



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

Management Discussion and Analysis

As of March 31, 2010

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Management Discussion and Analysis: SE-ED

1. OVERVIEW

Although the overall world economy and Thai economy was improved to better trend in Q1 of 2010 but Thai economy still had the continuous politics problem especially in Q1 of 2010 which the more spreading of protest and more violent has effected to the consumer confidence as well as creating tense atmosphere and consumer anxiousness from the situation occurred lead to reduce the consumption, otherwise the company also effected from the more competition in retail business.

The main operation for Q1 of 2010 were as follow:

- **Total revenue for the first quarter as of March 31, 2010 is:**
 - Total revenue of Consolidated financial statements: the company and its subsidiaries revenues for the first quarter as of March 31, 2010 was THB 1,195.55 million which THB 1,178.69 million was from sales revenue and education fee with service charge.
 - Total revenue of separate financial statements: The company's total revenue of the first quarter as of March 31, 2010 is worth THB 1,169.06 million or increased from the same period of the previous year by 7.41%. The sales revenue is accounted for THB 1,152.51 million from the total revenue or increased by 7.15%.

- **The Company's net profit of the first quarter as of March 31, 2010 is:**
 - The net profit of consolidated financial statements: The Company's and its subsidiaries net profit of first quarter as of March 31, 2010 of parent company were worth THB 47.13 million.
 - The net profit of separate financial statements: The Company's net profit of first quarter as of March 31, 2010 of separate financial statements is worth THB 46.25 million, which decreased from the same period of the previous year by 11.48%.

- **The company opened branches of SE-ED Book Center** during for the first quarter as of March 31, 2010 the Company opened 4 new branches of SE-ED Book Center, which results in, as of March 31, 2010, the total number of 328 operating branches and 33 operating petty sales units.

To approve the interim dividend payment for operating performance of quarter 1/2010 from January 1, 2010 to March 31, 2010. As the company has been continual profitability and high liquidity, the board of directors has agreed to pay dividend at THB 0.10 per share, to the amount of 323,921,130 shares from net profit portion from the financial statement which the separate financial statement calculated by which is not exempt from corporate income tax. The names of shareholders listed for the right to receive the dividend is scheduled to be announced on May 31, 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 June 1, 2010. The payment of dividend will be made on June 11, 2010.

2. BUSINESS SUMMARY

Book Store Business

The company has still expanded bookstore branches continuously to provide more convenient way for Thais to access books and to support for future growth, so the company has still been able to keep the record of being the bookstores chain with highest revenue of the country. In the first quarter, 4 branches were opened in Sukanan Park Saraburi, The Stock Exchange of Thailand, HomePro Nakhon Pathom and Carrefour Hataras Total bookstores branches now becomes 352 branches with 328 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., Hello Wan Fah Sai Co., Ltd., Aksornsart Publication Co., Ltd., Rak-look Group Co.,Ltd., MIS Softtech Co.,Ltd., Success Media Co., Ltd., Post Publishing Public Company Limited, Technology Promotion Association (Thai-Japan) and Oxford University Press (English Language Teaching Division) for which the company has been exclusive distributor in Thailand since 2007 until now, etc. The books from various publishers are supplied to the branches of SE-ED Book Center and Book Variety, other bookshops in distributing network and educational institutions. Moreover, the company has still develops distribution system to maximize efficiency which supports 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

Operating performance for Q1 of 2010 over the same period last year (from the separate financial statement)

Table 1: Operating performance for Q1 of 2010 over the same period last year.

(Unit: Million Baht)

	Q1		Change		
	Consolidated financial statements	Separate financial statements		Separate financial statements	
		2010	2010	2009	Change
Revenues from sales	1,152.60	1,152.51	1,075.61	76.90	7.15
Income from educational fee and services	26.08	-	-	-	-
Cost of sales	801.73	801.70	731.53	70.17	9.59
Cost of services	17.87	-	-	-	-
Total cost of sales and services	819.60	801.70	731.53	70.17	9.59
Gross profit	359.08	350.81	344.08	6.73	1.96
Other income	11.70	11.39	9.43	1.96	20.78
Interest and dividend income	5.16	5.16	3.39	1.77	52.21
Selling expenses	203.07	203.07	186.02	17.05	9.17
Administrative expenses	104.79	99.81	92.28	7.53	8.16
Managements' and directors' remunerations	9.20	8.43	7.96	0.47	5.90
Gross Margin (%)	30.46	30.44	31.99	(1.55)	(4.85)
EBITDA	89.16	82.70	98.15	(15.45)	(15.74)
Profit from operation accordance with Cash Flow Statement	82.22	75.75	100.76	(25.01)	(24.82)
NET PROFIT	47.13	46.25	52.25	(6.00)	(11.48)
EPS (Baht)	0.15	0.14	0.16	(0.02)	(12.50)

The Company and its subsidiaries's total revenue for the first quarter as of March 31, 2010 is worth THB 1,195.55 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 1,169.06 million or increased from the same period of the previous year by 7.41%. In this amount, the sales revenue is accounted for THB 1,152.51 million from the total revenue or increased by 7.15%.

