



**บริษัท ซีเอดยูเคชั่น จำกัด (มหาชน)**  
**SE-EDUCATION PUBLIC COMPANY LIMITED**

## **Management Discussion and Analysis**

*As of December 31, 2011*

---

*Published Date : February 24, 2012*

---

## CONTENTS

<b>1. OVERVIEW</b>	<b>1</b>
<b>2. BUSINESS SUMMARY</b>	<b>3</b>
Book Store Business	3
Distribution Business	3
Publishing Business	3
<b>3. OPERATING RESULTS</b>	<b>4</b>
<b>4. DIVIDEND PAYMENT POLICY</b>	<b>9</b>
<b>5. FINANCIAL POSITION</b>	<b>10</b>
<b>5.1 Asset Component</b>	<b>10</b>
<b>5.2 Liabilities and shareholders' equity Component</b>	<b>11</b>
Total Asset	12
Total liabilities	13
Shareholders' equity	13
<b>5.3 Cash flow</b>	<b>14</b>
Cash flow from operation activities	14
Cash flow from investment activities	15
Cash flow from financing activities	15
<b>5.4 Financial Ratios</b>	<b>16</b>

---

## Management Discussion and Analysis: SE-ED

### 1. OVERVIEW

In 2011, the Company has continuously expanded its bookstore branches in order to courage the growth of books business and support the other services in the future. The Company opened 50 new branches of SE-ED Book Center. As of December 31, 2011, there were 397 active branches and 30 points of sale in total. They would enable opportunities to increase sales in 2012.

In 2011, there was the severe flood disaster in many areas of the country such as in the northern part, the central part, and outer areas of Bangkok, which seriously affected 26 branches of SE-ED Book Center. There were 12 branches out of service and suffering from products and properties loss. Moreover, there was a problem in delivery routes of the Company. Thus, the same store sales of the year 2011 were only increased 3.44%. Nevertheless, the same store sales growth for the first nine months of 2011 was increased 4.8% at a satisfied level, comparing with the same period last year.

Regarding to the severe flood disaster and the effects of tax rate changing from 25% to 30%, the overview profits of 2011 had slightly dropped, compared with the profits of 2010.

In 2011, the Company has bought a 48,000 square meters estate on Bangna-Trad Road, km. 21, preparing for a new distribution center and supporting the growth of the Company in the future. The Company has also prepared to extend its role into solving Thai educational problems in an elementary level. The achievements would start to emerge in 2012.

According to the mentioned business profits, the Company's board approved and agreed to propose paying dividend payments of 2011 in ordinary shares and cash at the forthcoming Annual General Meeting (AGM). Dividend payments ordinary shares in the ratio of ten (10) current shares per one (1) dividend share, not exceeding in total of 32,392,113 shares, or THB 32,392,113 or shall be converted to be THB 0.10 per share. In case that any shareholder hold the indivisible share remaining after such allocation, the dividend shall be paid by cash in the amount of THB 0.10 per share. This would lead to increase the Company's stock liquidity and retain the working capital for Company's operation in order to prepare for future investment and expansion and also to grant investment benefit to existing shareholders by providing the dividend shares instead of cash dividend.

Paid dividend by cash at the rate of THB 0.41112 per share, or not exceeding in total of THB 133.18 million. However, the Company already paid some interim dividend of the first three quarters at THB 0.30 per share. Thus, the additional dividend by cash of this period will be THB 0.11112 per share, or not exceeding THB 36.00 million.

The total of the stock dividend and the cash dividend payment in whole year shall be equivalent to the rate of THB 0.51112 per share which can be calculated as in the total amount of no more than THB 165.57 million. All dividend shall be deducted for the withholding tax at the rate stipulated by law.

The names of shareholders listed for the right to receive the dividend are to be announced on May 8, 2012 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 9, 2012. The payment of dividend will be made on May 24, 2012.

