chain with highest revenue of the country. In the fourth quarter, 7 branches were opened in Carrefour Lumlukka, City Mall Ubonratchathani, Lotus Amatanakorn, Lotus Buayai Nakhonratchasima, Central Plaza Khonkaen, Carrefour Chumphon and Lotus Nongkae Saraburi Total bookstores branches now becomes 348 branches with 324 branches are still in operation including 7 branches of franchisees and 33 points of sales currently in operation. Besides, the company has renovated the existing branches to be modernized for continuously sales growth and profit drive.

Distribution Business

The company takes the role of Thailand largest books distributor who distributed both the Thai and foreign publishers such as MIS Publishing Co.,Ltd, Nation International Edutainment Public Company Limited, Provision Co.,Ltd., Technology Promotion Association (Thai-Japan), Education Mind Line Multimedia Co., Ltd., MIS Softech Co.,Ltd, Rak-look Group Co.,Ltd, Daypoets Co.,Ltd, Aksornsart Publication Co., Ltd, Bliss Publishing Co., Ltd. and Oxford University Press which the company has been the distributor of English learning text books (ELT) in Thailand this year etc. to SE-ED Book Center, other bookshops and academic institutes. Moreover, the company has still developed distribution system for better efficiency to support for the future growth.

Publishing Business

The company thinks highly of setting books production course to meet the market demand by focusing in printing books for long sales life in a sufficient market size, not concentrated in the titles quantity produced in each year. The company put emphasis on producing reference books, and the books in area need for people and country development. In the end of 2007 the company would begin the project of production English outside reading books which gave both substantial and entertainment to promote more English reading skill for the youths and general people.

Besides, the company has recognized the importance of develop and install communication tools for increasing public relation channel in order to distribute products to target customers more efficiently. This will be the key factor for success of the company own produced goods.

3. Operating Results

3.1 Operating performance for year 2009 over the same period last year. (from the separate financial statement)

Table 1 : Operating performance for year 2009 over the same period last year

	(Unit: Million Baht)				
	Consolidated financial statements	Jan.-Dec.		Change	
		Separate		Separate	
		2009	2009	2008	Amount
Revenues from sales	4,596.00	4,595.76	4,370.00	225.76	5.17
Income from educational fee and services	25.07	-	-	-	-
Cost of sales	3,138.73	3,138.55	3,030.31	108.24	3.57
Cost of services	17.41	-	-	-	-
Total cost of sales and services	3,156.14	3,138.55	3,030.31	108.24	3.57
Gross profit	1,464.93	1,457.21	1,339.69	117.52	8.77
Other income	37.00	36.83	34.80	2.03	5.83
Interest and dividend income	12.80	14.25	19.69	(5.44)	(27.63)
Selling expenses	773.36	773.36	706.98	66.38	9.39
Administrative expenses	417.64	412.58	397.86	14.72	3.70
Managements' and directors' remunerations	32.04	32.04	33.53	(1.49)	(4.44)
Participating profit (loss) from investments in associated companies	2.82	-	-	-	-
Gross Margin (%)	31.70	31.71	30.66	-	1.05
EBITDA	409.26	401.44	360.43	41.01	11.38
Profit from operation accordance with Cash Flow Statement	423.34	416.86	386.56	30.30	7.84
NET PROFIT	217.51	214.36	197.56	16.80	8.50
EPS (Baht)	0.67	0.66	0.61	0.05	8.20

The Company and its subsidiaries's total revenue of the year 2009 is worth THB 4,673.69 million. The revenues from sales and income from education fee with service charge. The Company's total revenue of separate financial statements is worth THB 4,646.84 million or increased from the same period of the previous year by 5.03%. In this amount, the sales revenue is accounted for THB 4,595.76 million from the total revenue or increased by 5.17%.

The main driver of increasing total revenue of the company and its subsidiaries's was from the result new branches of SE-ED Book Center in 2008 and 2009. The revenue from SE-ED Book Center and its network stores, therefore, increased by 5.62%.

Moreover, the revenue from the book distribution business, and the wholesales of books to other bookstores and education institutes increased up to 7.35% from the same period of last year. Due to the increasing sales of SE-ED own books and sales of SE-ED distributed including the company has been trusted from several publishers to assign as distributor of books in popular tide continuously.

