



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

Management Discussion and Analysis

As of December 31, 2013

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Management Discussion and Analysis: SE-ED

1. OVERVIEW

Overall in 2013 the Company was still affected by the economic and political instability as well as the declining purchasing power of customers. As a result, sales in every region continued to decrease. At the same time, the Company was affected by the increase in operational expenses because of the rise in minimum wage nationwide in 2012 and 2013 and the rise in logistic fee. On the contrary, the Company could not adjust the retail prices according to the increasing cost. Consequently, the Company's profitability continued to suffer.

In 2013, the Company opened 22 new branches of SE-ED Book Center while 16 branches and 12 points of sales that could not generate profit or reached the end of its rental agreement were shut down. As of December 31, 2013, there was a total of 444 active branches and 11 points of sale.

Moreover, five new branches of SE-ED Learning Center were launched, leading to the total of 14 branches, 3 of which are operated by the Company.

Overall in 2013 the Company's net profit before the contingent expenses for slow-moving stock amounted to THB 123.29 million, a decrease of THB 104.39 million or 45.85%. The Company's net profit according to the consolidated financial statement amounted to THB 72.29 million, a decrease of THB 136.80 million or 65.43%. The causes of profit decrease are as follows:

- Gross profit decreased by THB 68.52 million because the sales fell from the previous year by 5.91%.
- Contingent expenses for slow-moving stock of imported school books for more than 5 years increased by THB 32.41 million.
- Loss on foreign exchange increased by THB 5.12 million because of the fluctuation in the British Pound causing the Company to realize the loss on foreign exchange.
- Interest income and dividend dropped by THB 17.85 million because of the sold investments to invest in the construction of the new warehouse.
- Other incomes dropped by THB 17.50 million because in 2012 there was recognition of other revenues from the reversal allowance for impairment loss of unused property (Sai Watcharapon) in the amount of THB 16.01 million.

The Board of Directors considered and approved the dividend payment for the operating performance of the year 2013 at the rate of THB 0.18 per share, for the total amount of 391,944,418 shares from the separate financial statement. The names of shareholders listed for the right to receive the dividend are to be announced on May 6, 2014 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 7, 2014. The payment of dividend will be made on May 22, 2014.

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 2013 can be itemized as following:

- Received 'SET Award of Honor' of Corporate Governance Report (Award for Achievement) for the third time from the SET Awards 2013. The award was given to the company for receiving the Excellent Award in Corporate Governance Report for 5 consecutive years from SET Award organized the Stock Exchange of Thailand and Money & Banking Magazine
- Received the "excellent" (5 stars) award from Thai Institute of Directors (IOD) for Corporate Governance Report of Thai Listed Companies 2013. The Company received this award for 6 consecutive years (2008-2013).
- Evaluated in the "5 TIA" level with the perfect score of 100 for 5 consecutive years from Thai Investors Association for the quality evaluation of the Annual Shareholders Meetings from 2009-2013. SE-ED is 1 in 14 companies to receive the perfect score of 100 for 5 consecutive years. This honorary award is given to listed companies that realize the importance of shareholders meetings and the equal rights of every shareholder. SE-ED is the only company in the publishing business to receive this award.

2. BUSINESS SUMMARY

Bookstore Business

In Q4/2013 the Company opened 10 new branches located in Lotus Glang Rayong 2, Lotus Wiangsa Suratthani, Lotus Buayai Nakhonratchasima, HomePro Chaiyapoom, Central Festival Chiang Mai, Lotus Songkhla, Big C Trang, Lotus Onnut 80, Lotus Chalong Phuket, and Central Festival Hat Yai Songkhla. This led to the total of 491 branches of SBC that have been in operation so far, with 444 branches that are still active, 3 franchises and 11 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 on the distribution business 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 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 titles with a sufficient market size in the long term. In 2014, the Company will increase the number of titles published per year and will emphasize on language-learning titles such as English, Chinese, and Korean as well as long-lifespan titles including dictionaries, references and maps. The Company also publishes books needed for the development of Thai people and the country, especially books in health and wellbeing category, test preparations and career development books.