Pleasantly, as the Company has always determined and placed the importance on the development of good corporate governance and running business along with transparency, social benefits and the environmental care, the Company has gained achievements and appraisals. Its achievements in 2011 can be itemized as following:

- Received SET Award of Honor as to Corporate Governance Report. This reward is for the registered company which is outstanding at conforming to the good corporate governance principle, according to the declared corporate information in the annual registration statement for three consecutive years. And SE-ED is the only one company in 10 companies in media and publishing, service industry group, to win the highest honor.
- Received Top Corporate Social Responsibility Awards 2011 (CSR awards). SE-ED was the only one company outside SET100 index.
- Received the “excellent” (5 stars) award for Corporate Governance Report of Thai Listed Companies 2011, 2010, 2009 and 2008, four consecutive years arranged by Thai Institute of Directors.
- Received the “top” Board of the Year for Distinctive Practices Award 2010 and 2011.

Moreover, in the Annual General Meeting (AGM) of the shareholders 2011, the Company was rated as “Excellent” for five consecutive years (2007-2011) and considered to be an example by the Securities and Exchange Commission in cooperates with the Listed Companies Association and the Thai Investors Association. The company was in the group that scored over 100 points and praised as a good example by SEC. The objective of this appraisal was to increase awareness of stockholders’ rights and good corporate governance principles.

---

## **2. BUSINESS SUMMARY**

### **Bookstore Business**

The company has still expanded its bookstore business by continuously opening new SBC branches to provide more convenient access to books for Thai people and to support for the business's future growth. As a result, the Company remains the bookstore with the highest sales revenue in the country. During Q4/2011 the Company opened 14 new branches located in Lotus Namphong Khonkaen, Central Plaza Phisanuloke, Lotus Bangphra Chonburi, Lotus Praekasa Samutprakan, Central Plaza Rama IX, Big C Chantaburi, SE-ED Outlet Amarin Plaza, etc. This led to the total of 423 branches, including 397 active branches, 6 franchises and 30 points of sale. Several existing branches were also renovated and modernized to boost the sales and profits.

### **Distribution Business**

The company has put more emphasis in the role of the biggest book distributor in the country by representing both Thai and foreign publishers such as Nation International Edutainment Public Company Limited, MIS Publishing Co.,Ltd., Ms. Eumporn Wongwiang, Nation Egmont Edutainment Co.,Ltd., Petchprakai Co.,Ltd., Education Mind Line Multimedia Co.,Ltd., Provision Co.,Ltd., Post Publishing Public Company Limited, Thammasat University press, Workpoint Publishing Co., Ltd. and Oxford University Press (English Language Teaching Division) for which the company has been the exclusive distributor in Thailand since 2007. The books from various publishers are supplied to the SE-ED Book Center and Book Variety branches, other bookshops in the Company's distributing network and educational institutions. Moreover, the company is developing its distribution system to be more efficient in order to support the future growth of this business.

### **Publishing Business**

The Company always plans its book publications to meet the market demand and focuses mainly on steady-selling materials with sufficient market share without the concern in the number of titles published annually. The Company's publications are mostly reference books and books needed for the development of Thai people and the country. In the end of 2007 the Company started to publish English extensive reading materials that are fun and easy to read and designed to suit readers' different levels of English skills. The objective of this publication is to help English learners improve their English proficiency by reading. The Company has still continued its extensive reading publications. Up until now the Company has published more than 100 titles that offer varieties to readers from primary to university level to improve all listening, speaking, reading and writing skills.

Moreover, the Company sees the importance of developing and installing various types of communication tools to add more PR channels and distribute products to target groups more suitably, giving the Company more chances to be successful.

### 3. OPERATING RESULTS

#### 3.1 Operating performance for year 2011 over the same period last year

Table 1 : Operating performance for year 2011 over the same period last year.

