

Section 3

Financial Position and Performance

13. Financial Highlights

13.1 Summary of Financial Statement

- **Financial Statement for year-end, as of December 31, 2015 2014 and 2013 :**

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 2015, 2014 and 2013

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	2015	2014	2013	2015	2014	2013
Assets						
Current assets						
Cash and cash equivalents	131,671	102,630	160,199	86,444	98,480	126,641
Current investments	189,302	326,173	22,000	157,188	265,472	22,000
Trade and other receivables	70,419	85,400	102,149	66,361	81,658	99,031
Inventories	368,513	377,172	373,685	365,867	376,208	370,385
Other current assets	41,028	34,919	40,088	39,118	34,590	41,022
Total current assets	800,933	926,295	698,121	714,977	856,408	659,079
Non-current assets						
Restricted bank deposits and other investments	13,355	13,310	14,582	13,355	13,310	14,582
Investments in subsidiaries	-	-	-	70,305	70,317	70,482
Investments in associate	25,651	25,937	25,684	100	100	100
Property, plant and equipment	1,529,225	1,606,148	1,612,839	1,320,763	1,384,494	1,379,322
Leasehold rights on land	6,032	6,367	6,701	-	-	-
Leasehold rights on buildings	63,292	74,596	87,409	63,292	74,596	87,409
Intangible assets	7,158	9,141	7,980	7,533	9,537	7,843
Prepaid book copyright and translation fee	16,266	18,295	23,153	16,266	18,295	23,153
Rental guarantee and deposit	100,358	101,308	108,176	100,358	101,308	108,176
Deferred tax assets	19,686	18,312	14,488	20,912	19,612	14,488
Other non-current assets	6,881	2,067	330	6,805	2,022	285
Total non-current assets	1,787,904	1,875,480	1,901,343	1,619,690	1,693,591	1,705,841
Total assets	2,588,837	2,801,775	2,599,464	2,334,667	2,549,999	2,364,920

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of financial position (continued)

As at 31 December 2015, 2014 and 2013

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	2015	2014	2013	2015	2014	2013
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	-	-	100,000	-	-	100,000
Trade and other payables	968,861	1,089,275	1,264,428	961,529	1,080,363	1,258,625
Current portion of long-term loans	87,920	81,430	20,700	71,520	71,520	-
Income received in advance recognisable						
within one year	43,561	42,626	39,728	-	-	-
Income tax payable	236	10,333	7,097	-	10,333	7,097
Current portion of provision for						
long-term employee benefits	3,630	4,354	9,202	3,630	4,354	9,202
Other current liabilities	25,548	36,111	57,599	23,800	35,053	56,460
Total current liabilities	1,129,755	1,264,129	1,498,755	1,060,479	1,201,624	1,431,385
Non-current liabilities						
Income received in advance	1,932	4,155	9,079	-	-	-
Long-term loans, net of current portion	411,890	499,810	75,780	333,120	404,640	-
Provision for long-term employee benefits, net of						
current portion	43,496	39,253	36,710	39,079	36,188	34,525
Other non-current liabilities	8,128	8,525	8,641	8,128	8,525	8,625
Total non-current liabilities	465,446	551,743	130,209	380,328	449,353	43,150
Total liabilities	1,595,202	1,815,873	1,628,964	1,440,807	1,650,977	1,474,535

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of financial position (continued)

As at 31 December 2015, 2014 and 2013

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	2015	2014	2013	2015	2014	2013
Shareholders' equity						
Share capital						
Registered						
391,944,529 ordinary shares of Baht 1 each	391,945	391,945	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	391,944	391,944
Share premium	149,421	149,421	149,421	149,421	149,421	149,421
Retained earnings						
Appropriated - statutory reserve	39,194	39,194	39,194	39,194	39,194	39,194
Unappropriated	211,567	210,281	198,971	187,766	194,034	185,907
Other components of shareholders' equity	130,330	129,485	130,331	125,535	124,429	123,918
Equity attributable to owners of the Company	922,457	920,325	909,861	893,860	899,022	890,385
Non-controlling interests of the subsidiaries	71,178	65,577	60,639	-	-	-
Total shareholders' equity	993,636	985,902	970,500	893,860	899,022	890,385
Total liabilities and shareholders' equity	2,588,837	2,801,775	2,599,464	2,334,667	2,549,999	2,364,920