Since 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 300 titles for the extensive reading campaign with over 200 titles still available for all readers from primary to university level to improve their English language skills. Towards the end of 2013 the Company starts to publish children's titles to build their writing skill in English, Thai and Chinese so that their overall four skills in languages are constantly improved since primary age.

In 2014, the Company's publishing business will work more closely and intensively with the distribution department, retail and wholesale teams to improve and increase the income. One of the new initiatives is to adjust the proportion of books published by SE-ED in SE-ED Book Center and to make sure that those books are displayed more prominently. SE-ED Book Center started this pilot project in early February. 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 2013 over the same period last year.

Table 1 : Operating performance for year 2013 over the same period last year.

(Unit : Million Baht)

Revenues	Year 2013			
	Consolidated financial statements			
	2013	2012	Change	(%)
Revenues from sales	5,181.37	5,522.18	(340.81)	(6.17)
Income from tuition fees	127.04	119.71	7.33	6.12
Interest and dividend income	4.20	22.06	(17.86)	(80.96)
Other income	44.76	62.26	(17.50)	(28.11)
Total revenues	5,357.37	5,726.21	(368.84)	(6.44)
Expenses				
Cost of sales	3,479.40	3,750.89	(271.49)	(7.24)
Cost of services	101.05	94.52	6.53	6.91
Selling expenses	1,078.40	1,042.07	36.33	3.49
Administrative expenses	606.75	580.40	26.35	4.54
Total expenses	5,265.60	5,467.88	(202.28)	(3.70)
Gross profit	1,727.96	1,796.48	(68.52)	(3.81)
Gross Margin (%)	32.55	31.84		0.71
EBITDA				
Profit from operation accordance with Cash Flow Statement	227.79	389.31	(161.51)	(41.49)
Net profit of shareholders' equity of parent company	291.63	389.33	(97.70)	(25.09)
EPS (Baht)	0.18	0.53	(0.35)	(66.04)

The Company and its subsidiaries' total revenue according to the consolidated financial statement 2013 for the year ended December 31, 2013 amounted to THB 5,357.37 million, or a decrease of 6.44% from the previous year. The total revenue according to the separate financial statements amounts to THB 5,225.74 million or a decrease of 6.69% from the previous year. Within this amount THB 5,180.47 million, which in a decrease of 6.13%. The decrease is mainly due to the drop in the same store sales by 12.33%. The main causes of the decrease are the economic and political instability as well the drop of newspaper and magazine sales because of the increasing popularity of online materials.

The cost of sales and service according to the consolidated financial statement 2013 for the year ended December 31, 2013 amounted to THB 3,580.44 million, or a decrease of 6.89%. The cost of sales, according to the separate financial statements amounts THB 3,479.73 million or a decrease of 7.19%. The gross profit margin of the year 2013 accounts for 32.83% or an increase of 0.77%. The increase came from the sales of items with high gross profit such as foreign books and distributed books improved from the previous year.

The selling and administrative expense according to the consolidated financial statement 2013 for the year ended December 31, 2013 according to the consolidated financial statement amounts to THB 1,685.16 million, or an increase of 3.86%. The selling and administrative expense according to the separate financial statement amounts to THB 1,656.54 million, or an increase of 3.92%. Causes of the increase are as follows:

- The contingent expenses for slow-moving stock of more than 5 years.
- Employee wage has increased significantly since 2012 and 2013 because of the government's policy to raise the minimum wage to THB 300 per day.
- Increased operation expenses, including the rental fee, facilities fee, and maintenance service fee because of the raise in the rental fee of several branches of which the rental agreements have expired.
- Loss from the fluctuation of the British Pound causing the Company to realize loss from the exchange rate when paid to account payables and unrealized loss from the exchange rate for the remaining foreign account payables.

