

Section 3

Financial Position and Performance

13. Financial Highlights

13.1 Summary of Financial Statement

- **Financial Statement for year-end, as of December 31, 2014 2013 and 2012 :**

The accounting auditor has expressed non-binding opinions towards the financial statement.

The auditor is Miss Pimjai Manitkajohnkit, Miss Rungnapa Lertsuwanku and Mr. Chayapol

Supasedtanon from EY Office Limited.

13.2 Financial Statement

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of financial position

As at 31 December 2014 2013 and 2012

(Unit : Thousand Baht)

| | Consolidated financial statements | | | Separate financial statements | | |
|--|-----------------------------------|------------------|------------------|-------------------------------|------------------|------------------|
| | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 |
| | | | (Restated) | | | (Restated) |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 102,630 | 160,199 | 346,948 | 98,480 | 126,641 | 343,504 |
| Current investments | 326,173 | 22,000 | 168,391 | 265,472 | 22,000 | 168,391 |
| Trade and other receivables | 85,400 | 102,149 | 104,224 | 81,658 | 99,031 | 100,829 |
| Short-term loan to subsidiaries | - | - | - | - | - | 15,044 |
| Inventories | 377,172 | 373,685 | 401,338 | 376,208 | 370,385 | 400,167 |
| Other current assets | 34,919 | 40,088 | 66,716 | 34,590 | 41,022 | 65,320 |
| Total current assets | 926,295 | 698,121 | 1,087,618 | 856,408 | 659,079 | 1,093,255 |
| Non-current assets | | | | | | |
| Restricted bank deposits and other investments | 13,310 | 14,582 | 12,578 | 13,310 | 14,582 | 12,578 |
| Investments in subsidiaries | - | - | - | 70,317 | 70,482 | 69,432 |
| Investments in associate | 25,937 | 25,684 | 25,971 | 100 | 100 | 100 |
| Property, plant and equipment | 1,606,148 | 1,612,839 | 1,251,681 | 1,384,494 | 1,379,322 | 1,006,733 |
| Leasehold right on land | 6,367 | 6,701 | 7,036 | - | - | - |
| Leasehold right on buildings | 74,596 | 87,409 | 98,836 | 74,596 | 87,409 | 98,836 |
| Intangible assets | 9,141 | 7,980 | 7,894 | 9,537 | 7,843 | 7,711 |
| Prepaid book copyright and translation fee | 18,295 | 23,153 | 22,510 | 18,295 | 23,153 | 22,510 |
| Rental guarantee and deposit | 101,308 | 108,176 | 104,759 | 101,308 | 108,176 | 104,759 |
| Deferred tax assets | 18,312 | 14,488 | 3,094 | 19,612 | 14,488 | 3,094 |
| Other non-current assets | 2,067 | 330 | 6,265 | 2,022 | 285 | 6,234 |
| Total non-current assets | 1,875,480 | 1,901,343 | 1,540,625 | 1,693,591 | 1,705,841 | 1,331,988 |
| Total assets | 2,801,775 | 2,599,464 | 2,628,243 | 2,549,999 | 2,364,920 | 2,425,244 |

The accompanying notes are an integral part of the financial statements.

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of financial position

As at 31 December 2014 2013 and 2012

(Unit : Thousand Baht)

| | Consolidated financial statements | | | Separate financial statements | | |
|--|-----------------------------------|------------------|------------------|-------------------------------|------------------|------------------|
| | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 |
| | | | (Restated) | | | (Restated) |
| Liabilities and shareholders' equity | | | | | | |
| Current liabilities | | | | | | |
| Short-term loans from financial institutions | - | 100,000 | - | - | 100,000 | - |
| Trade and other payables | 1,089,275 | 1,264,428 | 1,459,103 | 1,080,363 | 1,258,625 | 1,452,020 |
| Current portion of long-term loans | 81,430 | 20,700 | - | 71,520 | - | - |
| Income received in advance recognisable | | | | | | |
| within one year | 42,626 | 39,728 | 33,801 | - | - | - |
| Income tax payable | 10,333 | 7,097 | 16,614 | 10,333 | 7,097 | 16,614 |
| Current portion of provision for | | | | | | |
| long-term employee benefits | 4,354 | 9,202 | 8,770 | 4,354 | 9,202 | 8,770 |
| Other current liabilities | 36,111 | 57,599 | 46,910 | 35,053 | 56,460 | 45,779 |
| Total current liabilities | 1,264,129 | 1,498,755 | 1,565,197 | 1,201,624 | 1,431,385 | 1,523,183 |
| Non-current liabilities | | | | | | |
| Income received in advance | 4,155 | 9,079 | 2,695 | - | - | - |
| Long-term loans from director | - | 500,000 | - | - | - | - |
| Long-term loans, net of current portion | 499,810 | 75,280 | 74,710 | 404,640 | - | - |
| Provision for long-term employee benefits | 39,253 | 36,710 | 39,695 | 36,188 | 34,525 | 38,078 |
| Other non-current liabilities | 8,525 | 8,641 | 9,066 | 8,525 | 8,625 | 8,990 |
| Total non-current liabilities | 551,743 | 130,209 | 126,167 | 449,353 | 43,150 | 47,068 |
| Total liabilities | 1,815,873 | 1,628,964 | 1,691,364 | 1,650,977 | 1,474,535 | 1,570,251 |

The accompanying notes are an integral part of the financial statements.

