



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

## **Management Discussion and Analysis**

*As of June 30, 2013*

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## Management Discussion and Analysis: SE-ED

### 1. Overview

In Q2/2013, three new branches of SE-ED Book Center were open, making a total of 440 branches and 19 points of sale in operation as of June 30, 2013. The country's retail industry remains stagnant due to the continuous decline in customers' purchasing power, which also leads to the drop in the Company's sales and net profit. The main contributing factors are as follows:

Firstly, the first car policy and the growing use of smart phones and tablets increase the monthly expenses of consumers, and consequently reduce the purchasing power for non-consumer products. Moreover, the increasing competition in department stores caused the decrease in the same-store sales of SE-ED Book Center in comparison to the previous year. In addition, the opening of new branches this year drops from the previous year by nine branches while three branches and three points of sales are closed because they failed to generate profits.

Secondly, the operation cost significantly increases from the previous year because of the effect from the nationwide minimum wage rise to 300 Baht effective on January 2013 as well as the adjustment of minimum salary for government officers to 15,000 Baht. As a result, the company's wage expense has increased as well as other operation cost, including rental fee, facilities, and common area service fee that has steadily risen under a fixed-rate condition.

The effect from the aforementioned factors leads to the decrease of the net profit for the shareholders according to the consolidated financial statement of the Q2/2013 by 52.31 million Baht from the previous year.

The Company's operation plan, especially the construction of the distribution center on Bang Na – Trad Road, k.m.21, needs a considerable large investment. Additionally, the retail industry is relatively unstable due to the economic situation. All factors considered the Company's Board of Directors reached an agreement to reserve cash for business operation, resulting in non-payment of Q2/ 2013 interim dividend to shareholders.

## **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 growth in the future. As a result, the Company remains the one of the top bookstores with the highest sales revenue in the country. During Q2/2013 the Company opened 3 new branches located in Central Plaza Ubonratchathani, Big C Lamlukka Patumthani, and Big C Ang Thong. This led to the total of 478 branches, including 440 active branches, 4 franchises and 19 points of sale. Several active 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 MIS Publishing Co.,Ltd., Nation International Edutainment Public Company Limited, Nation Egmont Edutainment Co.,Ltd., Petchprakai Co.,Ltd., Ms. Eumporn Wongwiang, Provision Co.,Ltd., Education Mind Line Multimedia Co.,Ltd., Post Publishing Public Company Limited, Thammasat University press, Bear 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 Q2 (3 months) of 2013 over the same period last year

Table 1 : Operating performance for Q2 (3 months) of 2013 over the same period last year.

(Unit : Million Baht)

Revenues	Q2 (3M)			
	Consolidated financial statements			
	2013	2012	Change	(%)
Revenues from sales	1,415.81	1,501.26	(85.45)	(5.69)
Income from tuition fees	37.99	37.72	0.27	0.72
Interest and dividend income	1.44	6.84	(5.40)	(78.95)
Other income	10.38	5.31	5.07	95.48
<b>Total revenues</b>	<b>1,465.62</b>	<b>1,551.13</b>	<b>(85.51)</b>	<b>(5.51)</b>
<b>Expenses</b>				
Cost of sales	957.60	1,012.06	(54.46)	(5.38)
Cost of services	24.44	23.58	0.86	3.65
Selling expenses	279.64	267.42	12.22	4.57
Administrative expenses	166.13	151.78	14.35	9.45
<b>Total expenses</b>	<b>1,427.81</b>	<b>1,454.84</b>	<b>(27.03)</b>	<b>(1.86)</b>
<b>Gross profit</b>	<b>471.76</b>	<b>503.34</b>	<b>(31.58)</b>	<b>(6.27)</b>
<b>Gross Margin (%)</b>	<b>32.45</b>	<b>32.71</b>		<b>(0.26)</b>
EBITDA	73.10	129.45	(56.35)	(43.53)
Profit from operation activities before				
Changes in operating assets and liabilities	91.59	135.03	(43.44)	(32.17)
<b>Net profit of shareholders' equity of</b>				
<b>parent company</b>	<b>23.18</b>	<b>75.49</b>	<b>(52.31)</b>	<b>(69.29)</b>
<b>EPS (Baht)</b>	<b>0.06</b>	<b>0.19</b>	<b>(0.13)</b>	<b>(68.42)</b>