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of income

For the year ended 31 December 2015, 2014 and 2013

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	2015	2014	2013	2015	2014	2013
	(Restated)			(Restated)		
Revenues						
Revenues from sales	4,343,306	4,768,676	5,181,366	4,340,601	4,765,634	5,180,471
Tuition fees income	153,232	143,977	127,040	-	-	-
Interest and dividend income	914	1,221	4,201	2,806	3,140	6,650
Other income	45,118	51,063	44,764	36,725	40,963	38,624
Total revenues	4,542,570	4,964,937	5,357,372	4,380,133	4,809,737	5,225,744
Expenses						
Cost of sales	2,838,915	3,124,199	3,479,396	2,835,086	3,120,202	3,479,728
Cost of tuition fees	115,952	111,325	101,049	-	-	-
Selling expenses	985,253	1,028,406	1,078,402	985,253	1,028,406	1,078,402
Administrative expenses	482,683	570,823	606,754	457,688	542,485	578,138
Total expenses	4,422,802	4,834,753	5,265,601	4,278,026	4,691,093	5,136,268
Profit before share of profit from investments						
in associate, finance cost and income tax						
expenses	119,768	130,183	91,771	102,107	118,645	89,476
Share of profit from investments in associate	1,714	2,252	1,714	-	-	-
Profit before finance cost and income tax expenses	121,482	132,436	93,484	102,107	118,645	89,476
Finance cost	(28,344)	(19,003)	(6,400)	(22,208)	(12,335)	(521)
Profit before income tax expenses	93,139	113,433	87,084	79,899	106,310	88,955
Income tax expenses	(16,627)	(22,536)	(15,567)	(16,349)	(22,530)	(15,567)
Profit for the year	76,512	90,897	71,518	63,550	83,779	73,388
Profit attributable to						
Equity holders of the Company	70,876	86,400	72,290	63,550	83,779	73,388
Non-controlling interests of the subsidiaries	5,636	4,497	(772)			
	76,512	90,897	71,518			
Earnings per share						
Basic earnings per share						
Profit attributable to equity holders of the Company	0.18	0.22	0.18	0.16	0.21	0.19

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2015, 2014 and 2013

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	2015	2014	2013	2015	2014	2013
	(Restated)			(Restated)		
Profit for the year	76,512	90,897	71,518	63,550	83,779	73,388
Other comprehensive income:						
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>						
Gain on changes in value of						
available-for-sale investments	1,703	1,439	1,996	1,716	971	1,996
Less: Income tax effect	(341)	(1,506)	(398)	(343)	(194)	(398)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	1,363	(67)	1,598	1,373	777	1,598
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>						
Actuarial gain (loss)	329	(6,220)	-	386	(6,712)	-
Less: Income tax effect	77	1,342	-	77	1,342	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	406	(4,878)	-	463	(5,369)	-
Other comprehensive income for the year	1,769	(4,944)	1,598	1,836	(4,592)	1,598
Total comprehensive income for the year	78,281	85,952	73,115	65,385	79,187	74,986
Total comprehensive income attributable to						
Equity holders of the Company	72,679	81,014	73,888	65,385	79,187	74,986
Non-controlling interests of subsidiaries	5,601	4,938	(772)			
Total comprehensive income for the year	78,281	85,952	73,115			

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2015, 2014 and 2013

(Unit: Thousand Baht)

Consolidated financial statements										
Equity attributable to the parent's shareholders										
					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)					
Issued and paid-up share capital	Share premium	Retained earnings		on changes in value of available-for-sale investments	Surplus on revaluation of assets					
		Appropriated	Unappropriated							
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
Total comprehensive income for the year	-	-	-	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
Trasferred 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	-	130,331	130,331	909,861	60,639	970,500
Balance as at 1 January 2014	391,944	149,421	39,194	198,971	-	130,331	130,331	909,861	60,639	970,500
Profit for the year (restated)	-	-	-	86,400	-	-	-	86,400	4,497	90,897
Other comprehensive income for the year (restated)	-	-	-	(5,129)	960	(1,218)	(258)	(5,386)	442	(4,944)
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	960	128,524	129,485	920,325	65,577	985,902
Balance as at 1 January 2015	391,944	149,421	39,194	210,281	960	128,524	129,485	920,325	65,577	985,902
Profit for the year	-	-	-	70,876	-	-	-	70,876	5,636	76,512
Other comprehensive income for the year	-	-	-	435	1,368	-	1,368	1,803	(34)	1,769
Total comprehensive income for the year	-	-	-	71,312	1,368	-	1,368	72,679	5,601	78,281
Dividend paid	-	-	-	(70,548)	-	-	-	(70,548)	-	(70,548)
Transferred surplus on revaluation of assets to retained earning	-	-	-	523	-	(523)	(523)	-	-	-
Balance as at 31 December 2015	391,944	149,421	39,194	211,567	2,328	128,002	130,330	922,457	71,178	993,636