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of financial position

As at 31 December 2014 2013 and 2012

(Unit : Thousand Baht)

| | Consolidated financial statements | | | Separate financial statements | | |
|--|-----------------------------------|------------------|------------------|-------------------------------|------------------|------------------|
| | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 |
| | | | (Restated) | | | (Restated) |
| Shareholders' equity | | | | | | |
| Share capital | | | | | | |
| Registered | | | | | | |
| 391,944,529 ordinary shares of Baht 1 each | 391,945 | 391,945 | 356,313 | 391,945 | 391,945 | 356,313 |
| (31 December 2012: 356,313,243 ordinary shares of Baht 1 each) | | | | | | |
| Issued and paid-up | | | | | | |
| 391,944,418 ordinary shares of Baht 1 each | 391,944 | 391,944 | 356,313 | 391,944 | 391,944 | 356,313 |
| (31 December 2012: 356,313,209 ordinary shares of Baht 1 each) | | | | | | |
| Share premium | 149,421 | 149,421 | 149,421 | 149,421 | 149,421 | 149,421 |
| Retained earnings | | | | | | |
| Appropriated - statutory reserve | 39,194 | 39,194 | 35,631 | 39,194 | 39,194 | 35,631 |
| Unappropriated | 210,281 | 198,971 | 204,882 | 194,034 | 185,907 | 191,041 |
| Other components of shareholders' equity | 129,485 | 130,331 | 129,320 | 124,429 | 123,918 | 122,587 |
| Equity attributable to owners of the Company | 920,325 | 909,861 | 875,567 | 899,022 | 890,385 | 854,993 |
| Non-controlling interests of the subsidiaries | 65,577 | 60,639 | 61,311 | - | - | - |
| Total shareholders' equity | 985,902 | 970,500 | 936,878 | 899,022 | 890,385 | 854,993 |
| Total liabilities and shareholders' equity | 2,801,775 | 2,599,464 | 2,628,243 | 2,549,999 | 2,364,920 | 2,425,244 |

The accompanying notes are an integral part of the financial statements.

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of income

For the year ended 31 December 2014 2013 and 2012

(Unit : Thousand Baht)

| | Consolidated financial statements | | | Separate financial statements | | |
|---|-----------------------------------|------------------|------------------|-------------------------------|------------------|------------------|
| | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 |
| | | | (Restated) | | | (Restated) |
| Revenues | | | | | | |
| Revenues from sales | 4,768,676 | 5,181,366 | 5,522,184 | 4,765,634 | 5,180,471 | 5,518,651 |
| Income from tuition fees | 143,977 | 127,040 | 119,710 | - | - | - |
| Interest and dividend income | 1,221 | 4,201 | 22,055 | 3,140 | 6,650 | 25,532 |
| Other income | 51,063 | 44,764 | 62,261 | 40,963 | 38,624 | 56,429 |
| Total revenues | 4,964,937 | 5,357,372 | 5,726,209 | 4,809,737 | 5,225,744 | 5,600,612 |
| Expenses | | | | | | |
| Cost of sales | 3,125,175 | 3,479,396 | 3,750,893 | 3,121,325 | 3,479,728 | 3,749,491 |
| Cost of tuition fees | 111,325 | 101,049 | 94,521 | - | - | - |
| Selling expenses | 1,028,406 | 1,078,402 | 1,042,067 | 1,028,406 | 1,078,402 | 1,042,067 |
| Administrative expenses | 576,067 | 606,754 | 580,402 | 548,073 | 578,138 | 552,033 |
| Total expenses | 4,840,973 | 5,265,601 | 5,467,883 | 4,697,804 | 5,136,268 | 5,343,591 |
| Profit before share of profit from investments | | | | | | |
| in associate, finance cost and income tax | | | | | | |
| expenses | 123,963 | 91,771 | 258,327 | 111,933 | 89,476 | 257,021 |
| Share of profit from investments in associate | 2,252 | 1,714 | 1,750 | - | - | - |
| Profit before finance cost and income tax | | | | | | |
| expenses | 126,216 | 93,484 | 260,077 | 111,933 | 89,476 | 257,021 |
| Finance cost | (19,003) | (6,400) | (4,719) | (12,335) | (521) | (18) |
| Profit before income tax expenses | 107,213 | 87,084 | 255,358 | 99,598 | 88,955 | 257,003 |
| Income tax expenses | (21,194) | (15,567) | (46,217) | (21,188) | (15,567) | (46,217) |
| Profit for the year | 86,019 | 71,518 | 209,142 | 78,410 | 73,388 | 210,786 |
| Profit attributable to | | | | | | |
| Equity holders of the Company | 81,272 | 72,290 | 209,088 | 78,410 | 73,388 | 210,786 |
| Non-controlling interests of the subsidiaries | 4,747 | (772) | 54 | | | |
| | 86,019 | 71,518 | 209,142 | | | |
| Earnings per share | | | | | | |
| Basic earnings per share | | | | | | |
| Profit attributable to equity holders of the Company | 0.21 | 0.18 | 0.53 | 0.20 | 0.19 | 0.54 |

The accompanying notes are an integral part of the financial statements.