**The Company and its subsidiaries' total revenue from the second quarter of 2013, ending June 30, 2013, according to the consolidated financial statement**, is worth THB 1,465.62 million, a decrease of 5.51% from the same period of the previous year. The total revenue from the separated financial statement is THB 1,428.38 million, a decrease of 5.63% from the same period of the previous year. From this amount, THB 1,415.60 is the sales revenue, which also decreases by 5.62%. The decline is largely attributed to the 13% decrease of the same store sales of SE-ED Book Center from the previous year and the increase of the operation cost of the distribution business by 8.76% from the previous year.

**Sales and service cost from the consolidated financial statement of the second quarter of 2013, ending June 30, 2013**, is worth THB 982.03 million, a decrease of 5.18%. The sales cost from the separated financial statement is worth THB 957.59 million, a decrease of THB 30.76 million or 5.29%, which is the result of the sales drop. Gross margin percentage in the second quarter of 2013 is accounted for 32.35%

**Selling and administrative expenses, according to the consolidated financial statement of the second quarter in 2013**, ending June 30, 2013, is amounted to THB 445.78 million or an increase of 6.34%. Sales and management cost from the separated financial statement is amounted to THB 438.72 million or an increase of 6.55%. The reasons of the increase are as follows:

- The wage expense in 2013 significantly increased because of the minimum wage increase to THB 300 per day and the minimum salary to THB 15,000 according to the government's adjustment for its officers with a bachelor degree.
- Expenses from the rent, facilities, and common area service under a fixed-rate increased by 16.98% from the previous year. The increase is the result of the higher rental fee for branches of which the rental contract has expired.

**The Company's net profit for shareholders, according to the consolidated statement for the second quarter of 2013**, totals THB 23.18 million, a 69.29% drop from the same period of the previous year. The drop is in accordance with the decrease in sales and the rise of operation cost and wage expense to the minimum of THB 300 per day. Moreover, during the first six months of 2012, there is still remnant effect of the great flood of 2011. Even though the government has adjusted the corporate tax from 23% to 20%, it cannot compensate for the rise in wage expense.

Due to the aforementioned factors, the net profit, from the separated financial statement, totals THB 20.36 million or a 72.04% drop from the previous year.

### 3.2 Operating performance for first six month as 2013 over the same period last year

Table 2 : Operating performance for first six month as 2013 over the same period last year.

(Unit : Million Baht)

<b>Q2 (6M)</b>				
<b>Consolidated financial statements</b>				
<b>Revenues</b>	<b>2013</b>	<b>2012</b>	<b>Change</b>	<b>(%)</b>
Revenues from sales	2,698.47	2,830.43	(131.96)	(4.66)
Income from tuition fees	65.73	63.68	2.05	3.22
Interest and dividend income	2.94	10.86	(7.92)	(72.93)
Other income	24.13	21.99	2.14	9.73
<b>Total revenues</b>	<b>2,791.27</b>	<b>2,926.96</b>	<b>(135.69)</b>	<b>(4.64)</b>
<b>Expenses</b>				
Cost of sales	1,815.70	1,926.13	(110.43)	(5.73)
Cost of services	49.09	45.74	3.35	7.32
Selling expenses	550.18	514.5	35.68	6.93
Administrative expenses	308.59	278.13	30.46	10.95
<b>Total expenses</b>	<b>2,723.56</b>	<b>2,764.50</b>	<b>(40.94)</b>	<b>(1.48)</b>
<b>Gross profit</b>	<b>899.41</b>	<b>922.24</b>	<b>(22.83)</b>	<b>(2.48)</b>
<b>Gross Margin (%)</b>	<b>32.54</b>	<b>31.87</b>		<b>0.67</b>
EBITDA	136.51	226.38	(89.87)	(39.70)
Profit from operation activities before				
Changes in operating assets and liabilities	169.84	237.92	(68.08)	(28.61)
<b>Net profit of shareholders' equity of</b>				
<b>parent company</b>	<b>53.05</b>	<b>127.26</b>	<b>(74.21)</b>	<b>(58.31)</b>
<b>EPS (Baht)</b>	<b>0.13</b>	<b>0.32</b>	<b>(0.19)</b>	<b>(59.38)</b>

