

SE-EDUCATION PUBLIC COMPANY LIMITED  
and its subsidiaries  
Review report and interim financial statements  
For the three-month and nine-month periods ended  
30 September 2018

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED

I have reviewed the accompanying consolidated statement of financial position of SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries as at 30 September 2018, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods end 30 September 2018, and the consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of SE-EDUCATION PUBLIC COMPANY LIMITED for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 9 November 2018

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries**

**Statement of financial position**

**As at 30 September 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 September 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	3	98,074	145,865	74,398	94,320
Current investments	4	-	18,883	-	18,883
Trade and other receivables	2, 5	108,160	79,027	105,628	73,681
Short-term loan to subsidiary	2	-	-	1,800	1,800
Inventories	6	342,784	324,830	340,014	318,495
Other current assets	7	42,108	51,953	39,468	48,495
		591,126	620,558	561,308	555,674
Non-current assets held for sale	8	-	50,432	-	50,432
<b>Total current assets</b>		591,126	670,990	561,308	606,106
<b>Non-current assets</b>					
Restricted bank deposits and other investments	9	13,408	13,394	13,408	13,394
Investments in subsidiaries	10	-	-	70,295	70,295
Investment in associate	11	25,919	25,912	100	100
Property, plant and equipment	12	1,796,035	1,844,562	1,527,251	1,570,739
Leasehold rights on land	2, 13	5,881	6,095	-	-
Leasehold rights on buildings	14	42,751	50,789	42,751	50,789
Intangible assets	15	3,800	3,910	3,678	4,232
Prepaid book copyright and translation fee		14,505	15,691	14,505	15,691
Rental guarantee and deposit		91,514	98,607	91,514	98,608
Deferred tax assets		15	15	-	-
Other non-current assets		9,732	9,666	9,248	9,444
<b>Total non-current assets</b>		2,003,560	2,068,641	1,772,750	1,833,292
<b>Total assets</b>		2,594,686	2,739,631	2,334,058	2,439,398

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

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries**

**Statement of financial position (continued)**

**As at 30 September 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 September 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	2, 16	866,045	914,575	857,141	904,655
Income received in advance recognisable					
within one year	17	19,373	53,644	-	-
Current portion of long-term loans	19	60,408	279,008	60,408	269,008
Income tax payable		726	327	-	-
Current portion of provision for					
long-term employee benefits		6,018	8,598	6,018	8,598
Other current liabilities	18	21,868	44,121	19,456	35,211
<b>Total current liabilities</b>		<b>974,438</b>	<b>1,300,273</b>	<b>943,023</b>	<b>1,217,472</b>
<b>Non-current liabilities</b>					
Income received in advance, net of current portion	17	10,908	15,857	-	-
Long-term loans, net of current portion	19	219,944	56,750	163,294	-
Provision for long-term employee benefits, net of					
current portion		72,423	63,796	65,799	57,970
Deferred tax liabilities		42,699	50,818	38,156	46,062
Other non-current liabilities		8,803	8,346	7,746	8,346
<b>Total non-current liabilities</b>		<b>354,777</b>	<b>195,567</b>	<b>274,995</b>	<b>112,378</b>
<b>Total liabilities</b>		<b>1,329,215</b>	<b>1,495,840</b>	<b>1,218,018</b>	<b>1,329,850</b>

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

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries**

**Statement of financial position (continued)**

**As at 30 September 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>30 September 2018</b>	<b>31 December 2017</b>	<b>30 September 2018</b>	<b>31 December 2017</b>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>				
Share capital				
Registered				
391,944,529 ordinary shares of Baht 1 each	391,945	391,945	391,945	391,945
Issued and paid-up				
391,944,418 ordinary shares of Baht 1 each	391,944	391,944	391,944	391,944
Share premium	149,421	149,421	149,421	149,421
Retained earnings				
Appropriated				
Statutory reserve - The Company	39,194	39,194	39,194	39,194
Statutory reserve - Subsidiary	632	632	-	-
Unappropriated	205,742	145,234	164,168	111,525
Other components of shareholders' equity	382,304	428,873	371,313	417,464
Equity attributable to owners of the Company	1,169,237	1,155,298	1,116,040	1,109,548
Non-controlling interests of the subsidiaries	96,234	88,493	-	-
<b>Total shareholders' equity</b>	<b>1,265,471</b>	<b>1,243,791</b>	<b>1,116,040</b>	<b>1,109,548</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,594,686</b>	<b>2,739,631</b>	<b>2,334,058</b>	<b>2,439,398</b>
	-	-	-	-

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

Director

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## SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

## Statement of income

For the three-month period ended 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Revenues</b>					
Revenues from sales		742,089	837,442	733,152	836,431
Tuition fees income	17	45,388	41,037	-	-
Interest and dividend income		142	175	95	3,688
Other income		24,188	16,016	22,251	14,192
<b>Total revenues</b>		<b>811,807</b>	<b>894,670</b>	<b>755,498</b>	<b>854,311</b>
<b>Expenses</b>					
Cost of sales		506,964	550,548	498,175	550,236
Cost of tuition fees		35,789	36,989	-	-
Selling expenses		188,841	210,075	188,825	210,046
Administrative expenses		105,497	119,146	95,925	112,836
<b>Total expenses</b>		<b>837,091</b>	<b>916,758</b>	<b>782,925</b>	<b>873,118</b>
<b>Loss before finance cost and income tax expenses</b>					
Finance cost		(3,546)	(4,582)	(2,804)	(3,529)
<b>Loss before income tax expenses</b>		<b>(28,830)</b>	<b>(26,670)</b>	<b>(30,231)</b>	<b>(22,336)</b>
Income tax revenues (expenses)	20	(2,564)	1,463	(2,511)	1,346
<b>Loss for the period</b>		<b>(31,394)</b>	<b>(25,207)</b>	<b>(32,742)</b>	<b>(20,990)</b>
<b>Profit (loss) attributable to</b>					
Equity holders of the Company		(32,147)	(24,810)	(32,742)	(20,990)
Non-controlling interests of the subsidiaries		753	(397)		
		(31,394)	(25,207)		
(Unit: Baht)					
<b>Loss per share</b>					
Basic loss per share					
Loss attributable to equity holders of the Company	21	(0.08)	(0.06)	(0.08)	(0.05)