The company sales increased from the increasing sales of SE-ED book center and its chain stores network at 7.37% due to the growth same store sales at 3% from the large amount increasing sales of Non Book goods, newspaper, magazines, SE-ED books and other books consigned from the same period of last year

Moreover, the revenue from the book distribution business, and the wholesales of books to other bookstores and education institutes increased up to 9% 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 net profit of consolidated financial statements: The Company's and its subsidiaries net profit of first quarter as of March 31, 2010 of parent company is worth THB 47.13 million which THB 46.25 million was the company net profit that was 11.48% decreased from the same period last year due to mainly from the following causes:

- The sales and administrative expenses increased from the same period of last year by THB 25.05 million or 8.75%, which is higher than the sales growth rate. This is the result from the following: The rental fee, service expenses, and employees' salaries increased because of the new branches, and the higher transportation fee due to the increased petroleum price caused to the slightly increasing of sales and administrative expense from last year.

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 2: The dividend payment of 2010, 2009 and 2008 as follow :

Year 2010 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	2/2010	12/05/2010	11/06/2010	0.10	32.39
	Total			0.10	32.39
Year 2009 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	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

5. FINANCIAL POSITION

5.1 Asset Component

Table 3 : Asset Component

(Unit: Million Baht)

Description	Consolidated financial statements		Separate financial statements				Separate financial statements	
	March 31, 2010		March 31, 2010		March 31, 2009		Change	
	Amount	% to Total Assets	Amount	% to Total Assets	Amount	% to Total Assets	Amount	(%)
Cash and cash equivalent items	588.84	27.46	558.33	28.33	506.61	26.03	51.72	10.21
Short-term investment-net	201.18	9.38	201.18	10.21	188.95	9.71	12.23	6.47
Trade accounts receivable-net	99.96	4.66	98.76	5.01	96.80	4.97	1.96	2.02
Inventories-net	428.35	19.98	425.84	21.61	438.84	22.55	(13.00)	(2.96)
Damage compensation receivable	-	-	-	-	17.79	0.91	(17.79)	(100.00)
Total Current Assets	1,363.71	63.60	1,324.86	67.23	1,292.40	66.41	32.46	2.51
Investments in subsidiary and associated companies-net	26.18	1.22	69.53	3.53	69.53	3.57	0.00	0.00
Property, plant and Equipment-net	483.65	22.56	314.03	15.94	318.87	16.38	(4.84)	(1.52)
Leasehold right on buildings-net	113.46	5.29	113.46	5.76	116.56	5.99	(3.10)	(2.66)
Guarantee for rental and deposit	70.61	3.29	70.61	3.58	69.32	3.56	1.29	1.86
Total Assets	2,144.20	100.00	1,970.65	100.00	1,946.13	100.00	24.52	1.26

Financial analyses

Total Asset As of March 31, 2010 the company and its subsidiaries's had a total asset of THB 2,144.20 million. The Company's total asset of separate financial statements is worth THB 1,970.65 million increase of THB 24.52 million from the end of last year. Causes of changing of total assets:

- Cash and cash equivalent items as of March 31, 2010 for THB 558.33 million increased of THB 51.72 million which most of them was money receiving from bookstore branches sales.
- Short-term investment-net for THB 201.18 million increased THB 12.23 million due to the increasing investment in government bond
- Trade accounts-net, an increased THB 1.96 million mainly from wholesales debtors.
- Inventories-net for THB 425.84 million decreased THB 13.00 million mainly was buying magazines into stock to sell at year end 2009 which could be sold in great amount in this quarter along with reduction of foreign books from goods return
- Damage compensation receivable decreased THB 17.79 million from receive for insurance fire damage claim of one.
- Property, plant and equipment-net for THB 314.03 million decreased THB 4.84 million, Most of them was the increased of Depreciation.
- Leasehold right on buildings-net for THB 113.46 decreased THB 3.10 million from the amortized leasehold.
- Guarantee for rental and deposit for THB 70.61 million increased THB 1.29 million, Most of them was the increased of Guarantee for rental-service and Guarantee for electricity of new open branch.