The Company's net profit belonging to shareholders' equity of the parent company according to the consolidated financial statement 2013 amounted to THB 72.29 million, or a decrease of 65.43% from the previous year. The decrease is due to the drop in gross profit by THB 68.52 million as a result of the decline in sales performance and the increase in sales and administrative cost. Moreover, interest income and dividend decreased because of the sold investment to invest in the construction in the new warehouse. In 2012 there was recognition of other revenues from reversal allowance for impairment loss of unused property (Soi Watcharapon)

The net profit according to the separate financial statement amounted to THB 73.39 million or a decrease of 65.31% from the previous year. However, the net profit before the contingent expenses for slow-moving stock amounted to THB 124.39 million or a decrease of THB 104.98 million or 45.77%

3.2 Operating performance for Q4 (3 months) of 2013 over the same period last year.

Table 2 : Operating performance for Q4 (3 months) of 2013 over the same period last year.

(Unit : Million Baht)

Revenues	Q4 (3M)			
	Consolidated financial statements			
	2013	2012	Change	(%)
Revenues from sales	1,219.48	1317.37	(97.89)	(7.43)
Income from tuition fees	30.80	27.91	2.89	10.35
Interest and dividend income	0.55	6.11	(5.56)	(91.00)
Other income	17.57	32.71	(15.14)	(46.29)
Total revenues	1,268.40	1,384.10	(115.70)	(8.36)
Expenses				
Cost of sales	820.76	883.73	(62.97)	(7.13)
Cost of services	25.08	24.27	0.81	3.34
Selling expenses	264.10	264.28	(0.18)	(0.07)
Administrative expenses	148.57	162.29	(13.72)	(8.45)
Total expenses	1,258.51	1,334.57	(76.06)	(5.70)
Gross profit	404.44	437.28	(32.84)	(7.51)
Gross Margin (%)	32.35	32.50		(0.16)
EBITDA				
Profit from operation accordance with Cash Flow Statement	43.46	84.22	(40.76)	(48.40)
Net profit of shareholders' equity of parent company	60.50	88.47	(27.97)	(31.62)
EPS (Baht)	0.01	0.11	(0.10)	(90.91)

The Company and its subsidiaries' total revenues for the fourth quarter of 2013 according to the consolidated financial statement amounts to THB 1,268.40 million or a decrease of 8.36% from the previous year. The total revenue according to the separate financial statement amounts to THB 1,235.63 million or a decrease of 8.70% from the previous year. Within this amount THB 1,219.05 million, which is a decrease of 7.44%.

The decrease is mostly due to drop in same store sales revenue by 12.90%. The main causes of the decrease are the economic and political instability as well the drop of newspaper and magazine sales because of the increasing popularity of online materials.

Cost of sales and service according to the consolidated financial statement of the fourth quarter of 2013 amounts to THB 845.84 million, or a decrease of 6.85%. The cost of sales according to the separate financial statement amounts to THB 820.42 million, or a decrease of 7.15%. The gross profit margin of the fourth quarter of 2013 accounts for 32.35%, which is a decrease from the previous year of 0.26%.

The Selling and Administrative expense for the fourth quarter of 2013, according to the consolidated financial statements worth THB 412.67 million, or a decrease 3.26%. While the Selling and Administrative expenses, according to the separate financial statements worth THB 405.20 million, or a decrease 3.32% as stated in the report of operating performance for the year of 2012.

The net profit belonging to shareholders' equity of the parent company for the fourth quarter of 2013 according to the consolidated financial statements amounted to THB 7.47 million or a decrease of 83.21% from the previous year. This is because the gross profit fell by THB 32.83 million from the decreased sales while the sales and administrative cost increased. At the same time, in Q4/2012 there was recognition of other revenues from reversal allowance for impairment loss of unused property (Soi Watcharapon) and the decrease in interest income and dividend from the sold investment to invest in the construction of the new warehouse.