The company and its subsidiaries net profit for the year 2009 is worth THB 217.51 million which mainly from the following causes:

- The gross margin rate slightly increased due to the sales of SE-ED published books and distributed books in SE-ED Book Center and its network stores.
- There has been changed the recording method of magazines and newspaper inventory in SE-ED Book Center which were recorded the whole amount cost in the past since beginning of receiving goods due to the uncompleted of barcode used for magazines and newspaper.

3.2 Operating performance for the fourth quarter (3 Months) as of December 31, 2009 over the same period last year.

Table 2 : Operating performance for the fourth quarter (3 Months) as of December 31, 2009 over the same period last year

(Unit: Million Baht)

	Consolidated financial statements	Q4 (3M)		Change	
		Separate		Separate	
		financial statements	financial statements	financial statements	financial statements
	2009	2009	2008	Amount	(%)
Revenues from sales	1,177.53	1,177.28	1,100.63	76.65	6.96
Income from educational fee and services	25.07	-	-	-	-
Cost of sales	805.14	804.95	772.80	32.15	4.16
Cost of services	17.41	-	-	-	-
Total cost of sales and services	822.55	804.95	772.80	32.15	4.16
Gross profit	380.05	372.33	327.83	44.50	13.57
Other income	16.94	16.79	7.88	8.91	113.07
Interest and dividend income	4.95	4.90	4.95	0.05	1.01
Selling expenses	196.07	196.07	187.70	8.37	4.46
Administrative expenses	112.92	107.86	94.32	13.54	14.36
Managements' and directors' remunerations	6.41	6.41	6.25	0.16	2.56
Gross Margin (%)	31.60	31.63	29.79	-	1.84
EBITDA	114.08	111.21	80.10	31.11	38.84
Profit from operation accordance with Cash Flow Statement	118.91	104.62	90.93	13.69	15.06
NET PROFIT	69.48	67.65	38.76	28.89	74.54
EPS (Baht)	0.21	0.21	0.12	0.09	75.00

The Company and its subsidiaries's total revenue from the fourth quarter of the year 2009 is worth THB 1,224.49 million. The sales revenues from sales and income from education fee and services charges. The total revenue of separate financial statements is accounted for THB 1,198.97 million from the total revenue or increased by 7.68%. The sales revenue is accounted for THB 1,177.28 million from the total revenue or increased by 6.96%. This growth rate was considered high than that of the previous nine months.

The Company and its subsidiaries's net profit from the fourth quarter of the year 2009 is worth THB 69.48 million, the company's net profit is worth THB 67.65 million which increased from the same quarter of last year by 74.54%. The cause of unmoral increasing of profit in Q4 of 2009 was the same reason mentioned in clause 1 of explanation of 2009 operation result which was from the increasing gross margin rate of 1.84% from the sales of high margin products and changing of magazines and newspaper inventory recording method including the recorded of difference amount for insurance claim compensation and creditors clearing debt adjustment items.

4. 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 from the separate financial statement. The payment will be made in the annual general meeting of the year immediately following the operating year.

Table 3 : The dividend payment of 2009, 2008 and 2007 as follow:

Year 2009 operating result					
	Resolutions of the Company's Board meeting	Meeting date	Dividends payment date	Dividends Per share (Baht)	Dividend Paid Totaling (Million Baht)
Quarter 1	3/2009	11/5/2009	9/6/2009	0.10	32.39
Quarter 2	4/2009	14/8/2009	11/9/2009	0.10	32.39
Quarter 3	6/2009	12/11/2009	11/12/2009	0.10	32.39
Quarter 4	1/2010	24/2/2010	27/5/2010	0.36*	116.61
Total				0.66	213.78
Year 2008 operating result					
	Resolutions of the Company's Board/ Shareholder meeting	Meeting date	Dividends payment date	Dividends Per share (Baht)	Dividend Paid Totaling (Million Baht)
Quarter 1	2/2008	9/5/2008	6/6/2008	0.10	32.39
Quarter 2	3/2008	8/8/2008	5/9/2008	0.10	32.39
Quarter 3	4/2008	12/11/2008	11/12/2008	0.10	32.39
Quarter 4	1/2009	29/4/2009	28/5/2009	0.29	93.94
Total				0.59	191.11
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)
Quarter 1	2/2007	10/5/2007	8/6/2007	0.10	32.36
Quarter 2	3/2007	9/8/2007	6/9/2007	0.10	32.37
Quarter 3	5/2007	13/11/2007	11/12/2007	0.10	32.38
Quarter 4	1/2008	29/4/2008	28/5/2008	0.26	84.22
Total				0.56	181.33

* Dividend payment rate has been approved from the board of Directors and waiting for approval from shareholders in the annual general meeting on April 29, 2010 and calculate from the amount of common shares counted on December 2, 2009.