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

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries****Statement of comprehensive income****For the three-month period ended 30 September 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
<b>Loss for the period</b>	<u>(31,394)</u>	<u>(25,207)</u>	<u>(32,742)</u>	<u>(20,990)</u>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Gain (loss) on changes in value of available-for-sale investments	(3)	2	(3)	2
Less: Income tax effect	-	(1)	-	(1)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	<u>(3)</u>	<u>1</u>	<u>(3)</u>	<u>1</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial loss	(258)	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u>(258)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period</b>	<u>(261)</u>	<u>1</u>	<u>(3)</u>	<u>1</u>
<b>Total comprehensive income for the period</b>	<u><u>(31,655)</u></u>	<u><u>(25,206)</u></u>	<u><u>(32,745)</u></u>	<u><u>(20,989)</u></u>
<b>Total comprehensive income attributable to</b>				
Equity holders of the Company	(32,276)	(24,809)	<u>(32,745)</u>	<u>(20,989)</u>
Non-controlling interests of subsidiaries	621	(397)		
<b>Total comprehensive income for the period</b>	<u><u>(31,655)</u></u>	<u><u>(25,206)</u></u>		

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

(Unaudited but reviewed)

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries****Statement of income****For the nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Revenues</b>					
Revenues from sales		2,413,201	2,756,703	2,401,444	2,752,694
Tuition fees income	17	142,224	132,109	-	-
Interest and dividend income		737	840	1,528	5,178
Other income		56,582	45,666	50,419	39,475
<b>Total revenues</b>		<b>2,612,744</b>	<b>2,935,318</b>	<b>2,453,391</b>	<b>2,797,347</b>
<b>Expenses</b>					
Cost of sales		1,569,887	1,794,886	1,559,331	1,790,292
Cost of tuition fees		104,149	99,052	-	-
Selling expenses		570,354	638,778	570,255	638,736
Administrative expenses		331,510	389,175	303,843	366,150
<b>Total expenses</b>		<b>2,575,900</b>	<b>2,921,891</b>	<b>2,433,429</b>	<b>2,795,178</b>
<b>Profit before share of profit from investment</b>					
<b>in associate, finance cost and</b>					
<b>income tax expenses</b>					
		36,844	13,427	19,962	2,169
Share of profit from investment in associate		1,007	962	-	-
<b>Profit before finance cost and</b>					
<b>income tax expenses</b>					
		37,851	14,389	19,962	2,169
Finance cost		(11,505)	(15,101)	(9,249)	(11,562)
<b>Profit (loss) before income tax expenses</b>		<b>26,346</b>	<b>(712)</b>	<b>10,713</b>	<b>(9,393)</b>
Income tax revenues (expenses)	20	(4,403)	746	(4,216)	596
<b>Profit (loss) for the period</b>		<b>21,943</b>	<b>34</b>	<b>6,497</b>	<b>(8,797)</b>
<b>Profit (loss) attributable to</b>					
<b>Equity holders of the Company</b>					
		14,070	(6,300)	6,497	(8,797)
<b>Non-controlling interests of the subsidiaries</b>					
		7,873	6,334		
		<b>21,943</b>	<b>34</b>		
(Unit: Baht)					
<b>Earnings per share</b>					
21					
<b>Basic earnings per share</b>					
		0.04	(0.02)	0.02	(0.02)

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



**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries****Statement of comprehensive income****For the nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
<b>Profit (loss) for the period</b>	21,943	34	6,497	(8,797)
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Loss on changes in value of				
available-for-sale investments	(6)	(32)	(6)	(32)
Less: Income tax effect	1	6	1	6
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
- net of income tax	(5)	(26)	(5)	(26)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial loss	(258)	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	(258)	-	-	-
<b>Other comprehensive income for the period</b>	(263)	(26)	(5)	(26)
<b>Total comprehensive income for the period</b>	<b>21,680</b>	<b>8</b>	<b>6,492</b>	<b>(8,823)</b>
<b>Total comprehensive income attributable to</b>				
Equity holders of the Company	13,939	(6,326)	6,492	(8,823)
Non-controlling interests of subsidiaries	7,741	6,334		
<b>Total comprehensive income for the period</b>	<b>21,680</b>	<b>8</b>		

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

(Unaudited but reviewed)

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries****Statement of changes in shareholders' equity****For the nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

<b>Consolidated financial statements</b>											
Equity attributable to the parent's shareholders											
	Issued and paid-up share capital	Share premium	Retained earnings			Other components of equity		Total other components of shareholders' equity	Total equity attributable to the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
			Appropriated	Subsidiary	Unappropriated	Surplus on changes in value of available-for-sale investments	Surplus on revaluation of assets				
<b>Balance as at 1 January 2017</b>	391,944	149,421	39,194	-	175,115	55	127,477	127,532	883,206	77,756	960,962
<u>Change during the period</u>											
Profit (loss) for the period	-	-	-	-	(6,300)	-	-	-	(6,300)	6,334	34
Other comprehensive income for the period	-	-	-	-	-	(26)	-	(26)	(26)	-	(26)
Total comprehensive income for the period	-	-	-	-	(6,300)	(26)	-	(26)	(6,326)	6,334	8
Dividend paid (Note 22)	-	-	-	-	(3,919)	-	-	-	(3,919)	-	(3,919)
Subsidiary paid dividend to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	(3,719)	(3,719)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	632	(632)	-	-	-	-	-	-
Transferred surplus on revaluation of assets to retained earnings	-	-	-	-	379	-	(379)	(379)	-	-	-
<b>Balance as at 30 September 2017</b>	<b>391,944</b>	<b>149,421</b>	<b>39,194</b>	<b>632</b>	<b>164,643</b>	<b>29</b>	<b>127,098</b>	<b>127,127</b>	<b>872,961</b>	<b>80,371</b>	<b>953,332</b>
<b>Balance as at 1 January 2018</b>	391,944	149,421	39,194	632	145,234	5	428,868	428,873	1,155,298	88,493	1,243,791
<u>Change during the period</u>											
Profit for the period	-	-	-	-	14,070	-	-	-	14,070	7,873	21,943
Other comprehensive income for the period	-	-	-	-	(126)	(5)	-	(5)	(131)	(132)	(263)
Total comprehensive income for the period	-	-	-	-	13,944	(5)	-	(5)	13,939	7,741	21,680
Transferred surplus on revaluation of assets to retained earnings	-	-	-	-	46,564	-	(46,564)	(46,564)	-	-	-
<b>Balance as at 30 September 2018</b>	<b>391,944</b>	<b>149,421</b>	<b>39,194</b>	<b>632</b>	<b>205,742</b>	<b>-</b>	<b>382,304</b>	<b>382,304</b>	<b>1,169,237</b>	<b>96,234</b>	<b>1,265,471</b>