**The Company and its subsidiaries' total revenue according to the consolidated financial statement of the second quarter of 2013, ending June 30, 2013**, totals THB 2,791.27 million, a 4.64% drop from the same period of the previous year. The total revenue from the separated financial statement totals THB 2,724.50 million, a 4.77% decrease from the previous year. From this sum, THB 2,698.05 million is the sales revenue which decreases by 4.57%.

The decrease is mainly the result of the drop in the same store sales of SE-ED Book Center by 11.78%. This is the effect from the continuous decrease in the customers' purchasing power and the stagnation of the country's overall retail business. However, the revenue from the distribution business grows by 6.98% from the previous year due to the significant increase in sales to educational institutions.

**Sales and service cost according to the consolidated financial statement of the second quarter of 2013, ending June 30, 2013**, totals THB 1,864.79 million or a 5.43 decrease. The sales cost from the separated financial statement totals THB 1,815.65 million, a decrease by 5.67%. Gross margin of the first six months of 2013 is accounted for 32.71% or a decrease by 0.79%.

**Selling and administrative expenses, according to the consolidated financial statement of the second quarter of 2013, ending June 30, 2013**, totals THB 858.77 million, or an increase of 8.34%. Sales and management cost, according to the separated financial statement, totals THB 844.71 million or an increase of 8.59%, which is the result of the factors as mentioned in the case of the first three months.

**The Company's net profit for shareholders, according to the consolidated financial statement of the second quarter of 2013** totals THB 53.05 million or a decrease of 58.31%, which is the result of the factors as mentioned in the case of the first three months.

The net profit according to the separated financial statement totals THB 51.92 million or a decrease from the same period of the previous year by 58.77%.



#### 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 based on the separate financial statements by proposing that the dividends be paid on an 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 resolution from the Board of Director meeting no.4/2013 on Wednesday, August 7, 2013 proclaims that the interim dividend payments of quarter 2/2013 for shareholders will be withheld because of the increase in capital requirements for the construction of distribution center on Bang Na - Trad Road, k.m.21 and the instability of retail business that is affected by the economic situation.

Table 3 : The dividend payment of 2013 and 2012 as follow:

Year 2013 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	3/2013	09/05/2556	-	-	-
Quarter 2	4/2013	07/08/2556	-	-	-

#### Year 2012 operating result

##### 1. 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	3/2012	10/05/2012	08/06/2012	0.10	35.63
Quarter 2	4/2012	07/08/2012	06/09/2012	0.10	35.63
Quarter 3	5/2012	07/11/2012	06/12/2012	0.10	35.63
Quarter 4	1/2013	20/02/2013	22/05/2013	0.11112	39.59
<b>Total</b>				<b>0.41112</b>	<b>146.48</b>

##### 2. Paid dividend by ordinary shares

The Annual General Meeting of the Company's shareholders in 2013 approve paying dividend payments of 2012 in **ordinary shares**, not exceeding 35,631,320 shares in total or THB one (1) per share, and **at ratio of ten (10) current shares per one (1) dividend share** in total of THB 35,631,320 or can be calculated into THB 0.10 per share, to shareholders.

## 5. FINANCIAL POSITION

### 5.1 Asset Component

Table 4 : Asset Component

(Unit : Million Baht)