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of income

For the year ended 31 December 2014 2013 and 2012

(Unit : Thousand Baht)

| | Consolidated financial statements | | | Separate financial statements | | |
|---|-----------------------------------|--------|--------------------|-------------------------------|--------|--------------------|
| | 2014 | 2013 | 2012 (Restated) | 2014 | 2013 | 2012 (Restated) |
| Profit for the year | 86,019 | 71,518 | 209,142 | 78,410 | 73,388 | 210,786 |
| Other comprehensive income: | | | | | | |
| Gain on changes in value of | | | | | | |
| available-for-sale investments | 1,439 | 1,996 | 8,630 | 971 | 1,996 | 8,630 |
| Less: Income tax effect | (1,506) | (398) | 90 | (194) | (398) | 90 |
| Surplus on revaluation of assets | - | - | 136,609 | - | - | 129,876 |
| Income tax effect | - | - | (25,192) | - | - | (25,192) |
| Other comprehensive income for the year | (67) | 1,598 | 120,137 | 777 | 1,598 | 113,404 |
| Total comprehensive income for the year | 85,952 | 73,116 | 329,279 | 79,187 | 74,986 | 324,190 |
| Total comprehensive income attributable to | | | | | | |
| Equity holders of the Company | 81,014 | 73,888 | 329,225 | 79,187 | 74,986 | 324,190 |
| Non-controlling interests of subsidiaries | 4,938 | (772) | 54 | | | |
| Total comprehensive income for the year | 85,952 | 73,116 | 329,279 | | | |

The accompanying notes are an integral part of the financial statements.

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2014 2013 and 2012

(Unit : Thousand Baht)

Consolidated financial statements

| | Equity attributable to the parent's shareholders | | | | | | | | | |
|---|--|---------------|--------------|----------------|---|----------------------------------|--|--|--|----------------------------|
| | Retained earnings | | | | Other components of equity | | | | | |
| | | | | | Other comprehensive income | | Total other components of shareholders' equity | Total equity attributable to shareholders of the Company | Equity attributable to non-controlling interests of the subsidiaries | Total shareholders' equity |
| | | | | | Surplus (deficit) on changes in value of available-for-sale investments | Surplus on revaluation of assets | | | | |
| | Issued and paid-up share capital | Share premium | Appropriated | Unappropriated | | | | | | |
| Balance as at 1 January 2012 - as previously reported | 323,921 | 149,421 | 35,627 | 143,795 | (10,625) | 26,097 | 15,472 | 668,235 | 61,907 | 730,142 |
| Cumulative effect of changes in accounting policies | - | - | - | 26,690 | 308 | (6,002) | (5,695) | 20,995 | - | 20,995 |
| Balance as at 1 January 2012 - as restated | 323,921 | 149,421 | 35,627 | 170,484 | (10,317) | 20,095 | 9,777 | 689,230 | 61,907 | 751,137 |
| Increase in share capital from issuance of stock dividend | 32,392 | - | - | (32,392) | - | - | - | - | - | - |
| Dividend paid | - | - | - | (142,888) | - | - | - | (142,888) | - | (142,888) |
| Total comprehensive income for the year (restated) | - | - | - | 209,088 | 8,720 | 111,417 | 120,137 | 329,225 | 54 | 329,279 |
| Transferred retained earning to legal reserve | - | - | 4 | (4) | - | - | - | - | - | - |
| Resulting from change in shareholding | | | | | | | | | | |
| ratio of equity attributable to non-controlling interests of the subsidiaries due to the decrease in the subsidiary's share capital | - | - | - | - | - | - | - | - | (650) | (650) |
| Transferred surplus on revaluation of assets to retained earning | - | - | - | 594 | - | (594) | (594) | - | - | - |
| Balance as at 31 December 2012 - as restated | 356,313 | 149,421 | 35,631 | 204,882 | (1,597) | 130,917 | 129,320 | 875,567 | 61,311 | 936,878 |
| Balance as at 1 January 2013 | 356,313 | 149,421 | 35,631 | 204,882 | (1,597) | 130,917 | 129,320 | 875,567 | 61,311 | 936,878 |
| Profit for the year | - | - | - | 72,290 | - | - | - | 72,290 | (772) | 71,518 |
| Other comprehensive income for the year | - | - | - | - | 1,598 | - | 1,598 | 1,598 | - | 1,598 |
| | - | - | - | 72,290 | 1,598 | - | 1,598 | 73,888 | (772) | 73,115 |
| Increase in share capital from issuance of stock dividend | 35,631 | - | - | (35,631) | - | - | - | - | - | - |
| Dividend paid | - | - | - | (39,594) | - | - | - | (39,594) | - | (39,594) |
| Transferred retained earning to legal reserve | - | - | 3,563 | (3,563) | - | - | - | - | - | - |
| Resulting from change in shareholding | | | | | | | | | | |
| ratio of equity attributable to non-controlling interests of the subsidiaries due to the decrease in the subsidiary's share capital | - | - | - | - | - | - | - | - | 100 | 100 |
| Transferred surplus on revaluation of assets to retained earning | - | - | - | 587 | - | (587) | (587) | - | - | - |
| Balance as at 31 December 2013 | 391,944 | 149,421 | 39,194 | 198,971 | 0 | 130,331 | 130,331 | 909,861 | 60,639 | 970,500 |
| Balance as at 1 January 2014 | 391,944 | 149,421 | 39,194 | 198,971 | 0 | 130,331 | 130,331 | 909,861 | 60,639 | 970,500 |
| Profit for the year | - | - | - | 81,272 | - | - | - | 81,272 | 4,747 | 86,019 |
| Other comprehensive income for the year | - | - | - | - | 960 | (1,218) | (258) | (258) | 191 | (67) |
| Total comprehensive income for the year | - | - | - | 81,272 | 960 | (1,218) | (258) | 81,014 | 4,938 | 85,952 |
| Dividend paid | - | - | - | (70,550) | - | - | - | (70,550) | - | (70,550) |
| Transferred surplus on revaluation of assets to retained earning | - | - | - | 588 | - | (588) | (588) | - | - | - |
| Balance as at 31 December 2014 | 391,944 | 149,421 | 39,194 | 210,281 | 961 | 128,524 | 129,485 | 920,325 | 65,577 | 985,902 |

The accompanying notes are an integral part of the financial statements.

