



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

Management Discussion and Analysis

As of September 30, 2014

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Management Discussion and Analysis: SE-ED

1. OVERVIEW

Overall in the third quarter of 2014, the Company is still affected by the unstable economic and political situations, resulting in the continuous decrease in the net purchasing power in every regional sales. Therefore the Company decided to close down the four unprofitable bookstore branches. To summarize the Company had closed down 34 branches in total this year. The unusable properties from the mentioned 34 branches were cutoff sold in this accounting period. Even though the Company has gained more gross profit rate, especially from the higher trade discount from new distributed books, the Company has to pay interest on the long term loan for its new warehouse construction. Moreover, the Company is unable to cover the operation cost in closing down the branches. ,The rising interest also affected the decrease in the Company's profit. The significant causes are listed as follows:

- Gross profit decreased by THB 56.32 million because of the drop in sales 7.79% from the previous year.
- Loss in selling and cutoff sale of equipment is increased, originating from cancelling the rental contracts of the bookstores and warehouse.
- Rising interest on the long term loan in the new warehouse construction.
- However the gross margin increased by 1.07%, significantly originating from selling the distributed books. The gross margin of distributed books increased by 5.11%. Moreover there is an increase of selling the high gross margin goods.
- Moreover the Company can manage the operation cost better, especially in the goods that have a better turnover rate, causing the slow-moving stock reserve, rental fee, service fee, and employee expenses decreased. This makes the selling and management expenses decreased by 4.52%.

Because of the economic deceleration and increased competition in the third quarter of 2014, the Company opened only 2 new branches of SE-ED Book Center while 34 branches and 1 Outlet of sales that could not generate profit or reached the end of its rental agreement were shut down. As of September 30, 2014, there was a total of 417 active branches and 9 points of sale.

The resolution from the Board of Directors meeting is as follows:

SE-EDUCATION PUBLIC COMPANY LIMITED (the “Company”) would like to inform the Resolution of the Board of Directors’ Meeting No.4/2014 Dated November 10, 2014 as follows:

- **Non - Payment of interim dividend.**

The interim dividend payments of quarter 3/2014 for shareholders will be withheld because of the instability of retail business that is affected by the economic situation.

- **To re-appoint The Recruitment and Remuneration Committees**

To re-appoint three of recruitment and remuneration committees the directors whose tenure has ended of November, 2014 for another term. The Director of recruitment and remuneration committees as follow:

Term of Holding Office

Chairman of the recruitment and remuneration committees	Mr. Somboon Chinsawananon	2 year (s)
Director of the recruitment and remuneration committees	Mr. Vorasit Pokachaiyapat	2 year (s)
Director of the recruitment and remuneration committees	Mr. Wattana Chiengkul	2 year (s)

This will be effective since December, 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 2014 can be itemized as following:

- Evaluated in the “5 TIA” level with the perfect score of 100 for 6 consecutive years from Thai Investors Association for the quality evaluation of the Annual Shareholders Meetings from 2009-2014. SE-ED is 1 in 128 companies to receive the perfect score of 100 for 6 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.
- Received Investors’ Choice Award from Thai Investors Association after receiving, for six consecutive years, the perfect 100% evaluation of the Annual General Shareholders Meetings (AGM) during 2009 – 2014. This is a prestigious award for the listed companies that realize the importance of Annual General Shareholder Meeting, with the awareness of rights and equality of all shareholders. SE-ED is the only company in the publishing industry to receive this award.

2. BUSINESS SUMMARY

Bookstore Business

In Q3/2014 the Company opened 2 new branches located in Central Plaza Salaya, Nakorn Prathom and Tesco Lotus in Songkla. This led to the total of 498 branches of SBC that have been in operation so far, with included active 417 branches that are still active, 3 franchises, 12 leasehold rights, and 9 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 Pelangi Publishing (Thailand) Co.,Ltd, 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 Q3 (3 months) of 2014 over the same period last year

Table 1 : (Some parts of) Operating performance for Q3 (3 months) of 2014 compared to the same period last year.