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

(Unaudited but reviewed)

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries****Statement of changes in shareholders' equity (continued)****For the nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

	<b>Separate financial statements</b>							
					Other components of equity			
					Other comprehensive income			
	Issued and paid-up share capital	Share premium	Retained earnings		Surplus on changes in value of available-for-sale investments	Surplus on revaluation of assets	Total other components of shareholders' equity	Total shareholders' equity
Appropriated			Unappropriated					
<b>Balance as at 1 January 2017</b>	391,944	149,421	39,194	143,938	55	123,118	123,173	847,670
<u>Change during the period</u>								
Loss for the period	-	-	-	(8,797)	-	-	-	(8,797)
Other comprehensive income for the period	-	-	-	-	(26)	-	(26)	(26)
Total comprehensive income for the period	-	-	-	(8,797)	(26)	-	(26)	(8,823)
Dividend paid (Note 22)	-	-	-	(3,919)	-	-	-	(3,919)
Transferred surplus on revaluation of assets to retained earnings	-	-	-	188	-	(188)	(188)	-
<b>Balance as at 30 September 2017</b>	<u>391,944</u>	<u>149,421</u>	<u>39,194</u>	<u>131,410</u>	<u>29</u>	<u>122,930</u>	<u>122,959</u>	<u>834,928</u>
<b>Balance as at 1 January 2018</b>	391,944	149,421	39,194	111,525	5	417,459	417,464	1,109,548
<u>Change during the period</u>								
Profit for the period	-	-	-	6,497	-	-	-	6,497
Other comprehensive income for the period	-	-	-	-	(5)	-	(5)	(5)
Total comprehensive income for the period	-	-	-	6,497	(5)	-	(5)	6,492
Transferred surplus on revaluation of assets to retained earnings	-	-	-	46,146	-	(46,146)	(46,146)	-
<b>Balance as at 30 September 2018</b>	<u>391,944</u>	<u>149,421</u>	<u>39,194</u>	<u>164,168</u>	<u>-</u>	<u>371,313</u>	<u>371,313</u>	<u>1,116,040</u>
	-	-	-	-	-	-	-	-

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

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries****Cash flow statement****For the nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	26,346	(712)	10,713	(9,393)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	76,044	84,669	63,925	71,876
Allowance for doubtful accounts and estimated goods return	7,126	5,316	7,338	5,488
Adjustment from reconciliation accounts receivable	(626)	(47)	(626)	(47)
Allowance for impairment of assets (reversal)	(2,108)	813	(2,108)	813
Expense from loss of inventories	7,142	7,898	7,142	7,898
Allowance for loss of inventories, dilapidated and slow moving (reversal)	(10,328)	20,939	(10,328)	20,939
Expense for donation of goods and equipment	5,311	7,749	5,311	7,749
Provision for long-term employee benefits	12,629	12,614	12,088	12,606
Share of profit from investment in associate	(1,007)	(962)	-	-
Gain on disposal of current investments	(718)	(1,073)	(718)	(1,073)
Loss from stock destruction	-	9,120	-	9,120
Loss on sales and written-off equipment	4,632	1,574	4,233	1,407
Gain on sales of land	(9,568)	-	(9,568)	-
Amortisation of leasehold rights on land and buildings	8,251	8,795	8,038	8,587
Loss on written-off leasehold right on land	-	2,818	-	-
Adjustment from clearing coupon payable	-	(6,394)	-	(6,394)
Adjustment from clearing long outstanding payable	(109)	(1,440)	(109)	(1,440)
Interest expenses	11,505	15,101	9,248	11,562
Interest income	(737)	(840)	(529)	(609)
Dividend income	-	-	(1,000)	(4,569)
Profit from operating activities before changes in operating assets and liabilities	133,785	165,938	103,050	134,520
Operating assets (increase) decrease				
Trade and other receivables	(35,633)	(28,340)	(38,658)	(29,981)
Inventories	(20,507)	26,595	(23,643)	27,170
Other current assets	(3,962)	36,056	(4,828)	36,861
Prepaid book copyright and translation fee	1,186	995	1,186	995
Rental guarantee and deposit	7,093	976	7,093	976
Other non-current assets	(67)	425	196	668
Operating liabilities increase (decrease)				
Trade and other payables	(45,591)	(63,083)	(44,785)	(62,589)
Income received in advance	(39,220)	(11,245)	-	-
Cash paid for long-term employee benefits	(6,838)	(9,932)	(6,838)	(9,319)
Other current liabilities	(6,145)	(39,699)	352	(42,371)
Other non-current liabilities	456	1,238	(600)	1,238
Cash flows from (used in) operating activities	(15,443)	79,924	(7,475)	58,168
Cash received from tax refund	6,983	5,992	6,859	5,992
Cash paid for interest expenses	(11,555)	(15,114)	(9,299)	(11,575)
Cash paid for income tax	(5,295)	(7,984)	(5,124)	(7,762)
<b>Net cash flows from (used in) operating activities</b>	<b>(25,310)</b>	<b>62,818</b>	<b>(15,039)</b>	<b>44,823</b>