(Unit : Million Baht)

	Year 2011			
	Consolidated financial statements			
	2011	2010	Change	(%)
<b>Revenues</b>				
Revenues from sales	5,370.06	4,999.89	370.17	7.40
Income from tuition fees	111.34	108.99	2.35	2.16
Interest and dividend income	23.95	20.79	3.16	15.20
Other income	54.41	39.36	15.05	38.24
<b>Total revenues</b>	<b>5,559.76</b>	<b>5,169.03</b>	<b>390.73</b>	<b>7.56</b>
<b>Expenses</b>				
Cost of sales	3,676.14	3,425.20	250.94	7.33
Cost of services	82.00	75.66	6.34	8.38
Selling expenses	924.72	831.98	92.74	11.15
Administrative expenses	558.89	508.20	50.69	9.97
<b>Total expenses</b>	<b>5,241.75</b>	<b>4,841.04</b>	<b>400.71</b>	<b>8.28</b>
<b>Gross profit</b>	<b>1,723.26</b>	<b>1,608.02</b>	<b>115.24</b>	<b>7.17</b>
<b>Gross Margin (%)</b>	<b>31.44</b>	<b>31.48</b>		<b>(0.04)</b>
EBITDA	443.61	450.57	(6.96)	(1.54)
Profit from operation accordance with Cash Flow Statement	484.53	475.09	9.44	1.99
<b>Equity holders of the Company</b>	<b>225.22</b>	<b>243.06</b>	<b>(17.84)</b>	<b>(7.34)</b>
<b>EPS (Baht)</b>	<b>0.70</b>	<b>0.75</b>	<b>(0.05)</b>	<b>(6.67)</b>

**The Company and its subsidiaries' total revenue for the year of 2011** according to the consolidated financial statements worth THB 5,559.76 million compare with the same period last year, grew up 7.56%. While the total revenue, according to the separate financial statements worth THB 5,441.25 million, or up 7.64% compare with the same period last year. In this amount as revenues from sales 5,363.88 million, or up 7.40%.

The growth was the result of an increase in same store sales by 3.4% from the same period last year due to the product mixed improvement in SE-ED Book Center combined with higher sales from new SBC branches, which opened 50 new branches in year of 2011, causing the continuous growth of 8.99% sales of SE-ED book center.

**Cost of sales and service** the consolidated financial statements of the year 2011 were worth THB 3,758.14 million or up to 7.35%. While the cost of goods sold, according to the separate financial statements, worth THB 3,674.69 million or up to 7.41%. The gross margin for the year of 2011 worth 31.49%, which was close to the same period last year. The main driver was the increasing sales rebate from suppliers. Nevertheless, the sales ratio of high-profit products had decreased from the same period last year because the wholesale of books that the Company published and the income from advertising segments in the Company magazines had decreased.

**The Selling and Administrative expense for the year of 2011** according to the consolidated financial statements worth THB 1,483.61 million, or up 10.70%. While the Selling and Administrative expense, according to the separate financial statements worth THB 1,455.85 million, or up 10.39%. The main drivers were:

- The personnel expenses in 2011 increased than normal due to the salary structure adjustment in several business units according to the increasing of lowest wage adjustment rate and the higher cost of living. Otherwise the company also recognizing expense for employees benefit in long term future according with Thai Accounting Standard adopted in 2011.
- The increasing expenses due to the growth of the new 50 bookstore branches are rental fees, service charges, logistic costs, and packaging costs.
- The Company had insured against the damages from products loss and the flood disaster and recorded the revenue from claiming in the financial statements of 2011. The damages cost BHT 19.95 million, according to the letter of initial damages in claiming at the beginning of 2012.

**The Company net profit before corporate income tax for the year of 2011** according to the separate financial statements worth THB 310.38 million, compared with the same period last year or -1.41%. The decreasing income was the result of the great flood disaster in the fourth quarter of 2011.

However, the calculated income tax had changed at a rate of 30% in 2011 instead of 25% of net income in 2010. The net profit of the year of 2011, according to the separate financial statements, worth THB 222.83 million, compared with the same period last year, decreased 5.97%.

The net profit belonging to shareholders' equity of the parent company, according to the consolidated financial statements, worth THB 225.22 million, compared with the same period last year, decreased 7.34%.