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2015, 2014 and 2013

(Unit: Thousand Baht)

	Separate financial statements							
					Other components of equity			
					Other comprehensive income			
					Surplus (deficit)			
					on changes			
					in value of			
					available-for-sale			
					investments			
	Issued and paid-up share capital	Share premium	Retained earnings		Surplus on revaluation of assets		Total other components of shareholders' equity	Total shareholders'
			Appropriated	Unappropriated				equity
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	-	123,918	123,918	890,385
Balance as at 1 January 2014	391,944	149,421	39,194	185,907	-	123,918	123,918	890,385
Profit for the year (restated)	-	-	-	83,779	-	-	-	83,779
Other comprehensive income for the year (restated)	-	-	-	(5,369)	777	-	777	(4,592)
Total comprehensive income for the year	-	-	-	78,410	777	-	777	79,187
Dividend paid	-	-	-	(70,550)	-	-	-	(70,550)
Transferred 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
Balance as at 1 January 2015	391,944	149,421	39,194	194,034	777	123,651	124,428	899,022
Profit for the year	-	-	-	63,550	-	-	-	63,550
Other comprehensive income for the year	-	-	-	463	1,373	-	1,373	1,836
Total comprehensive income for the year	-	-	-	64,013	1,373	-	1,373	65,385
Dividend paid	-	-	-	(70,548)	-	-	-	(70,548)
Transferred surplus on revaluation of assets to retained earning	-	-	-	266	-	(266)	(266)	-
Balance as at 31 December 2015	391,944	149,421	39,194	187,766	2,150	123,385	125,535	893,860

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Cash flow statement

For the year ended 31 December 2015, 2014 and 2013

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	2015	2014	2013	2015	2014	2013
		(Restated)			(Restated)	
Cash flows from operating activities						
Profit before tax	93,139	113,433	87,084	79,899	106,310	88,955
Adjustments to reconcile profit before tax to						
net cash provided by (paid from) operating activities:						
Depreciation and amortisation	124,173	129,782	122,549	106,560	111,677	104,907
Allowance for doubtful accounts and estimated						
goods return (reversal)	3,114	(2,473)	2,963	2,851	(1,307)	2,719
Adjustment from reconciliation accounts receivable	(6)	(201)	(1,204)	(6)	(201)	(1,204)
Allowance for impairment of assets (reversal)	(719)	2,427	-	(719)	2,427	-
Expense from loss of inventories	8,853	12,236	12,898	8,853	12,236	12,898
Allowance for dilapidated slow moving and loss of inventories	2,971	26,236	51,369	2,971	26,236	51,369
Share of profit from investment in associate	(1,714)	(2,252)	(1,714)	-	-	-
Gain on disposal of current investments	(3,047)	(1,482)	(4,123)	(2,122)	(1,248)	(4,123)
Expense for donation of goods and equipment	6,096	5,137	6,755	6,096	5,137	6,755
Loss from stock destruction	2,363	5,571	8,138	2,363	5,571	8,138
Provision for long-term employee benefits	8,462	6,064	1,506	6,862	4,692	939
Loss on sales and written-off equipment	2,657	9,543	4,108	2,655	9,606	4,073
Loss on impairment of investment	-	-	-	12	165	-
Amortisation of leasehold rights on land and buildings	11,639	13,148	11,762	11,304	12,813	11,427
Adjustment from clearing coupon payable	(7,742)	(5,513)	(12,612)	(7,742)	(5,513)	(12,612)
Interest expenses	28,344	18,973	6,400	22,208	12,335	521
Interest income	(914)	(1,221)	(3,846)	(806)	(1,140)	(4,295)
Dividend income	-	-	(404)	(2,000)	(2,000)	(2,404)
Profit from operating activities before						
changes in operating assets and liabilities	277,670	329,407	291,631	239,240	297,795	268,066