The net profit according to the separate financial statement amounts to THB 8.34 million, or a decrease of 81.77% from the previous year.

4. DIVIDEND PAYMENT POLICY

The Company has a policy to pay dividends from no less than 50% of the net profit after the deduction of corporate income tax based on the separate financial statement 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 the legal right to approve the dividends payment and reports to the shareholders to acknowledge in the following Shareholders' meeting.

The Board of Directors considered and approved the dividend payment for the operating performance of the year 2013 at the rate of THB 0.18 per share, for the total amount of 391,944,418 shares from the separate financial statement. The names of shareholders listed for the right to receive the dividend are to be announced on May 6, 2014 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 7, 2014. The payment of dividend will be made on May 22, 2014.

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

Year 2013 Operating Result

1. Paid dividends by cash

	Resolutions of the Company's Board/ Shareholder meeting	Meeting date	Dividends payment date	Dividends Per share (Baht)	Dividend Paid Totaling (Million Baht)
Operating performance of the year 2013	1/2014	28/02/2014	22/05/2014	0.18	70.55
	Total			0.18	70.55

Year 2012 Operating Result

1. Paid dividends 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
	Total			0.41112	146.48

2. Paid dividends by ordinary shares

The Annual General Meeting of the Company's shareholders in 2013 approved the 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.

The Company registered with the Ministry of Commerce the decrease in its registered capital to Baht 356,313,209 and paid-up share capital at Baht 356,313,209 on 1 May 2013

5. FINANCIAL POSITION

5.1 Asset Component

Table 4 : Asset Component

(Unit : Million Baht)

Description	Consolidated financial statements					
	Year 2013		Year 2012		Change	
	Amount	% to Total Assets	Amount	% to Total Assets	Amount	(%)
Assets						
Current assets						
Cash and cash equivalents	160.20	6.16	346.95	13.20	(186.75)	(53.83)
Current investments	22.00	0.85	168.39	6.41	(146.39)	(86.94)
Trade and other receivables	102.15	3.93	104.22	3.97	(2.07)	(1.99)
Inventories	373.68	14.38	401.34	15.27	(27.66)	(6.89)
Other current assets	40.09	1.54	66.72	2.54	(26.63)	(39.91)
Total current assets	698.12	26.86	1,087.62	41.38	(389.50)	(35.81)
Non-current assets						
Restricted bank deposits and other						
Investments	14.58	0.56	12.58	0.48	2.00	15.90
Investments in associate - net	25.68	0.99	25.97	0.99	(0.29)	(1.12)
Property, plant and equipment - net	1,612.84	62.05	1,251.68	47.62	361.16	28.85
Leasehold right on land - net	6.70	0.26	7.04	0.27	(0.34)	(4.83)
Leasehold right on buildings - net	87.41	3.36	98.84	3.76	(11.43)	(11.56)
Intangible assets	7.98	0.31	7.89	0.30	0.09	1.14
Prepaid book copyright and translation fee	23.15	0.89	22.51	0.86	0.64	2.84
Rental guarantee and deposit	108.18	4.16	104.76	3.99	3.42	3.26
Deferred tax assets	14.49	0.56	3.09	0.12	11.40	368.93
Other non-current assets	0.33	0.01	6.26	0.24	(5.93)	(94.73)
Total non-current assets	1,901.34	73.14	1,540.62	58.62	360.72	23.41
Total assets	2,599.46	100.00	2,628.24	100.00	(28.78)	(1.10)

5.2 Liabilities and shareholders' equity Component.

Table 5 : Liabilities and shareholders' equity Component.