5. Financial Position

5.1 Asset Component (from the separate financial statements)

Table 4 : Asset Component

(Unit: Million Baht)

Description	Consolidated financial statements		Separate financial statements				Separate financial statements	
	December 31, 2009		December 31, 2009		December 31, 2008		Change	
	Amount	% to Total Assets	Amount	% to Total Assets	Amount	% to Total Assets	Amount	(%)
Cash and cash equivalent items	544.81	25.63	506.61	26.03	336.68	18.49	169.93	50.47
Short-term investment-net	188.94	8.89	188.94	9.71	167.93	9.22	21.01	12.51
Trade accounts receivable-net	98.69	4.64	96.80	4.97	81.12	4.46	15.68	19.33
Loan to subsidiary	-	-	-	-	11.00	0.60	(11.00)	(100.00)
Inventories-net	441.35	20.77	438.84	22.55	498.62	27.39	(59.78)	(11.99)
Damage compensation receivable	17.79	0.84	17.79	0.91	-	-	17.79	100.00
Total Current Assets	1,339.74	63.04	1,292.39	66.41	1,133.49	62.26	158.90	14.02
Investments in subsidiary and associated companies-net	26.18	1.23	69.53	3.57	69.53	3.82	-	-
Property, plant and Equipment-net	485.68	22.85	318.87	16.38	345.22	18.96	(26.35)	(7.63)
Leasehold right on buildings-net	116.56	5.48	116.56	5.99	129.12	7.09	(12.56)	(9.73)
Guarantee for rental and deposit	69.32	3.26	69.32	3.56	63.68	3.50	5.64	8.86
Total Assets	2,125.39	100.00	1,946.13	100.00	1,820.43	100.00	125.70	6.90

Total Asset As of December 31, 2009 the company and its subsidiaries's had a total asset of THB 2,125.39 million. The Company's total asset of separate financial statements is worth THB 1,946.13 million increase of THB 125.70 million from the end of last year. Causes of changing of total assets:

- Cash and cash equivalent items as of December 31, 2009 for THB 506.61 million increased of THB 169.93 million from cash receive from goods sold in the branches at year end

- Short-term investment-net for THB 188.94 million increased THB 21.01 million due to increasing adjustment from last year of seven-month fixed account and the increasing of market price of securities available for sale.
- Trade accounts-net for THB 96.80 million, an increased 15.68 million due to receiving the revenue from some main consignment debtors of the wholesales and distribution business at year end.
- Loan due from associated company decreased 11 million as the return loan in Q1 of 2009 from Plearn Patt Company which can received loan with better condition from other sources.
- Inventories-net for THB 438.84 million decreased THB 59.78 million from selling the end of last year reserved stock of foreign books of Oxford University Press text at the end of last year which would have a great sales volume in the beginning of academic opening term including the more efficient inventory management.
- Damage compensation receivable increased THB 17.79 million from waiting payment for insurance fire damage claim of one.
- Property, plant and equipment-net for THB 318.87 million decreased THB 26.35 million, Most of them was the increased of Depreciation for year of 2009.
- Leasehold right on buildings-net for THB 116.56 million decreased THB 12.56 million, Most of them was the increased of Amortized for year of 2009.

Total liabilities As of December 31, 2009 the Company and its had a total liability of THB 1,381.58 million, The Company's total liabilities of separate financial statements is worth THB 1,264.97 million an increase of THB 92.43 million or 7.88%. Causes of changing of total liabilities:

- Account payable THB 1,031.36 million, was increased THB 58.22 million. Most of them was wholesales creditors of account payable of distributors.
- Other accounts THB 46.47 million, was increased THB 9.80 million. Most of them were Accrued Rents and Service.
- Accrued expenses THB 106.29 million, was increased THB 8.85 million. Most of them were Accrued Bonus.
- Accrued corporate income tax increased THB 9.50 million due to the tax benefits derived from sales of buildings at Din Daeng in 2008.

Shareholders' equity As of December 31, 2009 amount THB 743.81 million, The Company's shareholders' equity of separate financial statements is worth THB 681.16 million an increase of THB 33.27 million represent 5.14% due to:

- Net profit from operation result year of 2009 amount 214.36 million.