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2015, 2014 and 2013

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	2015	2014	2013	2015	2014	2013
	(Restated)			(Restated)		
Operating assets (increase) decrease						
Trade and other receivables	8,764	19,366	3,481	9,344	18,824	3,448
Inventories	(11,624)	(52,666)	(51,508)	(9,943)	(55,003)	(49,379)
Prepaid expenses	(988)	2,668	28,962	555	1,361	29,029
Compensation receivable from the insurance claim	3,108	57	(3,165)	3,108	57	(3,165)
Other current assets	1,027	2,398	(2,333)	978	4,968	(4,731)
Prepaid book copyright and translation fee	2,029	4,858	(642)	2,029	4,858	(642)
Rental guarantee and deposit	950	6,868	(3,418)	950	6,868	(3,418)
Other non-current assets	1,126	(1,736)	5,934	1,157	(1,736)	5,949
Operating liabilities increase (decrease)						
Trade and other payables	(109,892)	(182,377)	(195,541)	(108,166)	(185,491)	(194,077)
Income received in advance	(1,289)	(2,025)	12,311	-	-	
Other current liabilities	(2,822)	(15,975)	23,301	(3,512)	(15,894)	23,293
Cash paid for long-term employee benefits	(4,615)	(14,589)	(4,059)	(4,309)	(14,589)	(4,059)
Other non-current liabilities	(397)	(116)	(425)	(397)	(100)	(365)
Cash flows from operating activities	163,047	96,137	104,529	131,035	61,918	69,948
Cash paid for interest expenses	(28,371)	(18,918)	(6,400)	(22,235)	(12,281)	(521)
Cash paid for income tax	(34,469)	(23,288)	(36,875)	(34,356)	(23,270)	(36,875)
Net cash flows from operating activities	100,207	53,932	61,254	74,443	26,367	32,552
Cash flows from investing activities						
Decrease (increase) in current investments	141,622	(301,252)	152,509	112,122	(241,252)	152,509
Increase in investment in subsidiaries	-	-	-	-	-	(1,050)
Dividend received from associated company	2,000	2,000	2,000	-	-	-
Interest income	875	1,323	3,846	854	1,242	4,295
Dividends income	-	-	404	2,000	2,000	2,404
Decrease (increase) in restricted bank deposit and other investment	(44)	1,272	(2,004)	(44)	1,272	(2,004)
Acquisition of property and equipment	(63,810)	(126,977)	(484,635)	(59,507)	(120,726)	(478,588)
Proceeds from sales of equipment	215	1,241	520	208	1,178	488
Acquisition of intangible assets	(45)	(3,317)	(2,920)	(45)	(3,853)	(2,920)
Cash receipt from loan to subsidiary	-	-	-	-	-	15,044
Net cash flows from (used in) investing activities	80,812	(425,711)	(330,280)	55,588	(360,138)	(309,821)

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2015, 2014 and 2013

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	2015	2014	2013	2015	2014	2013
	(Restated)			(Restated)		
Cash flows from financing activities						
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	-	500,000	-
Repayment of long-term loans	(81,430)	(44,740)	-	(71,520)	(23,840)	-
Increase in non-controlling interests	-	-	100	-	-	-
Dividend paid	(70,548)	(70,550)	(39,594)	(70,548)	(70,550)	(39,594)
Net cash flows from (used in) financing activities	(151,978)	314,210	82,276	(142,068)	305,610	60,406
Net increase (decrease) in cash and cash equivalents	29,041	(57,569)	(186,749)	(12,036)	(28,161)	(216,863)
Cash and cash equivalents at beginning of year	102,630	160,199	346,948	98,480	126,641	343,504
Cash and cash equivalents at end of year	131,671	102,630	160,199	86,444	98,480	126,641
Supplemental cash flows information						
Non-cash transactions						
Increase in revaluation surplus on changes in						
value of available-for-sale investments	1,703	1,439	1,996	1,716	971	1,996
Purchase of fixed assets for which cash has not been paid	10,494	7,169	866	10,641	7,174	683
Issuance of stock dividend	-	-	35,631	-	-	35,631
Actuarial gain (loss)	329	(6,220)	-	386	(6,712)	-
Transfer asset under installation to prepaid leasehold right	5,940	-	-	5,940	-	-