(Unit : Million Baht)

Description	Consolidated financial statements					
	September 30, 2013		December 31, 2012		Change	
	Amount	% to Total	Amount	% to Total	Amount	(%)
	Assets		Assets			
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions						
Trade and other payables	100.00	3.85	-	-	100.00	100
Short-term loans from other person	1,264.43	48.64	1,459.10	55.52	(194.67)	(13.34)
Current portion of long-term loans	20.70	0.80	-	-	20.70	100
Income received in advance recognizable within one year	39.73	1.53	33.80	1.29	5.93	17.54
Income tax payable	7.09	0.27	16.61	0.63	(9.52)	(57.31)
Current portion of provision for long-term employee benefits	9.20	0.35	8.77	0.33	0.43	4.90
Other current liabilities	57.60	2.22	46.91	1.78	10.69	22.79
Total current liabilities	1,498.75	57.66	1,565.19	59.55	(66.44)	(4.24)
Non-current liabilities						
Income received in advance	9.08	0.35	2.70	0.10	6.38	236.30
Long-term loans from director	0.50	0.02	-	-	0.50	100
Long-term loans, net of current portion	75.28	2.90	74.71	2.84	0.57	0.76
Provision for long-term employee benefits,	36.71	1.41	39.69	1.51	(2.98)	(7.51)
Other non-current liabilities	8.64	0.33	9.07	0.35	(0.43)	(4.74)
Total non-current liabilities	130.21	5.01	126.17	4.80	4.04	3.20
Total liabilities	1,628.96	62.67	1,691.36	64.35	(62.40)	(3.69)
Shareholders' equity						
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	15.51	356.31	13.56	35.63	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	15.51	356.31	13.56	35.63	10.00
Share premium	149.42	5.91	149.42	5.69	0.00	0.00
Retained earnings						
Appropriated-statutory reserve	39.20	1.55	35.63	1.36	3.57	10.02
Unappropriated	198.97	7.87	204.88	7.80	(5.91)	(2.88)
Other components of shareholders' equity	130.33	5.16	129.32	4.92	1.01	0.78
Equity attributable to owners of the Company	909.86	36.01	875.56	33.31	34.30	3.92
Non-controlling interests of the subsidiaries	60.64	2.40	61.31	2.33	(0.67)	(1.09)
Total shareholders' equity	970.50	38.41	936.88	35.65	33.62	3.59
Total liabilities and shareholders' equity	2,599.46	101.07	2,628.24	100.00	(28.78)	(1.10)

Financial analyses

Total Asset As of December 31, 2013 the company and its subsidiaries had a total asset of THB 2,599.46 million, a decrease of THB 28.78 million or 1.10% from the end of last year. Causes of changing of total assets:

- Cash and cash equivalents as of December 31, 2013 totals THB 160.20 million, a decrease of THB 186.75 million or 53.83% because of the construction of the new warehouse.
- Current investments total THB 22.00 million or a decrease of THB 146.39 million or 86.94% due to the sale of current investment fund to support the construction of the new warehouse.
- Inventories-net totals THB 373.68 million or a decrease of THB 27.66 million or 6.89% because
 - The decrease by THB 12.32 million because in 2013 there were fewer purchasing orders and more emphasis on on-hand Oxford stock by sales promotions.
 - Allowance for lost of goods and stock obsolescence was increased, causing the imported products that have not been selling for more than five years to drop by THB 52.50 million
 - Products ordered by SE-ED Book Center increased by THB 7.23 million of the firmed sales for textbooks, stationery and SE-ED bags
 - SE-ED branded products have increased by THB 19.77 million because the Company has published textbooks to use in SE-ED Learning Center and iKids program
 - Distributed books increased by THB 16.57 million because of the attempt to sell slow-moving items of more than 5 years.
 - Cost of purchased paper dropped by THB 5.37 million because there was still stock from 2012, while the raw materials withdrawal dropped this year as the production did not increase from the previous year.
- Other current assets total THB 40.09 million or a decrease of THB 26.63 million or 39.91% because of the advanced cheque payment to pay for the rental fee of the warehouse in 2013
- Leasehold right on buildings totals THB 87.41 million or a decrease of THB 11.43 million or 11.56% from a land leasehold amortization.
- Other non-current assets total THB 0.33 million or a decrease of THB 5.93 million or 94.73% mainly because of the cut in the prepaid expenses that are due in more than 1 years.
- Property, plant and equipment total THB 1,612.84 million or an increase of THB 361.16 million or 28.85% which is due to the construction of the new warehouse on Bang Na – Trad Road (21 k.m.), the purchase of electric stackers, new bookshelves, decorations and computers, and electrical appliances for new branches and the new warehouse.