- Retained earnings decreased due to the dividend payment as THB 191.11 million.
- Unrealized loss on securities available for sale decreased THB 11.02 million due to the increasing market price of available for sales securities last year.

5.2 Cash flow

Table 5 : Cash flow for 2009 over the same period last year

(Unit : Million Baht)

Description	Jan. – Dec.			Change	
	Consolidated	Separate		Separate	
	financial	financial	financial	financial	financial
	statements	statements	statements	statements	statements
	2009	2009	2008	Amount	(%)
Cash flow received (used) from operation activities	434.10	419.42	334.97	84.45	25.21
Cash flow received (used) from investing activities	(32.80)	(56.26)	(113.66)	57.40	50.50
Cash flow received (used) from financing activities	(193.17)	(193.23)	(183.41)	(9.82)	(5.35)
Cash flow increase (decrease)	208.13	169.93	37.90	132.03	348.36

Cash Flow Received from Operation Activities for 2009 was THB 434.10 millions, The Company's Operation Activities of separate financial statements is worth THB 419.42 million as listed below:

- Profit from operation accordance with Cash Flow Statement increased in the amount of THB 416.86 millions:
 - The Net profit before corporate income tax for 2009 in the amount of THB 290.15 millions.
 - Revenues and expenses in non-monetary form or not dealing with main operation in the amount of THB 126.71 millions (Depreciation and Leasehold written-off in the amount of THB 108.13 millions, Expense from lost goods as THB 21.11 millions and Expense from donated goods as THB 19.90 millions).
- Cash flow increased from trade accounts payable THB 65.31 million.
- Cash flow decreased from Trade accounts receivable THB 16.25 million from the increasing debt recorded from clearing goods from some main consignment debtors in Q4 of 2009.
- Cash flow decreased from tax payment THB 66.29 million.

Cash Flow Used from Investment Activities for 2009 in the amount of THB (32.80) millions
The Company's Investment Activities of separate financial statements is worth THB (56.26) million
as listed below:

- Cash flow decreased from Purchase of assets as THB 69.39 millions due to investment for new branches expansion.
- Cash flow increased from cash received from associated companies (Plearn Patt Co.,Ltd.) as THB 11.00 million.
- Cash flow decreased from seven-month fixed account as THB 10.00 millions.
- Cash flow increased from cash dividends received from investment as THB 10.14 million.

Cash Flow Used from Financial Activities in 2009 was THB (193.14) million The Company's
Financial Activities of separate financial statements is worth THB (193.23) million due to Dividend
 payment.

5.3 Financial Ratios

Table 6: Financial ratios calculated according to the Office of the Securities and Exchange Commission's formulae. (From the separate financial statements)

LIQUIDITY RATIOS		2009	2008
Current Ratio	Time	1.03	0.97
Quick Ratio	Time	0.63	0.50
Cash Flow Ratio	Time	0.35	0.30
Accounts Receivable Turnover	Time	8.28	8.24
Average Debt Collection Period	Day	43	44
Inventory Turnover	Time	6.03	5.86
Average Selling Period	Day	60	61
Debtor Turnover	Time	3.13	3.31
Debt Payment Period	Day	115	109
Cash Cycle	Day	(12)	(4)

PROFITABILITY RATIOS		2009	2008
Gross Profit Margin	%	31.71	30.66
Operating Profit	%	6.32	5.85
Other Profit	%	1.10	1.23
Cash to Earnings Ratio	%	144.47	130.94
Net Profit Margin	%	4.61	4.47
Rate of Return to Equity	%	32.26	30.41
EFFICIENCY RATIOS		2009	2008
Return on Asset	%	15.42	14.42
Return on Fixed Assets	%	70.89	67.30
Asset Turnover	Time	0.62	2.50
FINANCIAL POLICY RATIO		2009	2008
Debt to Equity Ratio	Time	1.86	1.81
Interest Capability Ratio	Time	3,023.42	2,295.08
Debt Service Coverage Ratio	Time	1.60	0.97
Dividend Payout Ratio**	%	99.73	96.74

* Financial ratios analysis calculated from data of separated financial statements to reflected the company actual operation.

** Dividend payment rate for 2009 has been approved from the board of Directors and waiting for approval from shareholders in the annual general meeting on April 29, 2010 and calculate from the amount of common shares counted on December 2, 2009.

Signature.....

(Mr. Viboolsak Udomvanich)

Deputy Managing Director and Company Secretary

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