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2014 2013 and 2012

(Unit : Thousand Baht)

| | Separate financial statements | | | | | | | | |
|---|-------------------------------|-------------------|----------------|-----------|---|----------------------------------|---------|--|----------------------------|
| | | | | | Other components of equity | | | | |
| | | | | | Other comprehensive income | | | Total other components of shareholders' equity | Total shareholders' equity |
| | | | | | Surplus (deficit) | | | | |
| | | | | | on changes in value of available-for-sale investments | Surplus on revaluation of assets | | | |
| Issued and paid-up share capital | Share premium | Retained earnings | | | | | | | |
| | | Appropriated | Unappropriated | | | | | | |
| Balance as at 1 January 2012 - as previously reported | 323,921 | 149,421 | 35,627 | 127,431 | (10,625) | 26,097 | 15,472 | 651,872 | |
| Cumulative effect of changes in accounting policies | - | - | - | 27,514 | 308 | (6,002) | (5,695) | 21,819 | |
| Balance as at 1 January 2012 - as restated | 323,921 | 149,421 | 35,627 | 154,945 | (10,317) | 20,095 | 9,777 | 673,691 | |
| Increase in share capital from issuance of stock dividend | 32,392 | - | - | (32,392) | - | - | - | - | |
| Dividend paid | - | - | - | (142,888) | - | - | - | (142,888) | |
| Total comprehensive income for the year (restated) | - | - | - | 210,786 | 8,720 | 104,684 | 113,404 | 324,190 | |
| Transferred retained earnings to legal reserve | - | - | 4 | (4) | - | - | - | - | |
| Trasferred surplus on revaluation of assets to retained earning | - | - | - | 594 | - | (594) | (594) | - | |
| Balance as at 31 December 2012 - as restated | 356,313 | 149,421 | 35,631 | 191,041 | (1,597) | 124,184 | 122,587 | 854,993 | |
| Balance as at 1 January 2013 | 356,313 | 149,421 | 35,631 | 191,041 | (1,597) | 124,184 | 122,587 | 854,993 | |
| Profit for the year | - | - | - | 73,388 | - | - | - | 73,388 | |
| Other comprehensive income for the year | - | - | - | - | 1,598 | - | 1,598 | 1,598 | |
| Total comprehensive income for the year | - | - | - | 73,388 | 1,598 | - | 1,598 | 74,986 | |
| Increase in share capital from issuance of stock dividend | 35,631 | - | - | (35,631) | - | - | - | - | |
| Dividend paid | - | - | - | (39,594) | - | - | - | (39,594) | |
| Transferred retained earnings to legal reserve | - | - | 3,563 | (3,563) | - | - | - | - | |
| Trasferred surplus on revaluation of assets to retained earning | - | - | - | 266 | - | (266) | (266) | - | |
| Balance as at 31 December 2013 | 391,944 | 149,421 | 39,194 | 185,907 | 0 | 123,918 | 123,918 | 890,385 | |
| Balance as at 1 January 2014 | 391,944 | 149,421 | 39,194 | 185,907 | 0 | 123,918 | 123,918 | 890,385 | |
| Profit for the year | - | - | - | 78,410 | - | - | - | 78,410 | |
| Other comprehensive income for the year | - | - | - | - | 777 | - | 777 | 777 | |
| Total comprehensive income for the year | - | - | - | 78,410 | 777 | - | 777 | 79,187 | |
| Dividend paid | - | - | - | (70,550) | - | - | - | (70,550) | |
| Trasferred surplus on revaluation of assets to retained earning | - | - | - | 266 | - | (266) | (266) | - | |
| Balance as at 31 December 2014 | 391,944 | 149,421 | 39,194 | 194,034 | 777 | 123,651 | 124,429 | 899,022 | |

The accompanying notes are an integral part of the financial statements.

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Cash flow statement

For the year ended 31 December 2014 2013 and 2012

(Unit : Thousand Baht)