(Unit : Million Baht)

Revenues	Q3 (3M)			
	Consolidated Financial Statement			
	2014	2013	Change	(%)
Revenues from sales	1,185.81	1,263.41	(77.60)	(6.14)
Tuition fees Income	34.24	30.51	3.73	12.21
Interest and dividend income	0.09	0.71	(0.62)	(87.32)
Other income	11.27	7.46	3.81	51.09
Total revenues	1,231.41	1,302.09	(70.68)	(5.43)
Expenses				
Cost of sales	783.60	842.94	(59.34)	(7.04)
Cost of tuition fees	30.59	26.89	3.70	13.78
Selling expenses	245.27	264.12	(18.85)	(7.14)
Administrative expenses	157.84	153.99	3.85	2.50
Total expenses	1,217.30	1,287.94	(70.64)	(5.48)
Finance cost	(4.89)	(1.62)	(3.27)	201.85
Income tax expenses	(2.54)	(2.18)	(0.36)	16.51
Profit for the period	6.68	10.35	(3.67)	(35.46)
Gross profit	405.85	424.10	(18.25)	(4.30)
Gross Margin (%)	33.27	32.78		(0.49)
EBITDA	50.61	47.82	2.79	5.83
Profit from operating activities before				
Changes in operating assets and liabilities	67.70	61.29	6.41	10.46
Net profit of shareholders' equity of				
parent company	8.32	11.77	(3.45)	(29.31)
EPS (Baht)	0.02	0.03	(0.01)	(33.33)

The Company and its subsidiaries' total revenue in the third quarter (3 months) of September 2014, according to the consolidated financial statements is worth THB 1,231.41 million or a decrease of 5.43% from the same period of the previous year. The total revenue, according to the separate financial statement is worth THB 1,194.83 million, or a decrease of 5.92% from the same period last year. From this amount the sales revenue is accounted for 1,185.25 million, or a decrease of 6.18%. The decrease is mainly due to the drop in the same store sales by 9.98%.

Cost of sales and service according to the consolidated financial statement of the third quarter as of September 30, 2014 is worth THB 814.19 million, or a decrease of 6.40%. The cost of sales, according to the separate financial statement is worth THB 782.47 million, or a decrease of THB 61.18 million which is accounted for 7.25%. The gross margin of Q3/2014 is worth 33.98%.

The Selling and Administrative expense for the third quarter as of September 30, 2014 according to the consolidated financial statement is worth THB 403.11 million, or a decrease of 3.59%. The Selling and Administrative expense, according to the separate financial statement is worth THB 395.84 million, or a decrease of 3.70%. The main causes of the increase are as follows:

- Employee wage has decreased in 2014 since shutting down many branches and adjusting the proportion of employees.
- Reserved expense for slow moving products has increased because of the imported books that have not been selling well for more than 5 years.
- Operation expenses, including the rental fee, facilities fee, and service fee have decreased because of shutting down many SBC branches.

The Finance cost, according to the consolidated financial statement for the third quarter as at September 30, 2014, is worth THB 4.89 million or an increase of 201.85% from the long-term loan in the new warehouse construction.

The Company net profit belonging to shareholders' equity of the parent company for Q3 of 2014, according to the consolidated financial statement is worth THB 8.32 million or a decrease of 29.31% from the same period of the previous year. The decrease is due to the drop in profit by THB 18.25 million as a result of the decline in sales performance.

The net profit according to the separate financial statement is worth THB 10.76 million or a decrease of 18.07% from the same period last year.

3.2 Operating performance for the first nine month of 2014 compared to the same period last year

Table 2: (Some parts of) Operating performance for the first nine month of 2014 compared to the same period last year.

(Unit : Million Baht)

Q3 (9M)

Consolidated Financial statements

Revenues	2014	2013	Change	(%)
Revenues from sales	3,653.13	3,961.89	(308.76)	(7.79)
Tuition fees Income	109.29	96.24	13.05	13.56
Interest and dividend income	0.79	3.66	(2.87)	(78.39)
Other income	37.49	27.19	10.30	37.90
Total revenues	3,800.70	4,088.97	(288.27)	(7.05)
Expenses				
Cost of sales	2,412.47	2,658.65	(246.18)	(9.26)
Cost of tuition fees	82.76	75.97	6.79	8.94
Selling expenses	783.04	814.30	(31.26)	(3.84)
Administrative expenses	431.98	458.18	(26.20)	(5.72)
Total expenses	3,710.25	4,007.09	(296.84)	(7.41)
Share of profit from investments in associate	2.25	1.71	0.54	31.58
Finance cost	(11.95)	(4.43)	(7.52)	169.75
Income tax expenses	(15.13)	(14.22)	(0.91)	6.40
Profit for the period	65.62	64.94	0.68	1.05
Gross profit	1,267.19	1,323.51	(56.32)	(4.26)
Gross Margin (%)	33.68	32.61		1.07
EBITDA	199.74	184.33	15.41	8.36
Profit from operating activities before				
Changes in operating assets and liabilities	250.83	231.13	19.70	8.52
Net profit of shareholders' equity of				
parent company	61.27	64.82	(3.54)	(5.48)
EPS (Baht)	0.16	0.17	(0.01)	(5.88)