13.3 Financial Ratios (calculated from consolidated financial statements)

table 4 : Financial ratio of 2015 2014 and 2013

		Consolidated financial statements		
		2015	2014	2013
Financial ratios			(Restated)	
Return On Equity (ROE)	%	7.69	9.44	8.10
Return on Asset (ROA)	%	4.51	4.90	3.50
Debt to Equity Ratio	times	1.61	1.84	1.68
Interest Coverage Ratio	times	11.37	19.60	13.00
Dividend Payout**	%	66.36	81.65	97.59

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 Ration = 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 2015 was proposed by the Company's board committee, waiting for approval from the 2016 Annual General Meeting on April 23, 2016.

**ROE was 7.69%,
decreased by 1.75%
and ROA was 4.51%,
decreased by 0.39%**

Return on Equity (ROE) was 7.69%, decreased by 1.75% while Return on Assets (ROA) was 4.51%, decreased by 0.39% due to slowdown in general retailing business. This resulted in a 12.04% decrease of sales at the end of the year or Q4/2015.

Debt to Equity Ratio was 1.61 times, decreased by 0.23 times Debt to Equity Ratio decreased by 0.23 times due to payment for long-term loans from financial institution.

Interest Coverage Ratio was 11.37 times, increased by 8.23 times Interest Coverage Ratio decreased by 8.23 times due to economic slowdowns and low performance on publishing business operation. In addition, the Company had paid loans with interest in the accounting period (received loans according to the contract in Q4/2014.)

14. Management Discussion and Analysis

Publishing Business Situation in 2015

Overview

In 2015, the Company had been continually affected by economic slowdowns, a decrease of net purchasing power, and rising household debt. Rapid changes in technology, especially in digital devices and digital media, also affected the sales of print publications in every sector, aligning with the decline in the general retail business.

To alleviate the situation, the Company decided to close down 9 small unprofitable branches in 2015 and canceled the rental contract of the old warehouse, which tends to raise 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. As a result, the Company had long-term loans with interest from building this warehouse.

In 2015, the Company had opened new seven branches of SE-ED Book Center. The total number of active branches as of December 31, 2015 was 410 branches, included six points of sale.

The Company has opened two more branches of SE-ED Learning Center and closed seven branches. The total number of active branches as of December 31, 2015 is 21 branches. Seven branches are located in Bangkok Metropolitan Region and fourteen branches are located all over the country. There are two branches operated by the Company and 19 branches are run by franchisees.

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:

- In SET Sustainability Awards 2015, SE-ED has won the SET Social Enterprise Investment Awards for the listed companies that prominently support social enterprise. SET Sustainability Awards 2015 was held On Friday 16th October 2015 at Professor Sangvian Indaravijaya Auditorium, the Stock Exchange of Thailand located in Ratchadaphisek Road, Bangkok. It was an unprecedented awarding ceremony in the history of SET. This ceremony was to honor and encourage all the CEOs and employees of those registered companies that prominently support social enterprise and pursue sustainability in operating the organization by applying business management as an operating mechanism.

- The IOD has appraised SE-ED to be excellent level or '5 stars' in Corporate Governance Report of Thai Listed Companies 2015, 2014, 2013, 2012, 2011, 2010, 2009, and 2008 appraisal for 8 consecutive years. The Company is the only company from the publishing business category in the service industry to be evaluated 'excellent' for 8 consecutive years.
- The Company was evaluated by the Securities and Exchange Commission, Thai Listed Companies Association, and Thai Investors Association, in the organization of the Annual General Shareholders Meeting (AGM) 2015 in the '5 TIA' level with the perfect 100 scores for 7 consecutive years (2009-2015). There was a total of 575 listed companies participated in the evaluation 2015.