| | Consolidated financial statements | | | Separate financial statements | | |
|---|-----------------------------------|----------|------------|-------------------------------|----------|------------|
| | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 |
| | | | (Restated) | | | (Restated) |
| Cash flows from operating activities | | | | | | |
| Profit before tax | 107,213 | 87,084 | 255,358 | 99,598 | 88,955 | 257,003 |
| Adjustments to reconcile profit before tax to | | | | | | |
| net cash provided by (paid from) operating activities: | | | | | | |
| Depreciation and amortisation | 129,782 | 122,549 | 117,436 | 111,677 | 104,907 | 104,709 |
| Allowance for doubtful accounts and estimated | | | | | | |
| goods return (reversal) | (2,473) | 2,963 | (18,798) | (1,307) | 2,719 | (18,320) |
| Adjustment from clearing accounts receivable | (201) | (1,204) | (418) | (201) | (1,204) | (418) |
| Allowance for impairment of assets (reversal) | 2,427 | - | (17,718) | 2,427 | - | (16,013) |
| Expense from lost of inventories | 12,236 | 12,898 | 15,783 | 12,236 | 12,898 | 15,783 |
| Allowance for dilapidated slow moving and lost of inventories | 26,236 | 51,369 | 14,951 | 26,236 | 51,369 | 15,028 |
| Share of profit from investment in associate | (2,252) | (1,714) | (1,750) | - | - | - |
| Gain on sales of current investments | (1,482) | (4,123) | - | (1,248) | (4,123) | - |
| Loss from donation of goods and equipment | 5,137 | 6,755 | 17,159 | 5,137 | 6,755 | 17,159 |
| Loss from stock destruction | 5,571 | 8,138 | 11,495 | 5,571 | 8,138 | 11,495 |
| Provision for long-term employee benefits | 12,284 | 1,506 | 9,010 | 11,404 | 939 | 8,827 |
| Loss on sales and written-off equipment | 9,543 | 4,108 | 1,412 | 9,606 | 4,073 | 1,068 |
| Loss on impairment of investment | - | - | - | 165 | - | - |
| Amortisation of leasehold right on land and buildings | 13,148 | 11,762 | 11,794 | 12,813 | 11,427 | 11,459 |
| Adjustment from clearing accounts payable and | | | | | | |
| coupon payable | (5,513) | (12,612) | (9,042) | (5,513) | (12,612) | (9,042) |
| Interest expenses | 18,973 | 6,400 | 4,719 | 12,335 | 521 | 18 |
| Interest income | (1,221) | (3,846) | (13,386) | (1,140) | (4,295) | (14,863) |
| Dividend income | - | (404) | (8,669) | (2,000) | (2,404) | (10,669) |
| Profit from operating activities before | | | | | | |
| changes in operating assets and liabilities | 329,407 | 291,631 | 389,335 | 297,795 | 268,066 | 373,223 |
| Operating assets (increase) decrease | | | | | | |
| Trade and other receivables | 19,366 | 3,481 | 27,586 | 18,824 | 3,448 | 14,693 |
| Inventories | (52,666) | (51,508) | (64,638) | (55,003) | (49,379) | (65,191) |
| Prepaid expenses | 2,668 | 28,962 | (21,771) | 1,361 | 29,029 | (21,646) |
| Compensation receivable from the insurance claim | 57 | (3,165) | 19,820 | 57 | (3,165) | 19,820 |
| Other current assets | 2,398 | (2,333) | (5,956) | 4,968 | (4,731) | (6,316) |
| Prepaid book copyright and translation fee | 4,858 | (642) | 4,669 | 4,858 | (642) | 4,669 |
| Rental guarantee and deposit | 6,868 | (3,418) | (12,515) | 6,868 | (3,418) | (12,515) |
| Other non-current assets | (1,736) | 5,934 | 8,766 | (1,736) | 5,949 | 8,572 |

The accompanying notes are an integral part of the financial statements.

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Cash flow statement

For the year ended 31 December 2014 2013 and 2012

(Unit : Thousand Baht)

| | Consolidated financial statements | | | Separate financial statements | | |
|---|-----------------------------------|------------------|------------------|-------------------------------|------------------|------------------|
| | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 |
| | | | (Restated) | | | (Restated) |
| Operating liabilities increase (decrease) | | | | | | |
| Trade accounts payable | (193,291) | (129,094) | (39,060) | (193,173) | (128,865) | (38,988) |
| Income received in advance | (2,025) | 12,311 | 2,244 | - | - | - |
| Accrued expenses | 8,061 | (56,938) | (23,756) | 4,781 | (56,018) | (25,106) |
| Notes payables | (4,493) | (21,763) | 21,445 | (4,493) | (21,763) | 21,445 |
| Other payables | 7,347 | 12,255 | 5,248 | 7,395 | 12,569 | 5,248 |
| Other current liabilities | (15,975) | 23,301 | 12,126 | (15,894) | 23,293 | 12,050 |
| Cash paid for long-term employee benefits | (14,589) | (4,059) | (6,286) | (14,589) | (4,059) | (6,286) |
| Other non-current liabilities | (116) | (425) | 556 | (100) | (365) | 525 |
| Cash flows from operating activities | 96,137 | 104,529 | 317,813 | 61,918 | 69,948 | 284,196 |
| Cash paid for interest expenses | (18,918) | (6,400) | (4,719) | (12,281) | (521) | (18) |
| Cash paid for corporate income tax | (23,288) | (36,875) | (70,158) | (23,270) | (36,875) | (70,158) |
| Net cash flows from operating activities | 53,932 | 61,254 | 242,936 | 26,367 | 32,552 | 214,021 |
| Cash flows from investing activities | | | | | | |
| (Increase) decrease in current investments | (301,252) | 152,509 | 19,094 | (241,252) | 152,509 | 19,094 |
| Increase in investment in subsidiaries | - | - | - | - | (1,050) | - |
| Dividend received from associated company | 2,000 | 2,000 | - | - | - | - |
| Interest income | 1,323 | 3,846 | 13,670 | 1,242 | 4,295 | 15,147 |
| Dividends income | - | 404 | 10,669 | 2,000 | 2,404 | 10,669 |
| Decrease (increase) in restricted bank deposit and other investment | 1,272 | (2,004) | (188) | 1,272 | (2,004) | (188) |
| Repayment of land property and equipment | (126,977) | (484,635) | (368,871) | (120,726) | (478,588) | (307,841) |
| Proceeds from sales of equipment | 1,241 | 520 | 443 | 1,178 | 488 | 403 |
| Repayment of intangible assets | (3,317) | (2,920) | (4,941) | (3,853) | (2,920) | (4,941) |
| Cash receipt from loan to subsidiary | - | - | - | - | 15,044 | - |
| Cash paid for short-term loans to subsidiary | - | - | - | - | - | (20) |
| Net cash flows used in investing activities | (425,711) | (330,280) | (330,124) | (360,138) | (309,821) | (267,677) |
| Cash flows from financing activities | | | | | | |
| Repayment of short-term loans from other person | - | - | (3,400) | - | - | - |
| Repayment of short-term loans from financial institutions | (100,000) | - | - | (100,000) | - | - |
| Cash receipt from short-term loans from financial institutions | - | 100,000 | - | - | 100,000 | - |
| Cash receipt from long-term loans | 529,500 | 21,770 | 10,110 | 500,000 | - | - |
| Repayment of long-term loans | (44,740) | - | - | (23,840) | - | - |
| Increase in non-controlling interests | - | 100 | - | - | - | - |
| Dividend paid | (70,550) | (39,594) | (142,888) | (70,550) | (39,594) | (142,888) |
| Net cash flows from financing activities | 314,210 | 82,276 | (136,178) | 305,610 | 60,406 | (142,888) |
| Net decrease in cash and cash equivalents | (57,569) | (186,749) | (223,366) | (28,161) | (216,863) | (196,544) |
| Cash and cash equivalents at beginning of year | 160,199 | 346,948 | 570,314 | 126,641 | 343,504 | 540,048 |
| Cash and cash equivalents at end of year (Note 7) | 102,630 | 160,199 | 346,948 | 98,480 | 126,641 | 343,504 |