### 3.2 Operating performance for Q4 (3months) of 2011 over the same period last year

Table 2 : Operating performance for Q4 (3months) of 2011 over the same period last year

(Unit : Million Baht)

	<b>Q4 (3M)</b>			
	<b>Consolidated financial statements</b>			
	<b>2011</b>	<b>2010</b>	<b>Change</b>	<b>(%)</b>
<b>Revenues</b>				
Revenues from sales	1,295.04	1,285.43	9.61	0.75
Income from tuition fees	26.21	29.61	(3.40)	(11.48)
Interest and dividend income	6.58	8.18	(1.60)	(19.56)
Other income	27.50	13.29	14.21	106.92
<b>Total revenues</b>	<b>1,355.33</b>	<b>1,336.51</b>	<b>18.82</b>	<b>1.41</b>
<b>Expenses</b>				
Cost of sales	889.85	868.11	21.74	2.50
Cost of services	18.46	19.75	(1.29)	(6.53)
Selling expenses	229.58	211.18	18.40	8.71
Administrative expenses	156.18	136.10	20.08	14.75
<b>Total expenses</b>	<b>1,294.07</b>	<b>1,235.14</b>	<b>58.93</b>	<b>4.77</b>
<b>Gross profit</b>	<b>412.94</b>	<b>427.18</b>	<b>(14.24)</b>	<b>(3.33)</b>
<b>Gross Margin (%)</b>	<b>31.25</b>	<b>32.48</b>		<b>(1.23)</b>
EBITDA	351.62	360.68	(9.06)	(2.51)
Profit from operation accordance with				
Cash Flow Statement	113.17	141.30	(28.13)	(19.91)
<b>Equity holders of the Company</b>	<b>42.03</b>	<b>73.66</b>	<b>(31.63)</b>	<b>(42.95)</b>
<b>EPS (Baht)</b>	<b>0.13</b>	<b>0.23</b>	<b>(0.10)</b>	<b>(43.48)</b>

**The Company and its subsidiaries' total revenues for the four quarter of 2011** according to the consolidated financial statements worth THB 1,355.33 million compare with the same period last year, grew up 1.41%. While the total revenue, according to the separate financial statements worth THB 1,328.58 million, or up 1.84% compare with the same period last year. In this amount as revenues from sales 1,294.42 million, or up 0.82%. The sales growth went under the expectation, due to the great flood disaster in the fourth quarter of 2011. It also affected SE-ED Books Center's 26 branches out of service. Moreover, the wholesale customers which were other bookstores and educational institutes were suffered from the disaster as well.

**Cost of goods and service sold** according to the consolidated financial statements for the fourth quarter of 2011 worth THB 908.31 million, or up 2.30%. While the cost of goods sold, according to the separate financial statements worth THB 889.71 million, or up 2.61%. The gross margin for the fourth quarter of 2011 worth 31.27% or -1.19% decreased was result of the decreasing sales rebate, compared with the same period last year. And the sales ratio of high profit products decreased because the SE-ED's own books published had decreased.

**The Selling and Administrative expense for the fourth quarter of 2011** according to the consolidated financial statements worth THB 385.76 million, or up 11.08%. While the Selling and Administrative expense, according to the separate financial statements worth THB 378.70 million, or up 10.81% as stated in the report of operating performance for the year 2011.

**The net profit before corporate income tax for the four quarter of 2011** according to the separate financial statements worth THB 59.96 million, compare with the same period last year, decrease 40.29%. When calculated income tax in 30% which increase form 25% from the last year resulted the net profit according to the separate financial statements worth THB 42.16 million, compare with the same period last year, decrease 40.88%.

The net profit belonging to shareholders' equity of the parent company, according to the consolidated financial statements for the fourth quarter worth THB 42.03 million, compared with the same period last year, decrease 42.95%. The decreasing net profit was the result of the tax rate and the historic flood disaster in Thailand.

#### 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 statements. The payment will be made in the annual general meeting of the year immediately following the operating year.