- Deferred tax assets total THB 14.49 million or an increase of THB 11.40 million because it is the tax that can be used in the future from the reserved expenses for the slow-moving products.
- Rental deposit and general deposit payments total THB 108.18 million or an increase of THB 3.42 million or 3.26% from the opening of new 10 branches.

Total liabilities As of December 31, 2013 the Company and its subsidiaries had a total liability of THB 1,628.96 million decreased of THB 62.40 million or 3.69%. Causes of changing of total liabilities:

- Trade and other payables total THB 1,264.43 million, a decrease by THB 194.67 million or 13.34%, which comes from the decrease in trade payables of SBC, distribution and production units from the decline in sales performance.
- Long-term loans due in one year amounted to THB 20.70 million, an increase by THB 20.70 million or 100%. The long-term loan is to be used for the construction of the new school building for secondary students.
- Income received in advance recognizable within one year totals THB 39.73 million, a decrease of THB 5.93 million or 17.54%.
- Income tax payable total THB 7.09 million, a decrease by THB 9.52 million or 57.31%. This is because the tax rate decreases from 23% to 20% and the net profit that have decreased more than 60%.
- Short-term loans from two financial institutions total THB 100 million to pay for the construction of the warehouse.

Shareholders' equity As of December 31, 2013 the Company and its subsidiaries had a total shareholders' equity of THB 970.50 million, which the shareholders' equity of parent company worth THB 909.86 million increased of THB 34.30 million. Causes of changing of Shareholders' equity:

- Net profit of shareholders' equity of parent company from operation result for the year of 2013 amount THB 72.29 million.
- Retained earnings decreased due to the dividend payment as THB 60.64 million.
 - Operation result of Q4/2012 dividends paid by cash at THB 0.11112 per share as THB 39.59 million.
 - Operation result of Q4/2012 dividends paid by ordinary shares in the ratio of 10 original shares per 1 new share totaling THB 35.63 million.
- Increasing capital from paying dividend for 4/2012 quarter in the rate of 10 original shares: 1 new share, totaling THB 35.63 million.

5.3 Cash flow

Table 6 : Cash flow for year 2013 over the same period last year.

	(Unit : Million Baht)			
	Consolidated financial statements			
	2013	2012	Change	(%)
Cash flow received (used) from operation activities	61.25	242.94	(181.69)	(74.79)
Cash flow received (used) from investing activities	(330.28)	(330.12)	(0.16)	0.05
Cash flow received (used) from financing activities	82.28	(136.18)	218.46	(160.42)
Cash flow increase (decrease)	(186.75)	(223.37)	(36.62)	(16.39)

Cash Flow Received from Operation Activities for year 2013 was THB 61.25 million as listed below:

- Income from operation increased in the amount of THB 291.63 million:
 - The Net profit before corporate income tax for year 2013 in the amount of THB 87.08 million.
 - Adjustments to reconcile profit before tax in the amount of THB 204.55 million (Depreciation and amortization as THB 122.55 million, Allowance for dilapidated slow moving and lost of inventories as THB 51.37 million, Expense from lost of inventories as THB 12.90 million, Amortization of leasehold right on land and buildings as THB 11.76 million, Expense from stock destruction as THB 8.14 million, Expense from donation of goods and equipment as THB 6.76 million, Interest expenses as THB 6.40 million, Loss on sales and written-off equipment as THB 4.11 million, Allowance for doubtful accounts and estimated goods return (reversal) as THB 2.96 million, Adjustment from clearing accounts payable and coupon payable as THB (12.61) million, Gain on sales of current investments as THB (4.12) and Interest income as THB (3.85) million
- Cash flow increased from inventories decreased in the amount of THB 51.51 million, because the inventory of imported foreign books from Oxford dropped from the increasing sales to school.
- Cash flow increased from prepaid expenses decreased amount THB 28.96 million. Most of the expenses come from the advance payment of office rental fee and insurance premium from extending insurances for branches, head office and warehouse as well as the advance payment for the construction of the new warehouse on k.m.21.
- Cash flow decreased from rental guarantee and deposit increased by THB 3.42 million from the opening of new 10 stores.