**SE-ED's profit in 2015 is
THB 76.51 million.**

To summarize the operation result in 2015, the Company had net profit of THB 70.88 million for the shareholders, decreased by 17.97% from last year. The factors can be itemized as follows:

- The gross revenue according to the 2015 consolidated financial statement was THB 4,542.57 million, decreased by 8.51% from last year. The gross revenue from the separate financial statement totals THB 4,380.13 million, decreased by 8.93% from last year. The decrease was a result of the declining sales of SE-ED Book Center. The same-store sales revenue decreased by 9.05% from last year.
- Sales and Management expenses decreased by 8.21% because of the following factors:
 - The rental fee and service fee of the Headquarter and branches decreased by 10.21% from termination of the rental contract of the old warehouse located on Kingkaew 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, aligning with a decreased number of the branches. Despite the fact that the provision for long-term employee benefits increased according to the new financial reporting standards by 42.24%.

- Due to the higher turnover rate of the products, the provision for slow-moving products decreased. The expenses from the provision for deteriorate and slow-moving products decreased by 88.68% thanks to special promotions.
- In addition, the Company had recorded loss from the high variation of exchange rate of GBP currency.
- As a result of getting loans at the end of 2014, the interest increased by 49.15%.

Table 1 : Operation results of 2015 and 2014

(Unit : Million Baht)

	Consolidated financial statement			
	2015	2014	Increase (decrease)	%
		(Restated)		
Revenue from sales of goods	4,496.54	4,912.65	416.11	(8.47%)
Cost of sales	2,954.87	3,235.52	280.66	(8.67%)
Gross profit	1,541.67	1,677.13	135.46	(8.08%)
Gross profit margin	34.29%	34.14%		0.15%
EBITDA	257.29	275.37	(18.07)	(6.56%)
Net profit for major shareholders	70.88	86.40	(15.52)	(17.97%)
Net earnings per share (Baht)	0.18	0.22	(0.04)	(18.18%)

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

Higher margin in 2015	<p>In 2015, gross profit was THB 1,541.67 million, decreased by THB 135.46 million or 8.08% from last year. However, gross profit margin in 2015 was THB 34.29%, increased by 0.15% from last year.</p> <ul style="list-style-type: none"> - Gross profit decreased by THB 135.46 million according to the decreased sales of 8.47% from last year. This was the result of the decreased retailing sales of 10.78% affected by the condition of the retailing business and economic slowdowns. - However gross profit margin in 2015 was 34.29%, increased by 0.15% from last year due to an 11.18% increase of imported products and higher sales of textbooks sold to educational institutions through distribution channel.
In 2015, cost of sales and services decreased by THB 280.66 million	<p>Cost of sales and services according to consolidated financial statements was THB 2,954.87 million, decreased by THB 280.66 million or 8.67%, which related to the 8.47% decreased sales.</p>
EBITDA decreased by THB 18.07 million or 6.56%	<p>EBITDA decreased by THB 18.07 million due to a 17.97% decrease of net profit. This was affected by the slowdown in the retail business, especially at the end of the year in Q4/2015, sales decreased by 12.04%. In addition, the Company was affected by adjusting the formula for employees' long term benefits according to new financial reporting standards which was recently enforced in 2015.</p>
Dividend of 2015 at the rate of THB 0.12 per share	<p>The Company's board meeting had agreed to propose dividend for the operation result in 2015 to the annual general meeting of shareholders for approval. Dividend of 2015 will be paid at the rate of THB 0.12 per share, but not exceeded THB 47.03 million or 391,944,418 shares from net income after tax expenses, according to separate financial statements.</p> <p>The list of shareholders that are entitled to receive dividend payments will be established on Wednesday 4th May 2016. 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 Monday 9th May 2016. The dividend payment is due on Thursday 19th May 2016.</p> <p>However, at the end of the accounting year 2015, the Company has provided the full allocation to reserve under the laws and regulations of the Company.</p>

Table 2 : Statement of financial position As of 31th December 2015 and 2014

(Unit : Million Baht)

Consolidated financial statement				
	2015	2014	Increase (decrease)	%
		(Restated)		
Current assets	800.93	926.30	(125.36)	(13.53%)
Non-current assets	1,787.90	1,875.48	(87.58)	(4.67%)
Total assets	2,588.84	2,801.78	(212.94)	(7.60%)
Current liability	1,129.76	1,264.13	(134.37)	(10.63%)
Non-current liability	465.45	551.74	(86.30)	(15.64%)
Total liability	1,595.20	1,815.87	(220.67)	(12.15%)
Total shareholder's equity	993.64	985.90	7.73	0.78%
Total liability and shareholder's equity	2,588.84	2,801.78	(212.94)	(7.60%)

**Current assets
decreased by THB
125.36 million or
13.53%**

Current assets decreased by THB 125.36 million as a result of investments decreased by THB 136.87 million or 41.98% from selling investments in order to pay the due long-term loans.