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

**SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries****Cash flow statement (continued)****For the nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
<b>Cash flows from investing activities</b>				
Increase in restricted bank deposits and other investments	(14)	(15)	(14)	(15)
Decrease in current investments	19,595	72,476	19,595	47,476
Dividend received from associated company	1,000	1,000	1,000	1,000
Interest income	737	969	528	600
Cash paid for purchase of property and equipment	(32,882)	(105,995)	(25,148)	(36,906)
Proceeds from sales of equipment	489	334	462	324
Proceeds from sales of land	44,000	-	44,000	-
Cash receipt from advanced deposit	-	6,000	-	6,000
Cash paid for acquisition of leasehold right on land	-	(3,358)	-	-
Acquisition of intangible assets	-	(5)	-	(5)
<b>Net cash flows from (used in) investing activities</b>	<b>32,925</b>	<b>(28,594)</b>	<b>40,423</b>	<b>18,474</b>
<b>Cash flows from financing activities</b>				
Cash received from other short-term loan	300	-	-	-
Repayment of other short-term loan	(300)	-	-	-
Cash received from short-term loan from financial institution	30,000	-	30,000	-
Repayment of short-term loan from financial institution	(30,000)	-	(30,000)	-
Cash received from long-term loans	-	10,550	-	-
Repayment of long-term loans	(55,406)	(71,030)	(45,306)	(49,010)
Dividend paid	-	(3,919)	-	(3,919)
<b>Net cash flows used in financing activities</b>	<b>(55,406)</b>	<b>(64,399)</b>	<b>(45,306)</b>	<b>(52,929)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(47,791)</b>	<b>(30,175)</b>	<b>(19,922)</b>	<b>10,368</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>145,865</b>	<b>159,057</b>	<b>94,320</b>	<b>92,917</b>
<b>Cash and cash equivalents at end of period (Note 3)</b>	<b>98,074</b>	<b>128,882</b>	<b>74,398</b>	<b>103,285</b>
	-	-	-	-

**Supplemental cash flows information**

## Non-cash transactions

Decrease in revaluation surplus on changes in value of

available-for-sale investments	6	32	6	32
Purchase of assets for which cash has not been paid	2,890	3,207	2,678	273
Actuarial loss for deferred benefits plan	258	-	-	-
Decrease in deposit received from sales of land	16,000	-	16,000	-
Transferred land and building to non-current assets held for sale	-	50,432	-	50,432
Dividend receivable	-	-	-	3,569
Dividend payable	-	3,719	-	-

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

## **SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries**

### **Notes to interim financial statements**

#### **For the three-month and nine-month periods ended 30 September 2018**

## **1. General information**

### **1.1 Corporate information**

SE-EDUCATION PUBLIC COMPANY LIMITED (“the Company”) is a public company incorporated and domiciled in Thailand. The Company listed on the Stock Exchange of Thailand on 29 April 1993. The Company’s registered office is located at No. 1858/87-90, Bangna-Trad Road, Bangna Sub-District, Bangna District, Bangkok. Its distribution center is situated at 118 Moo 1, Tambon Sisa Chorakhe Yai, Bang Sao Tong District, Samutprakarn.

The Company and its subsidiaries operate their businesses in Thailand and are authorised to engage in the following:

1. Operate bookstores which consist of SE-ED Book Center and network stores and various university bookstores in Bangkok and other provinces as well as the network and sales area in various forms.
2. Distribute books for both published by SE-ED and other publishers to bookstores all over the country and to other sales channels.
3. Publish books as well as academic and educational journals and provide services for display advertisements to be published in the Company's monthly magazine.
4. SE-ED Learning Center, is an education center that provides services and activities aiming to develop potentials and aptitudes of Thai children such as supplementary math and English course.
5. Plearnpattana School, which operates a private school offering courses for students from pre-kindergarten to Matayom 6.
6. BaesLab Co., Ltd. (subsidiary), which operates in consulting, provision and distribution of software and hardware business.

### **1.2 Basis for preparation of the interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2017) Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

### **1.3 Basis of consolidation**

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2017, with there being no changes in the structure of shareholding in subsidiaries during the current period.

### **1.4 New financial reporting standards**

#### **(a) Financial reporting standards that became effective in the current year**

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

#### **(b) Financial reporting standards that will become effective in the future**

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards are summarized below.

## **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

### **Thai Financial Reporting Standards related to financial instruments**

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.



## 1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

## 2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiaries and those related parties.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Transactions with subsidiary companies</u>					
(being eliminated in the consolidated financial statements)					
Sales of goods	-	-	104	69	Market price
Service expenses	-	-	-	857	Mutually agreed agreement
Interest income	-	-	33	54	MOR per annum
Service revenue	-	-	56	42	Mutually agreed agreement
Dividend income	-	-	-	3,569	As declared
<u>Transactions with shareholder and directors of subsidiary</u>					
Lease land	256	303	-	-	Mutually agreed agreement
Amortised leasehold rights on land	72	73	-	-	Mutually agreed agreement
Interest expenses	15	16	-	-	5% - 6% per annum
<u>Transactions with related companies</u>					
Service revenue	56	112	56	112	Market price
Purchases of goods	118	42	118	42	Market price

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Transactions with subsidiary companies</u>					
(being eliminated in the consolidated financial statements)					
Sales of goods	-	-	583	578	Market price
Service expenses	-	-	417	2,557	Mutually agreed agreement
Interest income	-	-	97	162	MOR per annum
Service revenue	-	-	168	126	Mutually agreed agreement
Dividend income	-	-	-	3,569	As declared

(Unaudited but reviewed)

	For the nine-month periods ended 30 September				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Transactions with associated company</u>					
Dividend income	-	-	1,000	1,000	As declared
<u>Transactions with shareholder and directors of subsidiary</u>					
Lease land	759	751	-	-	Mutually agreed agreement
Amortised leasehold rights on land	213	208	-	-	Mutually agreed agreement
Interest expenses	45	32	-	-	5% - 6% per annum
<u>Transactions with related companies</u>					
Service revenue	168	168	168	168	Market price
Purchases of goods	459	1,645	459	1,645	Market price