The accompanying notes are an integral part of the financial statements.

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Cash flow statement

For the year ended 31 December 2014 2013 and 2012

(Unit : Thousand Baht)

| | Consolidated financial statements | | | Separate financial statements | | |
|---|-----------------------------------|--------|------------|-------------------------------|--------|------------|
| | 2014 | 2013 | 2012 | 2014 | 2013 | 2012 |
| | | | (Restated) | | | (Restated) |
| Supplemental cash flows information | | | | | | |
| Non-cash transactions | | | | | | |
| Increase in revaluation surplus on changes in | | | | | | |
| value of available-for-sale investments | 1,439 | 1,996 | 8,630 | 971 | 1,996 | 8,630 |
| Purchase of fixed assets for which cash has not been paid | 7,169 | 866 | 5,169 | 7,174 | 683 | 4,805 |
| Depreciation surplus on revaluation of asset | | | | | | |
| under shareholder's equity | (654) | (654) | (743) | (333) | (333) | (743) |
| Surplus on revaluation of assets | - | - | 136,609 | - | - | 129,876 |
| Issuance of stock dividend | - | 35,631 | 32,392 | - | 35,631 | 32,392 |

The accompanying notes are an integral part of the financial statements.

13.3 Financial Ratios (calculated from consolidated financial statements)

| | | Consolidated financial statement | | |
|-------------------------|-------|----------------------------------|-------|-------|
| Financial ratios | | 2014 | 2013 | 2012 |
| Return On Equity (ROE) | % | 8.88 | 8.1 | 26.72 |
| Return on Asset (ROA) | % | 4.67 | 3.58 | 10.18 |
| Debt to Equity Ratio | times | 1.84 | 1.68 | 1.81 |
| Interest Coverage Ratio | times | 4.97 | 13 | 62.28 |
| Dividend Payout** | % | 86.81 | 97.59 | 70.06 |

Note:

- ROE (Return on Equity) = Net profit (Parent Company only) divided by shareholder's equity (averaged) from Parent Company only
- ROA (Return on Assets) = Net profit before financial and tax expenses divided by total assets (averaged)
- Debt to Equity ratio = total debts divided by shareholder's equity (minor shareholder's equity included)
- Debt service Coverage Ratio = Net cash flows from operation activities + interest + income tax expenses divided by interest from operation and investment
- Return On Equity = Net profit (Parent Company only) divided by shareholder's equity (averaged) from Parent Company only
- Dividend payout ** = dividend by net profit

**Dividend payout in 2014 was proposed by the Company's board committee, waiting for approval from the 2015 Annual General Meeting on April 23, 2015.

ROE was 8.88%
increased by 0.78%
while
ROA was 4.67%
increased by 1.09%

Return on Equity (ROE) was 8.88%, increased by 0.78% while Return on Assets (ROA) was 4.67%, increased by 1.09% according to better operation results, gaining higher margin from course books and other goods from retailing and wholesale businesses.

***Debt to Equity Ratio
was 1.84 times,
increased by 0.16
times***

Debt to Equity Ratio increased by 0.16 times, due to long term loans from financial institutions for construction of the new warehouse.

***Interest Coverage
Ratio was 4.97 times,
decreased by 8.03
times***

Interest Coverage Ratio decreased by 8.03 times because the Company had used the final credit from long term loans in 2014/Q4 according to terms and conditions in the contract. This had resulted in higher interest charges.

14. Management Discussion and Analysis

Publishing Business Situation in 2014

Overview

In 2014, the Company continues to be affected by economic slowdown continues. Due to a decrease of net purchasing power, increasing household debt, and technological changes, especially in digital device, consumers were more cautious in their spending and changed their buying behavior. It had resulted in the decline of the Company's sales all over the country, complying with the conditions of retail business in general.

To alleviate the situation, the Company decided to close down 40 small unprofitable branches in 2014 and canceled the rental contract of the old warehouse, which usually raised rental fees every year. To reduce the financial burden in the long run, the Company had the new warehouse constructed. It officially opened in 2014. The Company had to made interest payment on its long term loans for construction of this warehouse. However, the Company was able to gain slightly higher profit because of an increase of trade discount from new books in the Company's distribution business and loss reduction from closing down unprofitable bookstore.

In 2014 the Company had opened new eight braches of SE-ED Book Center. Total number of the active braches as of December 31, 2014 was 412 branches, included nine counter services.

Moreover the Company had branched out in to educational franchises in English language, mathematics, and science through SE-ED Learning Center. In 2014, there were new 10 branches of SE-ED Learning Center. Total number of branches was 24 branches, included two branches that the Company operated.