**Non-current assets
decreased by THB
87.58 million or 4.67%.**

Non-current assets decreased by THB 87.58 million as a result of leasehold decreased by THB 11.64 million and property, plant, and equipment decreased by THB 76.92 million from depreciation and annual amortization.

**Current liabilities
decreased by THB
134.37 million or
10.63%**

Current liability decreased by THB 134.37 million because of the following factors:

- Trade account payables and other payables decreased by THB 120.41 million, aligning with a decrease of sales and the due settlement for major payables.
- Current portion of long – term loans increased by THB 6.49 million due to loans of subsidiaries.

Non-current liabilities decreased by THB 86.30 million or 15.64% Long – term loans, net of current portion decreased by THB 86.30 million because of paying off loans from financial institutions and loans from other persons of subsidiaries.

Shareholder's equity increased by THB 7.73 million or 0.78% Shareholder's equity increased by THB 7.73 million from the Company's profit of THB 76.51 million and dividend payoff of THB 70.55 million.

table 3 : Statement of cash flows of 2015 and 2014

(Unit : Million Baht)

	Consolidated financial statement			
	2015	2014 (Restated)	Increase (decrease)	%
Cash flows from (used in) operation activities	100.21	53.93	46.28	85.80%
Cash flows from (used in) investing activities	80.81	(425.71)	506.52	118.98%
Cash flows from (used in) financing activities	(151.98)	314.21	(466.19)	(148.37%)
Cash flows increase (decreased)	29.04	(57.57)	86.61	150.45%

Cash flows from operation activities in 2015 was THB 100.21 million

- Profit from operation that was cash was THB 277.67 million.
 - Net profit before income tax in 2015 was THB 93.14 million.
 - Adjustments to reconcile profit before tax was THB 184.53 million, including depreciation and amortization of THB 124.17 million, interest expenses of THB 28.34 million, amortization of leasehold on land and buildings of THB 11.64 million, cost from shrinkage of THB 8.85 million, provision for long-term employees' benefits of THB 8.46 million, loss from donation goods and equipment of THB 6.10 million, allowance for doubtful accounts and estimated goods return (reversal) of THB 3.11 million, allowance of shrinkage, depreciation, slow-moving products of THB 2.97 million, loss on equipment depreciation of THB 2.66 million,

loss from stock destruction of THB 2.36 million, adjustment from clearing coupon payable of THB (7.74) million, profit from disposal of current investments of THB (3.05) million and share of profit from investments in associate of THB (1.71) million.

- Cash increased by THB 8.76 million from a decrease of trade receivables and other receivables. Mainly they were from distribution receivable.
- Cash decreased by THB 11.62 million from an increase of inventories of new books through distribution channel. These books were for a new school semester.
- Cash decreased by THB 109.89 million, from a decrease of trade payables, aligning with a decreased sales and unprofitable bookstore closedowns.
- Cash decreased by THB 4.61 million from paying long-term benefits and prestige bonuses to employees.
- Cash decreased by THB 28.37 million from paying interest of long-term loans.
- Cash decreased by THB 34.47 million from income tax deduction of operation result of 2014 and mid-year tax of 2015.

**Cash flows from in
investing activities in
2015 was THB 80.81
million.**

- Cash increased by THB 141.62 million from selling current units in mutual fund to pay off the due long-term loans.
- Cash decreased by THB 63.81 million from buying equipment. Mainly they were decoration expenses of the warehouse located on Bang Na-Trad Road km.21, computers, shelves, and so on.

**Cash flows used
financing activities in
2015 was THB (151.98)
million**

- Dividend payoff from operation result in 2014 was paid in May 2015 in the amount of THB 70.55 million.
- Cash decreased by THB 81.43 million from paying long-term loans.