The Company and its subsidiaries' total revenues for the first nine months of 2014

according to the consolidated financial statement is worth THB 3,800.70 million or a decrease of 7.05% from the same period last year. The total revenue, according to the separate financial statement is worth THB 3,683.16 million, or a decrease of 7.69% from the same period last year. From this amount the sales revenue is accounted for 3,650.52 million, or a decrease of 7.85%.

The decrease is mostly due to drop in same store sales revenue by 11.89% because of the continuous decline in the purchasing power which also affect the overall retail business of the country.

Cost of sales and service according to the consolidated financial statement for the first nine months of September 30, 2014 is worth THB 2,495.23 million or a decrease of 8.75%. The cost of goods sold, according to the separate financial statement, is worth THB 2,409.42 million or a decrease of 9.40%. The gross margin from the first nine months of 2014 is worth 34.00%, increasing 1.07% from the discount of the new distributed books.

The Selling and Administrative expenses for the first nine months of 2014, according to the consolidated financial statement, is worth THB 1,215.02 million, or a decrease of 4.52%. The Selling and Administrative expenses, according to the separate financial statement, is worth THB 1,193.59 million, or a decrease of 4.62% because of the same reason as stated in the report of the operating performance of the third quarter of 2014 (Three Months). It also is the result of increasing loss in selling and cutoff selling properties of closed braches and cancelling the rental contract of the warehouse.

The Finance cost, according to the consolidated financial statement for the third quarter as at September 30, 2014, is worth THB 11.95 million or an increase of 7.52% from the long-term loan in the new warehouse construction.

The net profit belonging to shareholders' equity of the parent company for the first nine months as of September 30, 2014 according to the consolidated financial statement is worth THB 61.27 million or a decrease of 5.48% due to the decline of sales, loss in selling, and writing off the equipment from shutting down branches, cancelling the rental contract of the warehouse, making assumption to meet the facts, and increasing financial expenses by 169.75% from the long term loans from the financial institutions.

The net profit, according to the separate financial statement, is worth THB 58.11 million or a decrease of 10.66% from the same period 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 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.4/2014 on Monday, November 10, 2014 concluded that the interim dividend payments of quarter 3/2014 for shareholders will be withheld to maintain cash reserve during the time of the instability of retail business that is affected by the economic situation

Table 2 : The dividend payment of 2014 and 2013 as follow:

Year 2014 operating result

- The interim dividend payments of quarter 3/2014 for shareholders will be withheld because of the instability of retail business that is affected by the economic situation.

Year 2013 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)
Year 2013	1/2014	24/04/2014	22/05/2014	0.18	70.55
	Total			0.18	70.55

5. FINANCIAL POSITION

5.1 Asset Component

Table 4 : Asset Component

(Unit : Million Baht)

Description	Consolidated financial statements					
	September 30, 2014		December 31, 2013		Change	
	% to		% to		Amount	(%)
	Amount	Total	Amount	Total		
	Assets	Assets	Assets			
Assets						
Current assets						
Cash and cash equivalents	85.46	3.40	160.20	6.16	(74.74)	(46.65)
Current investments	65.94	2.62	22.00	0.85	43.94	199.73
Trade and other receivable	118.27	4.71	102.15	3.93	16.12	15.78
Inventories	302.78	12.05	373.68	14.38	(70.90)	(18.97)
Other current assets	34.28	1.36	40.09	1.54	(5.81)	(14.49)
Total current assets	606.73	24.15	698.12	26.86	(91.39)	(13.09)
Non-current assets						
Restricted bank deposits and other						
Investments	13.31	0.53	14.58	0.56	(1.27)	(8.71)
Investments in associate	25.94	1.03	25.68	0.99	0.26	1.01
Property, plant and equipment	1,629.17	64.85	1,612.84	62.05	16.33	1.01
Leasehold right on land	6.45	0.26	6.70	0.26	(0.25)	(3.73)
Leasehold right on buildings	77.74	3.09	87.41	3.36	(9.67)	(11.06)
Intangible assets	9.67	0.38	7.98	0.31	1.69	21.18
Prepaid book copyright and translation fee	21.46	0.85	23.15	0.89	(1.69)	(7.30)
Rental guarantee and deposit	102.09	4.06	108.18	4.16	(6.09)	(5.63)
Deferred tax assets	17.74	0.71	14.49	0.56	3.25	22.43
Other non-current assets	1.92	0.08	0.33	0.01	1.59	481.82
Total non-current assets	1,905.49	75.85	1,901.34	73.14	4.15	0.22
Total assets	2,512.22	100.00	2,599.46	100.00	(87.24)	(3.36)