As at 30 September 2018 and 31 December 2017, the balances of the accounts between the Company, its subsidiaries and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<b><u>Short-term loan to subsidiary</u></b>				
Subsidiary	-	-	1,800	1,800
<b><u>Interest receivable</u></b>				
Subsidiary	-	-	33	33
<b><u>Leasehold rights on land (Note 13)</u></b>				
Shareholder/directors of subsidiary	5,881	6,095	-	-
<b><u>Trade and other receivables (Note 5)</u></b>				
Subsidiary	-	-	38	6
Related companies (related by co-director)	4,614	8,396	4,614	8,396
Total	4,614	8,396	4,652	8,402
<b><u>Prepaid expense</u></b>				
Subsidiary	-	-	-	436
<b><u>Trade accounts payable (Note 16)</u></b>				
Related companies of shareholders	1,402	1,141	1,402	1,141
<b><u>Long-term loan (Note 19)</u></b>				
Shareholder/director of subsidiary	1,000	1,000	-	-

Short-term loan to subsidiary which is due within 1 year. The subsidiary obtained such loan for the purpose of funding product development. Interest is charged at MOR of a commercial bank per annum.

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term employee benefits	4.73	6.85	4.13	6.28
Post-employment benefits	0.08	0.14	0.05	0.08
<b>Total</b>	<b>4.81</b>	<b>6.99</b>	<b>4.18</b>	<b>6.36</b>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term employee benefits	15.28	21.48	13.02	19.44
Post-employment benefits	0.32	0.50	0.21	0.36
<b>Total</b>	<b>15.60</b>	<b>21.98</b>	<b>13.23</b>	<b>19.80</b>

**3. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2018	2017	2018	2017
Cash	15,962	19,050	15,747	18,852
Bank deposits with maturity not over 3 months	82,112	126,815	58,651	75,468
<b>Total</b>	<b>98,074</b>	<b>145,865</b>	<b>74,398</b>	<b>94,320</b>

**4. Current investments**

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements			
	30 September 2018		31 December 2017	
	Cost	Fair value	Cost	Fair value
<b>Available-for-sale securities</b>				
Fixed income fund	-	-	18,876	18,883
Add: Unrealised gain from revaluation of investments	-	-	7	-
Total available-for-sale securities	-	-	18,883	18,883
Current investments - net	-	-	18,883	18,883

(Unaudited but reviewed)

**5. Trade and other receivables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	4,614	8,396	4,623	8,402
Total trade accounts receivable - related parties, net	4,614	8,396	4,623	8,402
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	40,529	48,050	40,324	47,158
Past due				
Up to 6 months	68,527	16,152	67,067	12,643
6 - 12 months	2,725	2,863	2,011	1,969
Over 12 months	3,644	4,226	2,892	3,372
Total trade accounts receivable - unrelated parties	115,425	71,291	112,294	65,142
Less: Allowance for doubtful debts	(8,285)	(8,834)	(7,195)	(7,532)
Allowance for goods return	(10,875)	(3,200)	(10,875)	(3,200)
Total trade accounts receivable - unrelated parties, net	96,265	59,257	94,224	54,410
<u>Other receivables</u>				
Advances	2,537	877	2,485	709
Other receivables-related parties	-	-	29	-
Others	4,744	10,497	4,267	10,160
Total other receivables	7,281	11,374	6,781	10,869
Trade and other receivables - net	108,160	79,027	105,628	73,681

The movements in transactions of allowance for doubtful accounts and allowance for goods return during the nine-month period ended 30 September 2018, are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	Allowance for doubtful debts	Allowance for goods return	Allowance for doubtful debts	Allowance for goods return
Balance as at 31 December 2017	8,834	3,200	7,532	3,200
Add: Allowance made during the period	183	7,675	2	7,675
Less: Allowance reversed during the period	(732)	-	(339)	-
Balance as at 30 September 2018	8,285	10,875	7,195	10,875

**6. Inventories**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Raw material	1,286	2,677	1,286	2,677
Work in process	8,710	13,175	7,635	8,378
Finished goods	538,805	525,323	537,003	523,678
Total	548,801	541,175	545,924	534,733
Less: Allowance for loss of inventories	(4,414)	(3,881)	(4,414)	(3,881)
Allowance for dilapidated and slow moving	(201,603)	(212,464)	(201,496)	(212,357)
Inventories - net	342,784	324,830	340,014	318,495

Movements in transactions of allowance for loss of inventories and allowance for dilapidated and slow moving during the nine-month period ended 30 September 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2017	216,345	216,238
Add: Allowance for diminution in value of inventories made during the period	5,530	5,530
Less: Reversal of allowance for diminution in value of inventories during the period	(15,858)	(15,858)
Balance as at 30 September 2018	206,017	205,910

**7. Other current assets**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Supplies	19,522	17,134	18,756	16,317
Prepaid expenses	17,024	14,744	15,331	12,373
Other current assets	5,562	20,075	5,381	19,805
Total	42,108	51,953	39,468	48,495

(Unaudited but reviewed)

## 8. Non-current assets held for sale

As at 31 December 2017, details of non-current assets held for sale are as follows:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		
	Land	Buildings	Total
Revalued amount	42,000	12,354	54,354
Less: Accumulated depreciation	-	(3,922)	(3,922)
Net book value	<u>42,000</u>	<u>8,432</u>	<u>50,432</u>

A reconciliation of the net book value of non-current assets held for sale for the nine-month period ended 30 September 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements
Net book value as at 31 December 2017	50,432
Decrease from disposal during period	<u>(50,432)</u>
Net book value as at 30 September 2018	<u>-</u>

On 15 September 2017, the Company entered into a sale and purchase agreement with an unrelated party (“the buyer”) to sell land and building thereon at a price of Baht 60 million. Subsequently in July 2018, the Company received full payment for sale of the land and building thereon made by the buyer under the agreement and transferred ownership of such asset to the buyer.