Description	Consolidated financial statements					
	June 30, 2013		December 31, 2012		Change	
	% to		% to		Amount	(%)
	Amount	Total	Amount	Total		
	Assets		Assets			
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	284.38	10.88	346.95	13.20	(62.57)	(18.03)
Current investments	-	-	168.39	6.40	(168.39)	(100.00)
Trade accounts receivable	185.23	7.09	104.22	3.96	81.01	77.73
Inventories	334.64	12.80	401.34	15.27	(66.70)	(16.62)
Other current assets	57.59	2.20	66.72	2.54	(9.13)	(13.68)
<b>Total current assets</b>	<b>861.84</b>	<b>32.97</b>	<b>1,087.62</b>	<b>41.37</b>	<b>(225.78)</b>	<b>(20.76)</b>
<b>Non-current assets</b>						
Restricted bank deposits and other						
Investments	12.84	0.49	12.58	0.48	0.26	2.07
Investments in subsidiaries	26.51	1.01	26.79	1.02	(0.28)	(1.05)
Investments in associate	1,460.38	55.86	1,251.68	47.61	208.70	16.67
Property, plant and equipment	6.87	0.26	7.04	0.27	(0.17)	(2.41)
Leasehold right on land	93.17	3.56	98.84	3.76	(5.67)	(5.74)
Leasehold right on buildings	6.59	0.25	7.89	0.30	(1.30)	(16.48)
Intangible assets	23.34	0.89	22.51	0.86	0.83	3.69
Prepaid book copyright and translation fee	109.31	4.18	104.76	3.98	4.55	4.34
Rental guarantee and deposit	8.77	0.34	3.09	0.12	5.68	183.82
Other non-current assets	4.73	0.18	6.27	0.24	(1.54)	(24.56)
<b>Total non-current assets</b>	<b>1,752.51</b>	<b>67.03</b>	<b>1,541.45</b>	<b>58.63</b>	<b>211.06</b>	<b>13.69</b>
<b>Total assets</b>	<b>2,614.35</b>	<b>100.00</b>	<b>2,629.07</b>	<b>100.00</b>	<b>(14.72)</b>	<b>(0.56)</b>

Table 5 : Liabilities and shareholders' equity Component

(Unit : Million Baht)

Description	Consolidated financial statements					
	June 30, 2013		December 31, 2012		Change	
	Amount	% to Total	Amount	% to Total	Amount	(%)
	Assets		Assets			
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Trade and other payables	1,406.31	53.79	1,459.10	55.50	(52.79)	(3.62)
Current portion of long-term loans	48.40	1.85	-	-	48.40	100.00
Income received in advance recognizable within one year	34.06	1.30	33.80	1.29	0.26	0.77
Income tax payable	16.75	0.64	16.61	0.63	0.14	0.84
Current portion of provision for long-term employee benefits	-	-	8.77	0.33	(8.77)	(100.00)
Other current liabilities	54.09	2.07	46.91	1.78	7.18	15.31
<b>Total current liabilities</b>	<b>1,559.61</b>	<b>59.66</b>	<b>1,565.19</b>	<b>59.53</b>	<b>(5.58)</b>	<b>(0.36)</b>
<b>Non-current liabilities</b>						
Income received in advance	12.00	0.46	2.69	0.10	9.31	346.10
Long-term loans, net of current portion	34.51	1.32	74.71	2.84	(40.20)	(53.81)
Provision for long-term employee benefits, net of current portion	44.98	1.72	39.70	1.51	5.28	13.30
Other non-current liabilities	8.86	0.34	9.07	0.34	(0.21)	(2.32)
<b>Total non-current liabilities</b>	<b>100.35</b>	<b>3.84</b>	<b>126.17</b>	<b>4.80</b>	<b>(25.82)</b>	<b>(20.46)</b>
<b>Total liabilities</b>	<b>1,659.96</b>	<b>63.49</b>	<b>1,691.36</b>	<b>64.33</b>	<b>(31.40)</b>	<b>(1.86)</b>
<b>Shareholders' equity</b>						
Share capital						
Registered						
391,944,529 ordinary shares of Baht 1 each (31December 2012:356,313,243 ordinary shares of Baht 1 each)						
	391.94	14.99	356.31	13.55	35.64	10.00
Issued and paid-up						
391,944,418 ordinary shares of Baht 1 each (31December 2012:356,313,243 ordinary shares of Baht 1 each)						
	391.94	14.99	356.31	13.55	35.63	10.00
Share premium	149.42	5.72	149.42	5.68	-	-
Retained earnings						
Appropriated-statutory reserve						
	39.20	1.50	35.63	1.36	3.57	10.02
Unappropriated						
	180.29	6.90	205.71	7.82	(25.42)	(12.36)
Other components of shareholders' equity	130.60	5.00	129.32	4.92	1.28	0.99
<b>Equity attributable to owners of the Company</b>	<b>891.45</b>	<b>34.10</b>	<b>876.39</b>	<b>33.33</b>	<b>15.06</b>	<b>1.72</b>
Non-controlling interests of the subsidiaries	62.94	2.41	61.32	2.33	1.64	2.67
<b>Total shareholders' equity</b>	<b>954.39</b>	<b>36.51</b>	<b>937.71</b>	<b>35.67</b>	<b>16.70</b>	<b>1.78</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,614.35</b>	<b>100.00</b>	<b>2,629.07</b>	<b>100.00</b>	<b>(14.71)</b>	<b>(0.56)</b>