In operation and management, the Company emphasized on good governance policies together with social and environmental responsibilities. Since the Company was the exemplar in many aspects, it was gaining honorable awards as follows:

- Received 'SET Award of Honor' of Corporate Governance Report for the four times (5 consecutive years of Top Corporate Governance Report Awards) from the SET Awards 2014 organized by the Stock Exchange of Thailand and Money & Banking Magazine. The Company is the only listed company outside SET100 to receive this award.
- The IOD has appraised SE-ED to be excellent (5 stars) level in Corporate Governance Report of Thai Listed Companies 2014, 2013, 2012, 2011, 2010, 2009 and 2008 appraisal for 7 consecutive years. The Company is the only

company from the publishing business category in the service industry to be evaluated 'excellent' for 7 consecutive years.

- The Company was assessed by the Securities and Exchange Commission, Thai Listed Companies Association, and Thai Investors Association, in the organization of the Annual General Shareholders Meeting (AGM) 2014 in the level '5 TIA' with the perfect 100 scores for 6 consecutive years (2009-2014). There was a total of 528 listed companies participated in the assessment of the year 2014.
- Received Investors' Choice Award for receiving 100% scores from the evaluation of Annual General Shareholders Meeting for 6 consecutive years (2009 - 2014) by the Thai Investors Association. This is the honorable award for the registered company that emphasizes on the importance of the Annual General Shareholders Meeting and the right and equality of the shareholders. The Company is the only one in the printing and media business to receive this honorable award.

**SE-ED's profit in 2014 is
THB 86.02 million.**

According to consolidated financial statements, net profit of the Company is THB 86.02 million, increasing THB 14.50 million, which accounted for 20.28%. The Company's performance in 2014 can be summarized as follows:

- The subsidiaries and associates' profit recognition was up THB 6.24 million from last year. Mainly it was because of the increasing tuition fees that rises every year and revenue from organizing an extra curriculum.
- The net profit in separate financial statements is THB 78.41 million, increasing THB 5.02 million, which accounted for 6.84%.
 - Sales and Management expenses were reduce by 4.75%, since the rent fee, service fee, and employees' expenses were decreased. The Inventory turnover rate was getting better, resulting in the decrease of the slow-moving inventory reserve.
 - The rent fee and service fee of the Headquarter and branches decreased by THB 40.32 million, accounting for 7.52%. There was a decrease of THB 16.91 million from cancelling the rental contract for the old warehouse located on Kingkeaw district. The rental fee and service fee of branches decreased because the lease contract was changed from a fixed term to a percentage of sales.

- Employees' expenses decreased by THB 12.54 million, accounting for 2.53%.
- Interest charges increased by THB 11.81 million on long term loans for construction of the new warehouse.

Net profit for the major shareholders

According the consolidated financial statements in 2014, the Company had net profit for the major shareholders in the number of THB 81.27 million, increased by THB 8.98 million or 12.42% from last year.

- Received more trade discount in both retail market and new books from distribution business.
- Sales and Management expenses decreased, for example, reducing operation cost, rental fee, service fee, facility fee from shutting down the small unprofitable braches. Employees' expenses reduced in accordance with the decreased number of closures.

Dividend of 2014 at the rate of THB 0.18 per share

The Company's board meeting had agreed to propose dividend for the operation result in 2014 to the annual general meeting of shareholders for approval. Dividend of 2014 will be paid at the rate of THB 0.18 per share, but not exceeded THB 70.55 million or 391,944,418 shares from net income after tax expenses, according to separate financial statements.

The list of shareholders that are entitled to receive dividend payments will be established on Wednesday, May 6, 2015. According to Section 225 of the Securities and Exchange Act, the name list of shareholders will be defined by closing the share register book, suspending transfer of shares on Wednesday, May 7, 2015. The dividend payment is due on Tuesday, May 21, 2015.

However, at the end of the accounting year 2014, the Company has provided the full allocation to reserve under the laws and regulations of the Company.

Table 1 : Operation results of 2014 and 2013

(Unit : Million Baht)

| | Consolidated financial statement | | | |
|-----------------------------------|----------------------------------|-----------------|------------------------|---------------|
| | 2014 | 2013 | Increase (decrease) | % |
| Revenue from sales of goods | 4,912.65 | 5,308.41 | (395.75) | (7.46) |
| Cost of sales | 3,236.50 | 3,580.44 | (343.94) | (9.61) |
| Gross profit | 1,676.15 | 1,727.97 | (51.82) | (3.00) |
| Gross profit margin | 34.12% | 32.55% | | 1.57 |
| EBITDA | 269.15 | 227.80 | 41.35 | 18.15 |
| Net profit for major shareholders | 81.27 | 72.29 | 8.98 | 12.42 |
| Net earnings per share | 0.21 | 0.18 | 0.02 | 12.42 |

Note: EBITDA is earnings before Interest and Tax, plus Depreciation & Amortization.

Higher margin in 2014 In 2014, gross profit was THB 1,676.15 million, decreased by THB 51.81 million or 3.00%. However, gross margin in 2014 was THB 34.12%, increased by 1.57% from last year.

- Gross profit decreased by THB 51.81 million according to the decreased sales of 7.46% from last year, due to a decrease of 10.01% in retail sales.
- However gross margin in 2014 was 34.12%, increased by 1.57% from last year, due to an increase of 10.80% in foreign books sales and an increase in book distribution, especially course books for institutions.

In 2014, cost of sales and services decreased by THB 343.94 million Cost of sales and services according to consolidated financial statements is THB 3,236.50 million, decreased by THB 343.94 million or 9.61%, which related to a decrease of 8.01% in sales.