## 9. Restricted bank deposits and other investments

(Unit: Thousand Baht)

	Consolidated/Separated financial statements		Interest rate (% p.a.)
	30 September 2018	31 December 2017	
Fixed deposits with 12 months maturity	8,000	8,000	0.80
Government bonds with 7 years maturity	5,408	5,394	3.625
Total	<u>13,408</u>	<u>13,394</u>	

**10. Investments in subsidiaries**

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
	30	31	30	31	30	31	30	31	30	31
	September	December	September	December	September	December	September	December	September	December
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)						
SE-ED Book Center Co.,Ltd.	1,000	1,000	99.99	99.99	1,000	1,000	(187)	(187)	813	813
BaesLab Co., Ltd.	250	250	60.00	60.00	150	150	-	-	150	150
Plearn Patt Co.,Ltd.	151,850	151,850	48.97	48.97	83,000	83,000	(13,668)	(13,668)	69,332	69,332
					<u>84,150</u>	<u>84,150</u>	<u>(13,855)</u>	<u>(13,855)</u>	<u>70,295</u>	<u>70,295</u>

**11. Investments in an associate**

(Unit: Thousand Baht)

Company's name	Nature of business	Shareholding percentage		Consolidated financial statements		Separate financial statements		Dividend recognised during the period	
		30	31	Carrying amounts based on equity method		Carrying amounts based on cost method		during the period	
		September	December	September	December	September	December	September	December
		2018	2017	2018	2017	2018	2017	2018	2017
		(%)	(%)						
M AND E Co., Ltd.	Printing office, production of technical magazines and engineering manuals	25	25	25,919	25,912	100	100	1,000	1,000
				<u>25,919</u>	<u>25,912</u>	<u>100</u>	<u>100</u>	<u>1,000</u>	<u>1,000</u>

**12. Property, plant and equipment**

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2017	1,844,562	1,570,739
Acquisitions during period - at cost	29,992	22,470
Disposal during period - net book value at disposal date	(563)	(137)
Written - off during period - net book value at written - off date	(4,558)	(4,558)
Depreciation for the period	(75,506)	(63,371)
Reversal of impairment for the period	2,108	2,108
Net book value as at 30 September 2018	<u>1,796,035</u>	<u>1,527,251</u>

The Company mortgaged the land and constructions thereon where the distribution center is situated to secure against credit facilities granted by the bank as discussed in Note 19.

### 13. Leasehold rights on land

The whole amount of the leasehold rights consisted of two land lease agreements which the subsidiary entered into with its shareholders totalling Baht 10 million. It is related to the lease of land area of approximately 20 rais for the period of 30 years for the purpose of operating an education institute.

Movement of the leasehold rights on land during the nine-month period ended 30 September 2018 is summarised below:

	(Unit: Thousand Baht)
	Consolidated financial statements
	<u>                    </u>
Net book value as at 31 December 2017	6,095
Amortisation for the period	(214)
Net book value as at 30 September 2018	<u>5,881</u>

### 14. Leasehold rights on buildings

The whole amount of the leasehold on buildings represented leased areas in leading shopping centers in order to open SE-ED Book Center. The terms of these leaseholds range between 10 to 30 years. During the six-month period ended 30 September 2018, the Company amortised leasehold rights as expenses totalling Baht 8.04 million (2017: Baht 8.59 million).

### 15. Intangible assets

Movements of the intangible assets which are software license fee during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	<u>                    </u>	<u>                    </u>
Net book value as at 31 December 2017	3,910	4,232
Transfer from work in process during the period	428	-
Amortisation for the period	(538)	(554)
Net book value as at 30 September 2018	<u>3,800</u>	<u>3,678</u>



(Unaudited but reviewed)

## 16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2018	2017	2018	2017
Trade accounts payable - related parties	1,402	1,141	1,402	1,141
Trade accounts payable - unrelated parties	747,977	801,881	746,682	801,317
Accrued expenses	80,395	71,832	72,963	62,946
Other payables for purchase of assets	2,486	5,375	2,323	5,001
Notes payable	6,007	4,231	5,993	4,214
Other payables	27,778	30,115	27,778	30,036
Total	866,045	914,575	857,141	904,655

## 17. Income received in advance / income from tuition fees

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 September	31 December
	2018	2017
Income received in advance - not yet recognised	30,281	69,501
Less: Income received in advance recognisable within one year	(19,373)	(53,644)
Net	10,908	15,857

During the nine-month period ended 30 September 2018, movements of income received in advance are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Initial	Education	Total
	entrance fee	supporting fee	
Balance as at 31 December 2017	6,923	62,578	69,501
Add: Increase during the period	5,321	98,920	104,241
Less: Income recognition during the period	(10,004)	(132,221)	(142,225)
Less: Returned due to resignation of students	-	(1,236)	(1,236)
Balance as at 30 September 2018	2,240	28,041	30,281

(Unaudited but reviewed)

**18. Other current liabilities**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
Coupon payable	11,828	11,351	11,828	11,351
Accrued withholding tax	1,982	2,182	1,788	1,801
Unearned income	3,661	9,717	2,166	2,178
Advance received for purchasing books	1,938	996	1,938	996
Advanced deposit	-	16,000	-	16,000
Others	2,459	3,875	1,736	2,885
<b>Total</b>	<b>21,868</b>	<b>44,121</b>	<b>19,456</b>	<b>35,211</b>

**19. Long-term loans**

Loan	Interest rate (%)	Repayment schedule	(Unit: Thousand Baht)			
			Consolidated		Separate	
			financial statements		financial statements	
			30	31	30	31
			September	December	September	December
			2018	2017	2018	2017
1	THBFD 3M+3.85*	Monthly installment as from 31 July 2014 with the last installment in 30 September 2021	98,020	124,840	98,020	124,840
2	MLR-1.5	Monthly installment as from 30 November 2014 with the last installment in 31 December 2023	125,682	144,168	125,682	144,168
3	5.00 - 7.50	Settlement at maturity date of the contracts	55,650	65,750	-	-
4**	6.00	Settlement at maturity date of the contracts	1,000	1,000	-	-
<b>Total</b>			<b>280,352</b>	<b>335,758</b>	<b>223,702</b>	<b>269,008</b>
Less: Current portion			(60,408)	(279,008)	(60,408)	(269,008)
<b>Long-term loans, net of current portion</b>			<b>219,944</b>	<b>56,750</b>	<b>163,294</b>	<b>-</b>

\* Interest expense rate in swap transaction agreement

\*\* Long-term loan of shareholder/directors of subsidiary

Movement in the long-term loans account during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 31 December 2017	335,758	269,008
Less: Repayment	(55,406)	(45,306)
<b>Balance as at 30 September 2018</b>	<b>280,352</b>	<b>223,702</b>

The loan agreements contain covenants as specified in the agreements that, among other things, require the Company to maintain certain gearing and debt service coverage ratios specified in the agreements.