## **Financial analyses**

**Total Asset** As of June 30, 2013 the company and its subsidiaries had a total asset of THB 2,614.35 million, a decrease of THB 14.71 million or 0.56% from the end of last year. Causes of changing of total assets:

- Cash and cash equivalent items as of June 30, 2013 totals THB 284.38 million, a decrease of THB 62.57 million or 18.03% due to the construction payment of the distribution center (a new warehouse on Bang Na – Trad Road k.m.21).
- Current investment decreases by THB 168.39 million because of the sales of all current investment to pay for the construction of the new warehouse.
- Trade accounts receivable and receivable notes totals THB 185.23 million, an increase of THB 81.01 million or 77.73%. The increase is mostly due to the rise in trade accounts receivables from the wholesales to educational institutions and stores during the beginning of a new semester.
- Inventories-net totals THB 334.64 million, a decrease from last year by THB 66.70 million or 16.62%. This is because most of the imported books were discounted during the beginning of a new semester.
- Other current assets totals THB 57.59 million, a decrease by THB 9.13 million or 13.68%, due to the absence of rental fee of the Company's headquarter office and its warehouse which was paid in advance at the end of last year.
- Property, building and equipment totals THB 1,460.38 million, an increase by THB 208.70 million or 16.67%. This is due to the construction cost of the new warehouse which is 60% completed and the cost of decorative for outlets such as bookshelves, and computers for both outlets and headquarter.
- Leasehold right on land totals THB 93.17 million, a decrease by THB 5.67 million or 5.74% from a land leasehold amortization.
- Rental guarantee and deposit totals THB 109.31 million, an increase of THB 4.55 million or 4.34% from the opening of new branches.
- Deferred tax assets totals THB 8.77 million, an increase by THB 5.68 million or 183.82%. This is the result of the reserve of slow-moving products and long-term employee benefits. Such expense is considered tax expenses in the future.

**Total liabilities** As of June 30, 2013 the Company and its subsidiaries had a total liability of THB 1,659.96 million, a decrease of THB 31.40 million or 1.86%. Causes of changing of total liabilities are as follows:

- Trade and other payables total THB 1,406.31 million, a decrease by THB 52.79 million or 3.62%. This is because there were fewer SE-ED Book Center trade payables and the rise in product return because of the need to release products to prepare for the move to the new warehouse.
- Current liabilities total THB 54.09 million or an increase by THB 7.18 million or 15.31%. This is due to the deduction of guarantee payment for the construction of the new warehouse.

**Shareholders' equity** As of June 30, 2013 the Company and its subsidiaries had a total shareholders' equity of THB 891.45 million, of which the shareholders' equity of parent company is worth THB 954.39 million or an increase of THB 16.70 million. Causes of changing of Shareholders' equity are as follows:

- Net profit of shareholders' equity of parent company from the operation result of Q2 of 2013 amounts to THB 53.05 million.
- Retained earnings decreased due to the dividend payment totaling THB 75.22 million in Q4/2012, which is divided as follows:
  - Cash Dividend of Q4/2012 THB 0.11112 per share totaling THB 39.59 million.
  - Stock dividend of Q4/2012 THB 0.10 per share totaling THB 35.63 million.