- Cash flow decreased from trade accounts payable decreased by THB 116.84 million, which came from the credit adjustment as the benefits from the higher discounts and the returns of goods for the move to the new warehouse at k.m.21.
- Cash flow decreased from accrued expenses decreased by the amount THB 56.94 million, because of the annual bonuses and benefit payments.
- Cash flow decreased from notes payables decreased amount THB 21.76 million, because of the one-year advance rental fee of the warehouse.
- Cash flow increased from other current liabilities increased amount THB 23.30 million, because there are new accounts payable from the construction of the new warehouse on k.m.21 and from the increasing sales of the coupons.
- Cash flow decreased from income tax payment in the amount of THB 36.88 million because of the drop in tax profit.

Cash Flow Used from Investment Activities for year 2013 was THB (330.28) million as listed below:

- Cash flow decreased from asset purchases amounts to THB 484.64 million for the installation of RACK, BUFFER and CONVEYOR, building decoration, building system (electrical system and machine installation), other equipments in the warehouse, shelves, computers for new branches.
- Cash flow increased from current investments decreased amount THB 152.51 million which came from the sales of the whole fund in the mutual fund to pay for the warehouse construction.

Cash Flow Used from Financial Activities for year 2013 was THB 82.28 million mainly arising from the dividend payments for:

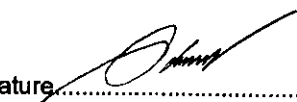
- Cash received from the short-termed loans from 2 commercial banks in the amount of THB 100 million in order to pay for the construction of the new warehouse
- Dividends from Q4/2012 profit paid in May 2013 in the amount of THB 39.59 million

5.4 Financial Ratios

Table 7 : Financial ratios calculated according to the Office of the Securities and Exchange Commission's formulae. (From the consolidated financial statements)

		2013	2012
LIQUIDITY RATIOS			
Current Ratio	Time	0.47	0.69
Quick Ratio	Time	0.19	0.40
Cash Flow Ratio	Time	0.04	0.15
Accounts Receivable Turnover	Time	9.15	7.56
Average Debt Collection Period	Day	39	48
Inventory Turnover	Time	9.70	10.20
Average Selling Period	Day	37	35
Debtor Turnover	Time	2.63	2.60
Debt Payment Period	Day	137	139
Cash Cycle	Day	(57)	(56)
PROFITABILITY RATIOS			
Gross Profit Margin	%	32.55	31.84
Operating Profit	%	1.76	4.61
Other Profit	%	0.91	1.47
Cash to Earnings Ratio	%	65.52	93.41
Net Profit Margin	%	1.35	3.65
Rate of Return to Equity	%	8.10	26.72
EFFICIENCY RATIOS			
Return on Asset	%	3.58	10.18
Return on Fixed Assets	%	13.48	29.17
Asset Turnover	Time	2.05	2.24
FINANCIAL POLICY RATIO			
Debt to Equity Ratio	Time	1.68	1.81
Interest Capability Ratio	Time	13.00	62.28
Debt Service Coverage Ratio	Time	0.09	0.42
Dividend Payout Ratio**	%	75.91	70.06
** Dividend payment rate for 2013 has been approved from the board of Directors and waiting for approval from shareholders in the annual general meeting on April 24, 2014.			



Signature.....

(Mr. Viboolsak Udomvanich)

Deputy Managing Director and Company Secretary

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