On 11 April 2017, the Company entered into loan agreements and combined credit line agreement with a commercial bank to obtain long-term loan facilities and credit lines totalling Baht 525 million. The loans are secured by the mortgage of land and constructions thereon.

On 28 April 2017, the Company mortgaged the land and constructions thereon where the distribution center is situated to secure any debts or burdens that already exist or to arise under such agreements.

The Company had entered into an Interest Rate Swap Transaction Agreement with the a bank covering these loan amounts, whereby a rate stipulated in the agreement is to be swapped at a floating rate plus stipulated rate as discussed in Note 24.5.

As at 31 December 2017, the Company was unable to maintain certain financial ratios covenanted under the loan agreement (unrelated to principal and interest payment). The Company therefore presented the balance of this loan as at 31 December 2017 as current liability to comply with the generally accepted accounting standards. Subsequently, on 19 February 2018, the Company received an approval of waiver on non-compliance for the 2017 operations. The Company therefore classified the loan balances as at 30 September 2018 as non-current liabilities in the statement of financial position.

## 20. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses (revenues) for the three-month and nine-month periods ended 30 September 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Current income tax:</b>				
Interim corporate income tax charge	8,701	(3,338)	8,577	(3,237)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(6,137)	1,875	(6,066)	1,891
Income tax expenses (revenues) reported in the statement of income	2,564	(1,463)	2,511	(1,346)

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
<b>Current income tax:</b>				
Interim corporate income tax charge	12,520	3,660	12,121	3,761
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(8,117)	(4,406)	(7,905)	(4,357)
Income tax expenses (revenues) reported in the statement of income	4,403	(746)	4,216	(596)

## 21. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

The following table sets forth the computation of basic loss per share:

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Loss for the period (Thousand Baht)	(32,147)	(24,810)	(32,742)	(20,990)
Weighted average number of ordinary shares (Thousand shares)	391,944	391,944	391,944	391,944
Loss per share (Baht/share)	(0.08)	(0.06)	(0.08)	(0.05)

  

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Profit (loss) for the period (Thousand Baht)	14,070	(6,300)	6,497	(8,797)
Weighted average number of ordinary shares (Thousand shares)	391,944	391,944	391,944	391,944
Profit (loss) per share (Baht/share)	0.04	(0.02)	0.02	(0.02)

## 22. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividend from the operating results of the year 2016	Annual General Meeting of the shareholders on 20 April 2017	3.92	0.01
Total dividend paid for the nine-month period ended 30 September 2017		3.92	0.01

## 23. Segment information

The Company and its subsidiaries are organised into business units based on the sales channels of products and services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following table present revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2018 and 2017, respectively.

(Unit: Thousand Baht)

	For the three-month period ended 30 September 2018					
	Retail business	Other distribution channels	Institution of private education business	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	562,803	178,920	45,754	787,477	-	787,477
Inter-segment revenue	-	104	-	104	(104)	-
Depreciation and amortisation	(15,729)	(4,999)	(4,067)	(24,795)	-	(24,795)
Loss on written-off assets	(1,425)	-	-	(1,425)	-	(1,425)
<b>Segment profit (loss) from operations</b>	<b>(32,386)</b>	<b>3,944</b>	<b>3,016</b>	<b>(25,426)</b>	<b>-</b>	<b>(25,426)</b>
Interest and dividend revenues						142
Interest expenses						(3,546)
<b>Loss before income tax expenses</b>						<b>(28,830)</b>
Income tax expenses						(2,564)
<b>Loss for the period</b>						<b>(31,394)</b>

(Unit: Thousand Baht)

	For the three-month period ended 30 September 2017					
	Retail business	Other distribution channels	Institution of private education business	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	664,474	172,062	41,943	878,479	-	878,479
Inter-segment revenue	-	919	-	919	(919)	-
Depreciation and amortisation	(17,303)	(6,560)	(3,909)	(27,772)	-	(27,772)
Loss on written-off assets	(928)	-	-	(928)	-	(928)
<b>Segment loss from operations</b>	<b>(16,519)</b>	<b>(5,432)</b>	<b>(312)</b>	<b>(22,263)</b>	<b>-</b>	<b>(22,263)</b>
Interest and dividend revenues						175
Interest expenses						(4,582)
<b>Loss before income tax revenues</b>						<b>(26,670)</b>
Income tax revenues						1,463
<b>Loss for the period</b>						<b>(25,207)</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the nine-month period ended 30 September 2018

	Retail business	Other distribution channels	Institution of private education business	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	1,749,064	661,476	144,885	2,555,425	-	2,555,425
Inter-segment revenue	-	1,400	-	1,400	(1,400)	-
Depreciation and amortisation	(48,641)	(15,396)	(12,007)	(76,044)	-	(76,044)
Loss on written-off assets	(4,558)	-	-	(4,558)	-	(4,558)
<b>Segment profit (loss) from operations</b>	<b>(34,247)</b>	<b>51,757</b>	<b>18,597</b>	<b>36,107</b>	<b>-</b>	<b>36,107</b>
Share of profit from investment in associate						1,007
Interest and dividend revenues						737
Interest expenses						(11,505)
<b>Profit before income tax expenses</b>						<b>26,346</b>
Income tax expenses						(4,403)
<b>Profit for the period</b>						<b>21,943</b>

(Unit: Thousand Baht)

For the nine-month period ended 30 September 2017

	Retail business	Other distribution channels	Institution of private education business	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	2,089,503	664,642	134,667	2,888,812	-	2,888,812
Inter-segment revenue	-	3,128	-	3,128	(3,128)	-
Depreciation and amortisation	(52,230)	(19,742)	(12,697)	(84,669)	-	(84,669)
Loss on written-off assets	(1,660)	-	-	(1,660)	-	(1,660)
<b>Segment profit (loss) from operations</b>	<b>(38,257)</b>	<b>35,208</b>	<b>15,636</b>	<b>12,587</b>	<b>-</b>	<b>12,587</b>
Share of profit from investment in associate						962
Interest and dividend revenues						840
Interest expenses						(15,101)
<b>Loss before income tax revenues</b>						<b>(712)</b>
Income tax revenues						746
<b>Profit for the period</b>						<b>34</b>

The basis of pricing between the Company and its subsidiaries is consistent with that for third party transactions.