## 5.2 Cash flow

Table 6 : Cash flow for first six month of 2013 over the same period last year

(Unit : Million Baht)

	<b>Consolidated financial statements</b>			
	<b>6M/2013</b>	<b>6M/2012</b>	<b>Change</b>	<b>(%)</b>
Cash flow received (used) from operation activities	57.95	199.70	(141.75)	(70.98)
Cash flow received (used) from investing activities	(89.22)	(108.76)	19.54	(17.97)
Cash flow received (used) from financing activities	(31.29)	(68.62)	37.33	(54.40)
<b>Cash flow increase (decrease)</b>	<b>(62.56)</b>	<b>22.32</b>	<b>(84.88)</b>	<b>(380.29)</b>

**Cash Flow from operation activities in the first six month of 2013 was worth THB 57.95 million as listed below:**

- Income from operation increased in the amount of THB 169.84 million:
  - The net profit before corporate income tax totals THB 66.62 million.
  - Adjustments to reconcile profit before tax in the amount of THB 103.22 million, including depreciation and amortization totaling THB 61.25 million, expense from lost, depreciated, and slow-moving goods totaling THB 18.91 million, expense from lost goods totaling THB 8.24 million, expenses from doubtful debts and returned goods totaling THB 7.56 million, expenses from donated goods and equipment totaling THB 6.66 million, amortized leasehold right on land and buildings totaling THB 5.83 million, interest income totaling THB 2.54 million, loss from stock destruction THB 4.00 million, and adjustment coupon account payables totaling THB 4.00 million.
- Cash decreases from the rise in trade account receivables and other receivables by THB 87.05 million due to the book sales to educational institutions and bookstores during the start of a new semester.
- Cash increases from the decrease in remaining inventory by THB 28.88 million. Mostly it is the result of the discount for imported books during the start of a new semester.
- Cash decreases from other current assets increase by THB 9.19 million, which is because of the advance payment for the construction of the new warehouse on k.m.21.
- Cash increases from the increase of trade account payables and other payables by THB 2.29 million because of the order of imported books from Oxford University Press.

- Cash decreases from the decrease of the accrued expenses by THB 57.04 million from the annual bonus payment and other employee benefits.
- Cash increases from deferred revenue increase by THB 9.56 million, which comes from the admission fee from new students.
- Cash decreases from the long-term benefit payment to employees by THB 4.06 million, who reach the ten-year anniversary for their work for the Company.
- Cash increases from other current liabilities increase by THB 11.18 million, which comes from the deduction of guarantee payment for the construction of the new warehouse.
- Cash decreases from income tax payment of THB 17.98 million according to the decrease in tax profit.

**Cash flow spent on investment activities in the first six months of 2013 totaling THB 89.22 million as listed below:**

- Cash decreases from the asset purchase totaling THB 267.92 million. The expense is mostly attributed to the construction of the new warehouse which is now 60% completed and the decorative expenses of outlets and headquarters such as new bookshelves or computers.
- Cash increases from the decrease in temporary investment by THB 174.04 million due to the cost of new warehouse construction.
- Cash increase comes from the increase of interest received by THB 2.48 million due to the investment in government bonds with time of maturity less than 3 months.

**Cash flow spent on revenue generating activities in the first six months of 2013 totaling THB 31.29 million** is mostly the Q4/2012 dividend payment paid in May 2013, which comes from the operation of Q4/2012 in the amount of THB 0.11112 per share, totaling THB 39.59 million.

### 5.3 Financial Ratios

Table 7 : *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>6M/2013</b>	<b>6M/2012</b>
Current Ratio	Time	0.55	0.82
Quick Ratio	Time	0.30	0.57
<b>PROFITABILITY RATIOS</b>			
Gross Profit Margin	%	32.54	31.87
Net Profit Margin	%	1.90	4.30
Rate of Return to Equity	%	16.14	33.18
Return on Asset	%	6.41	12.27
<b>FINANCIAL POLICY RATIO</b>			
Debt to Equity Ratio	Time	1.74	2.23
Interest Capability Ratio	Time	25.90	102.57

Signature.....

(Mr. Viboolsak Udomvanich)

Deputy Managing Director and Company Secretary

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