Total liabilities As of March 31, 2010 the Company and its had a total liability of THB 1,350.67 million, The Company's total liabilities of separate financial statements is worth THB 1,241.58 million an decrease of THB 23.39 million or 1.85%. Causes of changing of total liabilities:

- Account payable THB 1,047.84 million, was increased THB 16.49 million. Most of them was wholesales creditors of SE-ED Book Center.
- Accrued expenses THB 83.13 million, was decreased THB 23.16 million mainly cause from accrued expense for bonus which would be paid in March.
- Accrued corporate income tax THB 40.43 million, was increased THB 8.84 million due to the increasing Q1 of year 2010 profit which lead to the increasing of Accrued corporate income tax.

- Other accounts payable THB 24.93 million, was decreased THB 21.54 million. Most of them was the decreased of accrued cheque payment for rental and service of SE-ED book center.

Shareholders' equity As of March 31, 2010 the Company and its had a total shareholders' equity of THB 793.53 million, The Company's shareholders' equity of separate financial statements is worth THB 729.07 million an increase of THB 47.91 million represent 7.03% due to:

- Net profit of shareholders' equity of parent company from operation result Q1 of 2010 amount THB 47.13 million.
- Unrealized loss-securities available for sale decreased THB 1.90 million due to the increasing market price of One Fas Prosperity Fund (ONE-FAS).

5.2 Cash flow

Table 4: Cash flow for Q1 of 2010 over the same period last year

(Unit: Million Baht)

	Q1		Change		
	Consolidate	Separate	Separate		
	financial	financial statements	financial statements		
	2010	2010	2009	Change	(%)
Cash flow received (used) from operation activities	74.12	75.54	70.65	4.89	6.92
Cash flow received (used) from investing activities	(28.89)	(22.56)	(5.59)	(16.97)	(303.58)
Cash flow received (used) from financing activities	(1.20)	(1.26)	(2.12)	0.86	40.57
Cash flow increase (decrease)	44.03	51.72	62.94	(11.22)	(17.83)

Cash Flow Received from Operation Activities for Q1 of 2010 was THB 74.12 millions, The Company's Operation Activities of separate financial statements is worth THB 75.54 million as listed below:

- Cash flow from operation increased in the amount of THB 75.75 million:
 - The Net profit before corporate income tax Q1 of 2010 in the amount of THB 55.97 million.
 - Non-monitory expenses in the amount of THB 19.78 million (Depreciation and Leasehold written-off in the amount of THB 25.99 million, Expense from allowance for lost, dilapidated and slow-moving goods as THB (7.64) million, and Expense from donated goods as THB 6.32 million.)

- Cash flow increased from inventories decreased amount THB 14.31 million as the increasing sales.
- Cash flow increased from damage compensation receivable THB 17.79 million from receives for insurance fire damage claim in Q1 of 2010.
- Cash flow increased amount THB 16.49 million from payable and note payable. Most of them was wholesales creditors of SE-ED Book Center.
- Cash flow decreased from accrued expenses THB 23.16 million mainly cause from accrued expense for bonus of 2009 which would be paid in March.
- Cash flow decreased from other accounts payable decreased THB 21.54 million due to the clearing cheques of creditors in Q1 of 2010 which received in the end of Q4 of 2009.

Cash Flow Used from Investment Activities for Q1 of 2010 in the amount of THB (28.89) million The Company's Investment Activities of separate financial statements is worth THB (22.56) million as listed below:

- Cash flow decreased from purchase of assets as THB 16.13 million due to investment for new branches expansion.
- Cash flow decreased from Purchase of temporary investments as THB 10.34 million.

Cash Flow Used from Financial Activities for Q1 of 2010 was THB (1.20) million The Company's Financial Activities of separate financial statements is worth THB (1.26) million for payment to the creditor for asset.

5.3 Financial Ratios

Table 5: Financial ratios calculated according to the Office of the Securities and Exchange Commission's formulae

		Consolidated financial statements	Separate financial statements	
			1Q'10	1Q'09
LIQUIDITY RATIOS				
Current Ratio	Time	1.07	1.07	1.02
Quick Ratio	Time	0.70	0.70	0.57
PROFITABILITY RATIOS				
Gross Profit Margin	%	30.46	30.44	31.99
Net Profit Margin	%	3.94	3.96	4.80
Return on Equity*	%	28.43	29.15	27.47
Return on Asset*	%	14.17	14.38	13.67
FINANCIAL POLICY RATIO				
Total Debt to Equity Ratio	Time	1.70	1.70	1.66
Interest Coverage Ratio	Time	77.57	1,292.92	645.25

* Calculated from net profit adjusted to full year.

Signature.....

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