

Section 3

Financial Position and Performance

13. Financial Highlights

13.1 Summary of Financial Statement

- **Financial Statement for year-end, as of December 31, 2017, 2016 and 2015 :**

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

The auditor is Mr. Chayapol Suppasedtanon, Ms. Runghapa Lertsuwanku, Ms. Rosaporn Decharkom and Ms. Sumana Punpongsanon from EY Office Limited.

13.2 Financial Statement

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of financial position

As at 31 December 2017 2016 and 2015

(Unit: thousand baht)

	Consolidated financial statements			Separate financial statements		
	2017	2016	2015	2017	2016	2015
Assets						
Current assets						
Cash and cash equivalents	145,865	159,057	131,671	94,320	92,917	86,444
Current investments	18,883	97,806	189,302	18,883	72,806	157,188
Trade and other receivables	79,027	85,126	70,419	73,681	80,523	66,361
Short-term loan to subsidiary	-	-	-	1,800	3,000	-
Inventories	324,830	403,332	368,513	318,496	397,218	365,867
Other current assets	51,954	88,734	41,028	48,495	86,590	39,118
	620,558	834,056	800,933	555,675	733,054	714,977
Non-current assets held for sale	50,432	-	-	50,432	-	-
Total current assets	670,990	834,056	800,933	606,107	733,054	714,977
Non-current assets						
Restricted bank deposits and other investments	13,394	13,374	13,355	13,394	13,374	13,355
Investments in subsidiaries	-	-	-	70,295	70,295	70,305
Investment in associate	25,912	25,950	25,651	100	100	100
Property, plant and equipment	1,844,562	1,491,005	1,529,225	1,570,739	1,295,530	1,320,763
Leasehold rights on land	6,095	5,696	6,032	-	-	-
Leasehold rights on buildings	50,789	62,084	63,292	50,789	62,084	63,292
Intangible assets	3,910	5,516	7,158	4,232	5,869	7,533
Prepaid book copyright and translation fee	15,691	17,179	16,266	15,691	17,179	16,266
Rental guarantee and deposit	98,608	100,755	100,358	98,608	100,755	100,358
Deferred tax assets	15	22,754	19,686	-	23,830	20,912
Other non-current assets	9,666	10,506	6,881	9,444	10,402	6,805
Total non-current assets	2,068,642	1,754,820	1,787,904	1,833,292	1,599,419	1,619,690
Total assets	2,739,631	2,588,876	2,588,837	2,439,398	2,332,473	2,334,667

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017 2016 and 2015

(Unit: thousand baht)

	Consolidated financial statements			Separate financial statements		
	2017	2016	2015	2017	2016	2015
Liabilities and shareholders' equity						
Current liabilities						
Trade and other payables	914,575	1,023,590	968,861	904,655	1,014,577	961,529
Income received in advance recognisable						
within one year	53,644	46,367	43,561	-	-	-
Current portion of long-term loans	279,008	93,090	87,920	269,008	71,520	71,520
Income tax payable	327	318	236	-	-	-
Current portion of provision for						
long-term employee benefits	8,598	8,832	3,630	8,598	8,443	3,630
Other current liabilities	44,121	71,868	25,548	35,211	69,826	23,800
Total current liabilities	1,300,273	1,244,064	1,129,755	1,217,472	1,164,366	1,060,479
Non-current liabilities						
Income received in advance, net of current portion	15,857	772	1,932	-	-	-
Long-term loans, net of current portion	56,750	318,250	411,890	-	261,600	333,120
Provision for long-term employee benefits, net of						
current portion	63,796	57,391	43,496	57,970	51,399	39,079
Deferred tax liabilities	50,818	-	-	46,062	-	-
Other non-current liabilities	8,346	7,438	8,128	8,346	7,438	8,128
Total non-current liabilities	195,567	383,851	465,446	112,378	320,437	380,328
Total liabilities	1,495,840	1,627,914	1,595,202	1,329,851	1,484,803	1,440,807

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017 2016 and 2015

(Unit: thousand baht)

	Consolidated financial statements			Separate financial statements		
	2017	2016	2015	2017	2016	2015
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 - The Company	39,194	39,194	39,194	39,194	39,194	39,194
Statutory reserve - Subsidiary	632	-	-	-	-	-
Unappropriated	145,234	175,114	211,567	111,524	143,938	187,766
Other components of shareholders' equity	428,873	127,532	130,330	417,464	123,172	125,535
Equity attributable to owners of the Company	1,155,299	883,206	922,457	1,109,548	847,670	893,860
Non-controlling interests of the subsidiaries	88,493	77,756	71,178	-	-	-
Total shareholders' equity	1,243,792	960,962	993,636	1,109,548	847,670	893,860
Total liabilities and shareholders' equity	2,739,631	2,588,876	2,588,837	2,439,398	2,332,473	2,334,667

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of income

For the year ended 31 December 2017 2016 and 2015

(Unit: thousand baht)