5.2 Liabilities and shareholders' equity

Table 5 : Liabilities and shareholders' equity Component

(Unit : Million Baht)

Description	Consolidated financial statements					
	September 30, 2014		December 31, 2013		Change	
	Amount	% to Total	Amount	% to Total	Amount	(%)
	Assets		Assets			
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	-	-	100.00	3.85	(100.00)	(100.00)
Trade and other payables	1,091.69	43.46	1,264.43	48.64	(172.74)	(13.66)
Current portion of long-term loans	43.22	1.72	20.70	0.80	22.52	108.79
Income received in advance recognizable within one year	10.80	0.43	39.73	1.53	(28.93)	(72.82)
Income tax payable	3.26	0.13	7.09	0.27	(3.83)	(54.02)
Current portion of provision for long-term employee benefits	1.78	0.07	9.20	0.35	(7.42)	(80.65)
Other current liabilities	39.75	1.58	57.60	2.22	(17.85)	(30.99)
Total current liabilities	1,190.50	47.39	1,498.75	57.66	(308.25)	(20.57)
Non-current liabilities						
Income received in advance	5.41	0.22	9.08	0.35	(3.67)	(40.42)
Long-term loans, net of current portion	303.12	12.07	75.78	2.92	227.34	300.00
Provision for long-term employee benefits, net of current portion	38.63	1.54	36.71	1.41	1.92	5.23
Other non-current liabilities	8.73	0.35	8.64	0.33	0.09	1.04
Total non-current liabilities	355.89	14.17	130.21	5.01	225.68	173.32
Total liabilities	1,546.39	61.56	1,628.96	62.67	(82.57)	(5.07)
Shareholders' equity						
Share capital						
Registered						
391,944,529 ordinary shares of Baht 1 each	391.95	15.60	391.95	15.08	-	-
Issued and paid-up						
391,944,418 ordinary shares of Baht 1 each	391.95	15.60	391.95	15.08	-	-
Share premium	149.42	5.95	149.42	5.75	-	-
Retained earnings						
Appropriated-statutory reserve	39.19	1.56	39.19	1.51	-	-
Unappropriated	190.18	7.57	198.97	7.65	(8.79)	(4.42)
Other components of shareholders' equity	129.98	5.18	130.33	5.01	(0.35)	(0.27)
Equity attributable to owners of the Company	900.72	35.85	909.86	35.00	(9.14)	(1.00)
Non-controlling interests of the subsidiaries	65.11	2.59	60.64	2.33	4.47	7.37
Total shareholders' equity	965.83	38.45	970.50	37.33	(4.67)	(0.48)
Total liabilities and shareholders' equity	2,512.22	100.00	2,599.46	100.00	(87.24)	(3.36)

Financial analyses

Total Asset As of September 30, 2014 the company and its subsidiaries had a total asset of THB 2,512.22 million from the same period or a decrease of THB 87.24 million or 3.36% from the same period of the previous year Causes of changing of total assets are as follows:

- Cash and cash equivalents as of September 30, 2014 totals THB 85.46 million, or a decrease of THB 74.74 million or 46.65% because of investment in the open-end funds. the construction of the new warehouse.
- Current investments total THB 65.94 million or an increase of THB 43.94 million or 199.73% due to the increasing sale of current investment fund to support the construction of the new warehouse.
- Inventories-net totals THB 302.78 million or a decrease of THB 70.90 million or 18.97% because
 - The decrease of THB 38.06 million in imported books from the sales to local stores who sell the books to schools and the rising return rate
 - Allowance for loss of goods and stock obsolescence increased, resulting in the products decreased by THB 20.51 million. It is because there is the slow-moving inventory reserve, especially for the outside readers and some of imported books.
 - Distributed books decreased by THB 21.30 million, due to the outright purchase of course books, reference books, and management books in the late 2014, which were prepared for the opening of the next semester.
 - The increase of THB 14.78 million in the SE-ED branded books namely dictionaries and children's books.
 - The decrease of THB 3.28 million in the materials stock since there was a paper stocking in the previous year.
- Trade and other receivables total THB 118.27 million or an increase of THB 16.12 million or 15.78%. Most of them are receivables from the wholesale section for the educational institutions and shops in the beginning of a new semester. Some are international receivables, increased by the large orders from the other companies for selling to the language institutions.
- Other current assets total THB 34.28 million or a decrease of THB 5.81 million or 14.49% due to cancelling the rental contract of the warehouse and amortizing the improvement cost for the curriculum in the Learning Center.
- Property, plant, and equipment total THB 1,629.17 million or an increase of THB 16.33 million or 1.01% which is due to the purchase of new bookshelves, conveyors, and the office decorations for the new warehouse on Bang Na – Trad Road (21 k.m.).

- Leasehold rights on buildings total 77.74 million or a decrease of 9.67 million or 11.06% from a land leasehold amortization.
- Rental guarantee and deposit total THB 102.09 million or a decrease of THB 6.09 million or 5.63% from cancelling the rental contract of the warehouse and shutting down many bookstore branches.
- Deferred tax assets total THB 17.74 million or an increase of THB 3.25 million or 22.43% because it is the tax that can be used in the future from the reserved expenses for the slow-moving products.

Total liabilities As of September 30, 2014 the Company and its subsidiaries had a total liability of THB 1,546.39 million or a decrease of THB 82.57 million or 5.07 %. Causes of changes in total liabilities are as follows:

- Short-term loans from financial institutions decreased total by THB 100.00 million or 100% because the payment was made to financial institutions.
- Trade and other payables total THB 1,091.69 million, or a decrease by THB 172.24 million or 13.66%, which came from comes from the decrease in trade payables of SBC, distribution and production units from the decline in sales performance.
- Current portion of long-term loans total THB 43.22 million, or an increase by THB 22.52 million or 108.79%
- Income received in advance recognizable within one year totals THB 10.80 million, or a decrease of THB 28.93 million or 72.82% because of the tuition fees with a discount in advance.
- Income tax payable total THB 3.26 million, or a decrease by THB 3.83 million or 54.02%. This is because income tax reduction.
- Current portion of provision for long-term employee benefits total THB 1.78 million or a decrease by 7.42 million or 80.65% since the retirement payment was made to the retired employees between the in this periods.
- Other current liabilities total THB 39.75 million or a decreased 17.85 million or 30.99% since the payment for the guarantee fee of the construction of the new warehouse was made.
- Income received in advance total THB 5.41 million or a decreased 3.67 million or 40.42% due to the recognized tuition fees received in advance in this period.
- Long-term loans net of current portion within one year total THB 303.12 million, or an increase of THB 227.34 million. Mostly, it is for the construction of the new warehouse.

Shareholders' equity As of September 30, 2014 the Company and its subsidiaries had a total shareholders' equity of THB 900.72 million, which the shareholders' equity of parent company worth THB

965.83 million, or a decrease of THB 4.67 million. Causes of changes in Shareholders' equity are as follows:

- Net profit of shareholders' equity of parent company from operation result Q3 of 2014 amounts to THB 58.11 million.
- Retained earnings decreased due to the dividend payment totaling THB 70.55 million. Operation result of Q4/2013 THB 0.18 per share as THB 70.55 million.

5.3 Cash flow

Table 6 : Cash flow received (used) Cash flow for first nine months of 2014 over the same period last year.