Table 3 : The dividend payment of 2011, 2010 and 2009 as follow:

##### Year 2011 operating result

#### 1. Paid dividend by cash

	Resolutions of the Company's Board meeting	Meeting date	Dividends payment date	Dividends Per share (Baht)	Dividend Paid Totaling (Million Baht)
Quarter 1	2/2011	13/05/2011	10/06/2011	0.10	32.39
Quarter 2	3/2011	09/08/2011	08/09/2011	0.10	32.39
Quarter 3	4/2011	09/11/2011	08/12/2011	0.10	32.39
Quarter 4	1/2012	23/02/2012	24/05/2012	0.11112	35.99
<b>Total</b>				<b>0.41112</b>	<b>133.16</b>

#### 2. Paid dividend by ordinary shares

The Company's Board meeting 1/2012 approved and agreed to propose dividend payments in the forthcoming Annual General Meeting in order to approve paying dividend payments of 2011 **in ordinary shares**, not exceeding 32,392,113 shares in total or THB one (1) per share, and **at ratio of ten (10) current shares per one (1) dividend share** or can be calculated into THB 0.10 per share, to shareholders.

##### Year 2010 operating result (Paid dividend by cash)

	Resolutions of the Company's Board/ Shareholder meeting	Meeting date	Dividends payment date	Dividends Per share (Baht)	Dividend Paid Totaling (Million Baht)
Quarter 1	2/2010	12/05/2010	11/06/2010	0.10	32.39
Quarter 2	3/2010	09/08/2010	08/09/2010	0.10	32.39
Quarter 3	4/2010	10/11/2010	09/12/2010	0.10	32.39
Quarter 4	1/2011	28/04/2011	27/05/2011	0.43	139.29
<b>Total</b>				<b>0.73</b>	<b>236.46</b>

##### Year 2009 operating result (Paid dividend by cash)

	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	11/05/2009	09/06/2009	0.10	32.39
Quarter 2	4/2009	14/08/2009	11/09/2009	0.10	32.39
Quarter 3	6/2009	12/11/2009	11/12/2009	0.10	32.39
Quarter 4	1/2010	29/04/2010	27/05/2010	0.36	116.61
<b>Total</b>				<b>0.66</b>	<b>213.78</b>

## 5. FINANCIAL POSITION

### 5.1 Asset Component

Table 4 : Asset Component

(Unit : Million Baht)

Description	Consolidated financial statements					
	Year 2011		Year 2010		Change	
	Amount	% to Total Assets	Amount	% to Total Assets	Amount	(%)
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	570.31	23.19	720.05	32.08	(149.74)	(20.80)
Current investments	178.86	7.27	186.48	8.31	(7.62)	(4.09)
Trade and other receivables	132.41	5.38	118.51	5.28	13.90	11.73
Inventories	396.08	16.11	376.99	16.80	19.09	5.06
Other current assets	39.93	1.62	29.75	1.33	10.18	34.22
<b>Total current assets</b>	<b>1,317.59</b>	<b>53.58</b>	<b>1,431.78</b>	<b>63.80</b>	<b>(114.19)</b>	<b>(7.98)</b>
<b>Non-current assets</b>						
Restricted bank deposits and other investments	12.39	0.50	12.32	0.55	0.07	0.57
Investments in associate	27.05	1.10	27.04	1.20	0.01	0.04
Property, plant and equipment	844.50	34.34	497.20	22.15	347.30	69.85
Leasehold right on land	7.37	0.30	7.71	0.34	(0.34)	(4.41)
Leasehold right on buildings	110.30	4.49	123.39	5.50	(13.09)	(10.61)
Investment property	-	-	33.52	1.49	(33.52)	(100.00)
Intangible assets	5.34	0.22	6.76	0.30	(1.42)	(21.01)
Prepaid book copyright and translation fee	27.18	1.11	22.38	1.00	4.80	21.45
Rental guarantee and deposit	92.24	3.75	79.57	3.55	12.67	15.92
Other non-current assets	15.03	0.61	2.62	0.12	12.41	473.66
<b>Total non-current assets</b>	<b>1,141.40</b>	<b>46.42</b>	<b>812.51</b>	<b>36.20</b>	<b>328.89</b>	<b>40.48</b>
<b>Total assets</b>	<b>2,458.99</b>	<b>100.00</b>	<b>2,244.29</b>	<b>100.00</b>	<b>214.70</b>	<b>9.57</b>