EBITDA increased by THB 41.35 million or 18.15% EBITDA increased by THB 41.35 million because of better operation results from closing down small unprofitable branches and gaining more trade discount. This resulted in higher gross margin, even though the Company was affected by adjusting the formula for employees' long term benefits and loss profit from disposal of assets in defunct branches.

Table 2 : Statement of financial position As at 31 December 2014 and 2013

(Unit : Million Baht)

| Consolidated financial statement | | | | |
|---|-----------------|-----------------|--------------------------------|-------------|
| | 2014 | 2013 | Increase (decrease) | % |
| Current assets | 926.30 | 698.12 | 228.17 | 32.68 |
| Non-current assets | 1,875.48 | 1,901.34 | (25.86) | (1.36) |
| Total assets | 2,801.78 | 2,599.46 | 202.31 | 7.78 |
| Current liability | 1,264.13 | 1,498.75 | (234.62) | (15.65) |
| Non-current liability | 551.74 | 130.21 | 421.53 | 323.73 |
| Total liability | 1,815.87 | 1,628.96 | 186.91 | 11.47 |
| Total shareholder's equity | 985.90 | 970.50 | 15.40 | 1.59 |
| Total liability and shareholder's equity | 2,801.77 | 2,599.46 | 202.31 | 7.78 |

Assets increased by THB 202.31 million or 7.78%

Assets increased by THB 202.31 million, due to an increase of THB 304.17 million or 13.83% in investment capital. This was the result of investing the final long term loans in the amount of THB 250 million, which was due according to the contract.

Non-current assets decreased by THB 25.86 million or 1.36%.

Non-current assets decreased by THB 25.86 million, due to a decrease of THB 12.82 million in leasehold by amortizing leasehold and decreasing rental guarantee and deposit from shutting down unprofitable branches by THB 6.87 million.

Current liability decreased by THB 234.62 million or 15.65%

Current liability decreased by THB 234.62 million as follows:

- Short term loans from financial institutions decreased by THB 100 million, due to settlement for financial institutions were paid.
- Trade accounts payable and other Payables decreased by THB 175.16 million, which related to a decrease of sales and the settlement that was due.
- Long term loans that were due in one year increased by THB 60.73 million.

Non-current liability increased by THB 421.53 million or 323.73%

Net long term loans to the due payment increased by THB 421.53 million. This was the loan from the financial institution for construction of the new warehouse.

Shareholder's equity increased by THB 15.40 million or 1.59% Shareholder's equity increased by THB 15.40 million because the Company's profit increased.

table 3 : Statement of cash flows of 2014 and 2013

| Consolidated financial statement | | | | |
|--|----------------|-----------------|------------------------|----------------|
| | 2014 | 2013 | Increase (decrease) | % |
| Cash flows from (used in) operation activities | 53.93 | 61.25 | (7.32) | (11.95) |
| Cash flows from (used in) investing activities | (425.71) | (330.28) | (95.43) | 28.89 |
| Cash flows from (used in) financing activities | 314.21 | 82.28 | 231.93 | 281.90 |
| Cash flows increase (decreased) | (57.57) | (186.75) | 129.18 | (69.17) |

Cash flows from operation activities in 2014 was THB 53.93 million

- Profit from operation that was cash equaled THB 329.40 million.
 - Net profit before income tax in 2014 was THB 107.21 million.
 - Adjustments to reconcile profit before tax totals THB 222.19 million including depreciation and amortization of THB 129.78 million; allowance of THB 26.24 million for lost goods, dilapidated goods, and slow-moving goods; amortization for land leasehold right of THB 13.15 million; interest payment of THB 18.97 million; expense from lost of inventories of THB 12.24 million; provision for long-term employee benefits of THB 12.28 million; loss of THB 9.54 million from amortizing for equipment; loss of THB 5.57 million from destruction of goods; loss of THB 5.14 million from donation of goods and equipment; allowance for impairment of THB 2.43 million; interest income of THB 1.22 million; profit of THB 1.48 million from selling temporary investments; allowance of THB 2.47 million for doubtful debt and returned goods; adjustment from un-utilized coupon payable of THB 5.51 million.
- Cash increased by THB 19.37 million from trade receivable and other receivable. Most of them were from distribution receivable and some were from reversal bad debt receivable.
- Cash decreased by THB 52.67 million from inventories in the SE-ED branded books, for example, the manual of Windows 8.1 & office 2013, English-Thai Dictionaries, Rich Dad Books.

- Cash decreased by THB 193.29 million from a decrease of trade payable, corresponding to the decreased sales and unprofitable bookstore closures.
- Cash decreased by THB 15.97 million from decreased current liabilities, due to construction works insurance deduction for construction payable.
- Cash decreased by THB 14.59 million from provision of employee long term benefits, cash awards, and retirement funds.
- Cash decreased by THB 18.92 million from interest paid from long term loans.
- Cash decreased by THB 23.29 million from income tax deduction from operation results of 2013 and 2014.

Cash flows used in investing activities in 2014 was THB 425.71 million.

- Cash decreased by THB 301.25 million from purchase of temporary investments and buying investments in funds.
- Cash decreased by THB 126.98 million from purchase of additional equipment and installing shelves, conveyor, decoration, and other equipment in the new ware house.

Cash flows from financing activities in 2014 was THB 314.21 million

- Cash received by THB 500 million from a financial institution. Subsidiaries loaned from the parents of students in the amount of THB 29.50 million.
- Cash decreased by THB 100 million from paying short term settlement to financial institutions.
- Dividend payoff from operation result in 2013 was paid in May, 2014 in the amount of THB 70.55 million.