	(Unit : Million Baht)			
	Consolidated Financial Statement			
	9M/2014	9M/2013	Change	(%)
Cash flow received (used) from operation activities	(1.26)	(8.83)	7.57	(85.73)
Cash flow received (used) from investing activities	(152.79)	(311.06)	158.26	(50.88)
Cash flow received (used) from financing activities	79.31	62.28	17.03	27.34
Cash flow increase (decrease)	(74.74)	(257.60)	182.86	(70.99)

Cash Flow Used from Operation Activities for 9M of 2013 total THB (1.26) million because:

- Income from operation is in the amount of THB 250.83 million:
 - The net profit before the corporate income tax from the first nine months of 2014 total THB 81.75 million.
 - Adjustments to reconcile profit before tax in the amount of THB 170.08 million (Depreciation and amortization totaling THB 97.12 million, expenses from lostloss of goods THB 10.24 million, allowance for lostloss of goods and stock obsolescence THB 19.99 million, expense from donation of goods and equipment THB 4.12 million, provision for long-term employee benefits THB 7.30 million, share of profit from investment in associate THB (2.25) million, expense from stock destruction THB 3.95 million, loss on sales and write off of equipment THB 10.46 million, amortized leasehold right on land and buildings totaling THB 9.92, adjustment from un-utilized coupon payable THB (2.74) and interest expenses THB11.93
- Cash flow decreased from trade and other receivables increased by THB 17.97 million, which comes from the rising sales of imported books.wholesales growth.
- Cash flow decreased from trade accounts payables and other payables decreased by THB 183.96 million, which came from the decline of sales and the returns of goods.

- Cash flow increase increased from inventories decrease in the amount THB 32.60 million, because more imported textbooks were sold to educational institutions.
- Cash decreased by repaying the interest of THB 12.01 million of the short-term and long-term loans for the construction cost of the new warehouse.
- Cash flow decreased from paying corporate tax revenue in the amount of in the amount of THB 22.22 million for the operation result from 2013 and the record of deferred tax for Q3/2014 decreased net profit.
- Cash flow decreased income received in advance decrease in the amount of THB 32.60 million, resulted from receiving the tuition fees in advance with a discount in 2013.
- Cash flow decreased provision for long-term employee benefits in the amount of THB 12.81 million.
- Cash flow increased from other current assets decrease in the amount of THB 5.71 million because of cancelling the rental contract of the warehouse the transfer of warehouse construction cost to the account of the new warehouse that is still in construction and amortizing the intangible assets of the improvement cost of courses taught in the se-ed learning center.
- Cash flow decreased from other current liabilities decreased in the amount of THB 15.11 million from the retention on construction of the new warehouse at the rate of 5% from the paid construction cost.
- Cash flow increased from rental guarantee and deposit decreased by THB 6.08 million from cancelling the rental contract of the warehouse and shutting down SBC branches. the opening of new branches

Cash Flow Used from Investment Activities for the first nine months of 2014 total THB (152.79) million because:

- Cash flow decreased by THB 111.21 million due to the construction cost and the purchase of equipment for the new warehouse on Bangna-Trad Road (k.m. 20), installation of racks, buffers, and conveyors, building decoration, other equipment in the new warehouse. In addition, there is the purchase of bookshelves and computers for opening the new SBC braches.
- Cash flow decreased from the purchase of current investment in the amount of THB 42.65 million by increasing investment in the open-end funds., which came from the sales of the whole fund in the mutual fund to pay for the warehouse construction.

**Cash Flow Received from Financial Activities for the first nine months of 2014 total THB (79.31)
million**

- Cash purchase from the short-termed loans from financial institutions 2 commercial banks in the amount of THB 100.00 million Repayment is made when it is due.
- Cash purchase from repayment of long-term loans totals THB 29.64 million. Repayment is made when it is due in the contract.
- Cash receive from cash receipt from long-term loans from related person totals THB 279.50 million in order to pay for the construction of the new warehouse.
- Dividends from Q4/2013 profit paid in May 2014 in the amount of THB 70.55 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)*

		Q3 (9M)	
		2014	2013
LIQUIDITY RATIOS			
Current Ratio	Time	0.51	0.48
Quick Ratio	Time	0.23	0.21
PROFITABILITY RATIOS			
Gross Profit Margin	%	33.68	32.61
Net Profit Margin	%	1.61	1.59
Rate of Return to Equity	%	7.62	12.46
Return on Asset	%	4.07	5.31
FINANCIAL POLICY RATIO			
Debt to Equity Ratio	Time	1.60	1.62
Interest Capability Ratio	Time	2.16	2.22

Signature.....

(Mr. Viboolsak Udomvanich)

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