## 24. Commitments and contingent liabilities

### 24.1 Capital commitments

As at 30 September 2018, the subsidiaries had capital commitments of approximately Baht 1.3 million (31 December 2017: Nil), relating to the construction of kindergarten school's building.

### 24.2 Operating lease commitments

- a) As 30 September 2018, the Company has entered into space rental agreements for use as branch offices, totalling 367 branches (31 December 2017: 392 branches). The lease periods ranged from 1 to 20 years. During the nine-month period ended 30 September 2018, the total rental and utility fees were approximately Baht 323 million per annum (31 December 2017: Baht 365 million). Some of rental fees were calculated from the percentage of sales amounts of that branch, while others were fixed rate.
- b) The Company and its subsidiaries have entered into several lease agreements in respect of the lease of office building space, branches, land, warehouses, vehicles and costs service related with the operations. The terms of the agreements are generally between 1 and 30 years.

As at 30 September 2018, future minimum lease payments required under operating leases contracts were as follows.

	(Unit: Million Baht)	
	Consolidated financial statement	Separate financial statement
	<hr/>	<hr/>
Payable:		
In up to 1 year	87.5	86.3
In over 1 and up to 5 years	114.9	109.2
In over 5 years	34.1	10.4

During the nine-month period ended 30 September 2018, the Company and its subsidiaries recognised rental expenses of Baht 10.6 million (2017: Baht 10.1 million).

### 24.3 Guarantees

As at 30 September 2018, the Company has pledged the bank deposit of Baht 3.9 million (31 December 2017: Baht 4.2 million) to guarantee contractual performance and guarantee rental. In addition, other investments of Baht 1.1 million (31 December 2017: Baht 1.1 million) were pledged to guarantee the electricity usage and rental of head office.

### 24.4 Long-term service commitments

- a) The Company entered into agent appointment agreement with a foreign company for the contractual period of three years commencing from 1 September 2016 to 31 May 2019. Upon expiration of the term, the Agreement shall be automatically renewed for successive one year unless either party notifies the other of its intention in writing to terminate the Agreement.
- b) The Company entered into three-year contracts allowing the use of copyrights with various authors which can be automatically renewed for successive three years, and agreed to pay remuneration at the percentage of the number of books published or sold.

### 24.5 Interest Rate Swap Transaction Agreement

The Company has the detail of the interest rate swap agreement outstanding as at 30 September 2018 as follow:

Principal amount	Interest Revenue Rate	Interest Expenses	Termination date
	Swap Agreement	Rate Swap Agreement	
Baht 196.0 million	THBFIX 1M + 1.74%	THBFD 3M + 3.85%	June 2021

### 25. Foreign currency assets and liabilities

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated / Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	30 September	31 December	30 September	31 December	30 September	31 December
	2018	2017	2018	2017	2018	2017
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
USD	-	-	45	66	32.5767	32.8472
SGD	-	-	94	8	23.9824	24.7294
GBP	-	-	852	743	42.8411	44.4531



Foreign exchange contracts outstanding are summarised below.

Consolidated / Separate financial statements					
As at 30 September 2018					
Foreign currency	Bought amount (Thousand)	Sold amount (Thousand)	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
			(Baht per 1 foreign currency unit)		
GBP	692	-	42.10 - 43.69	-	October 2018 - February 2019

Consolidated / Separate financial statements					
As at 31 December 2017					
Foreign currency	Bought amount (Thousand)	Sold amount (Thousand)	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
			(Baht per 1 foreign currency unit)		
GBP	216	-	43.29 - 43.75	-	January - May 2018

## 26. Fair value of financial instruments

The Company and its subsidiary use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

### Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiary endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

(Unaudited but reviewed)

As of 30 September 2018 and 31 December 2017, the Company and its subsidiary had the following assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated Financial Statements			
	As at 30 September 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Property, plant and equipment	-	-	1,578.8	1,578.8
<b>Liabilities for which fair value are disclosed</b>				
Derivatives				
Interest rate swap agreement	-	2.7	-	2.7
Foreign exchange forward contracts	-	0.1	-	0.1
				(Unit: Million Baht)
	Separate Financial Statements			
	As at 30 September 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Property, plant and equipment	-	-	1,321.8	1,321.8
<b>Liabilities for which fair value are disclosed</b>				
Derivatives				
Interest rate swap agreement	-	2.7	-	2.7
Foreign exchange forward contracts	-	0.1	-	0.1

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated Financial Statements				
As at 31 December 2017				
Level 1	Level 2	Level 3	Total	
<b>Assets measured at fair value</b>				
Available-for-sale investments				
Investment units	-	18.9	-	18.9
Property, plant and equipment	-	-	1,592.1	1,592.1
<b>Liabilities for which fair value are disclosed</b>				
Derivatives				
Interest rate swap agreement	-	4.6	-	4.6
Foreign exchange forward contracts	-	0.1	-	0.1

(Unit: Million Baht)

Separate Financial Statements				
As at 31 December 2017				
Level 1	Level 2	Level 3	Total	
<b>Assets measured at fair value</b>				
Available-for-sale investments				
Investment units	-	18.9	-	18.9
Property, plant and equipment	-	-	1,332.9	1,332.9
<b>Liabilities for which fair value are disclosed</b>				
Derivatives				
Interest rate swap agreement	-	4.6	-	4.6
Foreign exchange forward contracts	-	0.1	-	0.1

## 27. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 November 2018.