## 5.2 Liabilities and shareholders' equity Component

Table 5 : *Liabilities and shareholders' equity Component*

(Unit : Million Baht)

Description	Consolidated financial statements					
	Year 2011		Year 2010		Change	
	% to		% to		Amount	(%)
	Amount	Total Assets	Amount	Total Assets		
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Trade and other payables	1,500.20	61.01	1,266.30	56.42	233.90	18.47
Current portion of long-term loans from related persons	-	-	1.40	0.06	(1.40)	(100.00)
Short-term loans from other person	3.40	0.14	1.00	0.04	2.40	240.00
Income received in advance recognisable within one year	28.95	1.18	32.94	1.47	(3.99)	(12.11)
Income tax payable	34.18	1.39	41.23	1.84	(7.05)	(17.10)
Current portion of provision for long-term employee benefits	6.12	0.25	-	-	6.12	100.00
Other current liabilities	37.96	1.54	39.24	1.75	(1.28)	(3.26)
<b>Total current liabilities</b>	<b>1,610.81</b>	<b>65.51</b>	<b>1,382.11</b>	<b>61.58</b>	<b>228.70</b>	<b>16.55</b>
<b>Non-current liabilities</b>						
Income received in advance	5.31	0.22	9.44	0.42	(4.13)	(43.75)
Long-term loans	64.60	2.63	58.00	2.58	6.60	11.38
Provision for long-term employee benefits	39.62	1.61	1.48	0.07	38.14	2,577.03
Other non-current liabilities	8.51	0.35	8.25	0.37	0.26	3.15
<b>Total non-current liabilities</b>	<b>118.04</b>	<b>4.80</b>	<b>77.17</b>	<b>3.44</b>	<b>40.87</b>	<b>52.96</b>
<b>Total liabilities</b>	<b>1,728.85</b>	<b>70.31</b>	<b>1,459.28</b>	<b>65.02</b>	<b>269.57</b>	<b>18.47</b>
<b>Shareholders' equity</b>						
Share capital						
Registered						
323,921,130 ordinary shares of Baht 1 each						
(2010: 328,345,090 ordinary shares of Baht 1 each)	<b>323.92</b>	<b>13.17</b>	<b>323.92</b>	<b>14.43</b>	-	-
Issued and paid-up						
323,921,130 ordinary shares of Baht 1 each						
	323.92	13.17	323.92	14.43	0.00	0.00
Share premium	149.42	6.08	149.42	6.66	0.00	0.00
Retained earnings						
Appropriated-statutory reserve						
	35.63	1.45	35.63	1.59	0.00	0.00
Unappropriated						
	143.79	5.85	198.97	8.87	(55.18)	(27.73)
Other components of shareholders' equity	15.47	0.63	17.45	0.78	(1.98)	(11.35)
Equity attributable to owners of the Company	668.23	27.17	725.39	32.32	(57.16)	(7.88)
Non-controlling interests of the subsidiaries	61.91	2.52	59.62	2.66	2.29	3.84
<b>Total shareholders' equity</b>	<b>730.14</b>	<b>29.69</b>	<b>785.01</b>	<b>34.98</b>	<b>(54.87)</b>	<b>(6.99)</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,458.99</b>	<b>100.00</b>	<b>2,244.29</b>	<b>100.00</b>	<b>214.70</b>	<b>9.57</b>

---

## **Financial analyses**

**Total Asset** As of December 31, 2011 the company and its subsidiaries had a total asset of THB 2,458.99 million increase of THB 214.70 million or 9.57% from the end of last year. Causes of changing of total assets:

- Cash and cash equivalent items as of December 31, 2011 for THB 570.31 million decreased of THB 149.74 million or -20.80% from buying land to build distribution center in future.
- Trade and other receivables net for THB 132.41 million which was increased by THB 13.90 million or 11.73%. Most of them were deferred receivables in claiming damages of flood insurance.
- Inventories-net for THB 396.08 million increased from last year by THB 19.09 million or 5.06% Most of them were the result of the increasing orders in SBC, distributed books, and paper materials.
- Other current assets net for THB 39.93 million Increasing THB 10.18 million or 34.22% Most of them were advanced expenses of the bookstore branches.
- Property, plant and equipment-net for THB 844.50 million increasing THB 347.30 million or 69.85% due to buying land at Bangna-Trad road km.21 to build distribution.
- Leasehold right on buildings net for THB 110.30 million decreasing of THB 13.09 million or -10.61% from a land leasehold amortization.
- Investment property decreased THB 33.52 million due to reclassifying unused land to the property, plant, and equipment-net group.
- Rental guarantee and deposit net for THB 92.24 million increased THB 12.67 million from the deposit rental payment for opening 50 new bookstore branches.
- Other non-current assets for THB 15.03 million increasing THB 12.41 million mainly from software maintenance fee and advanced rental payment of Tuk Com group (the portion which give benefit more than one year).

---

**Total liabilities** As of December 31, 2011 the Company and its subsidiaries had a total liability of THB 1,728.85 million increased of THB 269.57 million or 18.47%. Causes of changing of total liabilities:

- Trade and other payables THB 1,500.20 million, an increase by THB 233.90 million or 18.47%. Most of them were wholesales creditors of SE-ED Book Center. It was also the improvement of sales figures and the expansion of branches.
- Current portion of provision for long-term employee benefits THB 6.12 million according with Thai Accounting Standard adopted in 2011.
- Income tax payable was worth THB 34.18 million, a decrease of THB 7.05 million due to the decreasing net profit for Q4/2011.
- Long-term loans were worth THB 64.60 million, an increase 6.60 million, belonging to Plearn Patt Co., Ltd. for building an additional school building.
- Provision for long-term employee benefits THB 39.62 million, was increased THB 38.14 million according with Thai Accounting Standard adopted in 2011.

**Shareholders' equity** As of December 31, 2011 the Company and its subsidiaries had a total shareholders' equity of THB 730.14 million, which the shareholders' equity of parent company worth THB 668.23 million decreased of THB 57.16 million. Causes of changing of Shareholders' equity:

- Net profit of shareholders' equity of parent company from operation result of year 2011 amount THB 225.22 million.
- Unrealized loss-securities available for sale increased THB 7.63 million due to the changing market price.
- Retained earnings decreased due to the dividend payment as THB 236.46 million.
  - Operation result of Q4/2010 THB 0.43 per share as THB 139.29 million.
  - Operation result of Q1/2011 THB 0.10 per share as THB 32.39 million.
  - Operation result of Q2/2011 THB 0.10 per share as THB 32.39 million.
  - Operation result of Q3/2011 THB 0.10 per share as THB 32.39 million.
- Retained earnings decreased THB 37.28 million from recognizing expense for employees benefit in long term future according with Thai Accounting Standard adopted in 2011.
- There was the record of transfer capital decreased from the changing of share ratio in affiliated company to be Retained earnings in the amount of THB 6.64 million.

## 5.2 Cash flow

Table 5 : Cash flow for year 2011 over the same period last year

(Unit : Million Baht)

	<b>Consolidated financial statements</b>			
	<b>2011</b>	<b>2010</b>	<b>Change</b>	<b>(%)</b>
Cash flow received (used) from operation activities	480.26	494.90	(14.64)	(2.96)
Cash flow received (used) from investing activities	(401.06)	(104.40)	(296.66)	284.16
Cash flow received (used) from financing activities	(228.93)	(215.26)	(13.67)	6.35
<b>Cash flow increase (decrease)</b>	<b>(149.73)</b>	<b>175.24</b>	<b>(324.97)</b>	<b>(185.44)</b>

**Cash Flow Received from Operation Activities for year 2011 was THB 480.26 million as listed below:**

- Income from operation increased in the amount of THB 484.53 million:
  - The Net profit before corporate income tax year 2011 in the amount of THB 315.56 million.
  - Adjustments to reconcile profit before tax in the amount of THB 168.97 million (Depreciation and amortization as THB 107.82 million, Expense from donated goods as THB 20.36 million, Write-off goods and equipment damaged by flood incident as THB 19.95 million, , Amortized leasehold right on land and buildings as THB 13.43 million, Expense from lost goods as THB 12.50 million, Provision for long-term employee benefits as THB 7.10 million, Dividend income as THB (10.72) million, and Interest income as THB (13.23) million).
- Cash flow increased from trade accounts receivable decreased amount THB 5.70 million according to the decreasing income of wholesale in Q4/2011 Hence, the Company collects the debts from major debtors who were the suspended debtors from the end of 2010 in clearing of the consignment stock.
- Cash flow increased from inventories decreased amount 76.83 million, because most of them were the result of the increasing orders in SBC, distributed books, and paper materials.
- Cash flow decreased from increasing of claiming damages money which costs THB 19.81 million. Most of them were deferred receivables in claiming damages of flood insurance.
- Cash flow increased from decreasing rental guarantee, deposit amount THB 12.67 million, and opening 50 new bookstore branches.



- Cash flow decreased from other non-current assets increased amount THB 12.41 million, mainly from software maintenance fee and advanced rental payment of Tuk Com group (the portion which give benefit more than one year).
- Cash flow increased from trade accounts payable increased amount THB 201.26 million. Most of them were wholesales creditors of SE-ED Book Center.
- Cash flow increased from accrued expenses increased amount THB 19.76 million because most of them were setting suspended retirement mutual fund, anniversary bonuses, rental and service, and suspended delivery costs of bookstore branches.
- Cash flow increased from other payables increased amount THB 9.07 million. Most of them were the increasing numbers of the payables sending off the billing notes at the end of the year and increasing of prepaid checks.

**Cash Flow Used from Investment Activities for year 2011 was THB (401.06) million as listed below:**

- Cash flow decreased from purchase of assets as THB 427.80 million due to buying land to build distribution center in future and the purchase of decoration items, bookshelves and computer for new SBC branches and head office.
- Cash flow increased amount THB 13.23 million from dividends.
- Cash flow increased amount THB 12.72 million from dividend revenue.

**Cash Flow Used from Financial Activities for year 2011 was THB (228.93) million** due to dividend payment for Q4 of 2010 which would be paid in May, 2011 and interim dividend payment for operation result of Q1, Q2 and Q3 of 2011

### 5.3 Financial Ratios

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

<b>LIQUIDITY RATIOS</b>		<b>2011</b>	<b>2010</b>
Current Ratio	Time	0.82	1.04
Quick Ratio	Time	0.55	0.74
Cash Flow Ratio	Time	0.32	0.37
Accounts Receivable Turnover	Time	7.94	8.16
Average Debt Collection Period	Day	45	44
Inventory Turnover	Time	10.32	9.05
Average Selling Period	Day	35	40
Debtor Turnover	Time	2.98	3.14
Debt Payment Period	Day	121	115
Cash Cycle	Day	(41)	(31)
<b>PROFITABILITY RATIOS</b>			
Gross Profit Margin	%	31.44	31.48
Operating Profit	%	5.76	6.40
Other Profit	%	1.41	1.16
Cash to Earnings Ratio	%	150.07	199.21
Net Profit Margin	%	4.05	4.70
Rate of Return to Equity	%	32.32	34.36
<b>EFFICIENCY RATIOS</b>			
Return on Asset	%	13.61	15.14
Return on Fixed Assets	%	42.67	55.20
Asset Turnover	Time	2.36	2.37
<b>FINANCIAL POLICY RATIO</b>			
Debt to Equity Ratio	Time	2.37	1.86
Interest Capability Ratio	Time	128.49	136.22
Debt Service Coverage Ratio	Time	0.72	1.32
Dividend Payout Ratio**	%	59.13	97.28

*\*\* Dividend payment rate for 2011 has been approved from the board of Directors and waiting for approval from shareholders in the annual general meeting on April 26, 2012.*

Signature.....

(Mr. Viboolsak Udomvanich)

Deputy Managing Director and Company Secretary

INVESTOR RELATION

IR@SE-ED.COM

<http://www.se-ed.com/ir>

02-739-8000 # 8