	Consolidated financial statements			Separate financial statements		
	2017	2016	2015	2017	2016	2015
Revenues						
Revenues from sales	3,524,028	4,078,112	4,343,306	3,518,350	4,075,360	4,340,601
Tuition fees income	173,137	164,584	153,232	-	-	-
Interest and dividend income	1,281	1,250	914	5,552	2,425	2,806
Other income	70,310	43,603	45,118	61,975	36,385	36,725
Total revenues	3,768,757	4,287,549	4,542,570	3,585,877	4,114,171	4,380,133
Expenses						
Cost of sales	2,298,548	2,702,466	2,838,915	2,292,737	2,699,731	2,835,086
Cost of tuition fees	131,689	124,619	115,952	-	-	-
Selling expenses	842,135	939,202	985,253	842,003	939,142	985,253
Administrative expenses	500,380	477,829	482,683	468,522	449,833	457,688
Total expenses	3,772,752	4,244,116	4,422,802	3,603,262	4,088,707	4,278,026
Profit (loss) before share of profit from investment in associate, finance cost and income tax	(3,995)	43,433	119,768	(17,385)	25,464	102,107
Share of profit from investment in associate	962	1,799	1,714	-	-	-
Profit (loss) before finance cost and income tax	(3,033)	45,231	121,482	(17,385)	25,464	102,107
Finance cost	(19,457)	(23,773)	(28,344)	(14,908)	(18,339)	(22,208)
Profit (loss) before income tax	(22,489)	21,458	93,139	(32,293)	7,126	79,899
Income tax revenues (expenses)	3,702	(2,110)	(16,627)	3,611	(2,088)	(16,349)
Profit (loss) for the year	(18,787)	19,348	76,512	(28,682)	5,038	63,550
Profit (loss) attributable to						
Equity holders of the Company	(25,702)	12,365	70,876	(28,682)	5,038	63,550
Non-controlling interests of the subsidiaries	6,915	6,983	5,636			
	(18,787)	19,348	76,512			
Earnings per share						
Basic earnings (loss) per share						
Profit (loss) attributable to equity holders of the Company	(0.07)	0.03	0.18	(0.07)	0.01	0.16

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2017 2016 and 2015

(Unit: thousand baht)

	Consolidated financial statements			Separate financial statements		
	2017	2016	2015	2017	2016	2015
Profit (loss) for the year	(18,787)	19,348	76,512	(28,682)	5,038	63,550
Other comprehensive income:						
<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	(61)	(3,075)	1,703	(61)	(2,620)	1,716
Less: Income tax effect	12	615	(341)	12	524	(343)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	(49)	(2,460)	1,363	(49)	(2,096)	1,373
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>						
Actuarial loss	(144)	(2,862)	329	-	(2,432)	386
Changes in revaluation of assets	386,810	-	-	368,161	-	-
Less: Income tax effect	(77,362)	332	77	(73,632)	332	77
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	309,304	(2,529)	406	294,529	(2,100)	463
Other comprehensive income for the year	309,255	(4,989)	1,769	294,479	(4,196)	1,836
Total comprehensive income for the year	290,468	14,359	78,281	265,798	842	65,385
Total comprehensive income attributable to						
Equity holders of the Company	276,013	7,781	72,679	265,798	842	65,385
Non-controlling interests of subsidiaries	14,455	6,578	5,601			
Total comprehensive income for the year	290,468	14,359	78,281			

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2017 2016 and 2015

(Unit: Thousand Baht)

Consolidated financial statements

	Equity attributable to the parent's shareholders										
						Other components of equity					
						Other comprehensive income					
						Surplus					
						on changes					
Issued and paid-up	share capital	Share premium	Retained earnings		Unappropriated	in value of available-for-sale investments	Surplus on revaluation of assets	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
			Appropriated - statutory reserve	Subsidiary							
			The Company								
Balance as at 1 January 2015	391,944	149,421	39,194	-	210,281	961	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 earnings	-	-	-	-	523	-	(523)	(523)	-	-	-
Balance as at 31 December 2015	391,944	149,421	39,194	-	211,567	2,329	128,002	130,330	922,457	71,178	993,636
Balance as at 1 January 2016	391,944	149,421	39,194	-	211,567	2,329	128,002	130,330	922,457	71,178	993,636
Profit for the year	-	-	-	-	12,365	-	-	-	12,365	6,983	19,348
Other comprehensive income for the year	-	-	-	-	(2,310)	(2,274)	-	(2,274)	(4,585)	(405)	(4,989)
Total comprehensive income for the year	-	-	-	-	10,055	(2,274)	-	(2,274)	7,781	6,578	14,359
Dividend paid	-	-	-	-	(47,033)	-	-	-	(47,033)	-	(47,033)
Transferred surplus on revaluation of assets to retained earnings	-	-	-	-	524	-	(524)	(524)	-	-	-
Balance as at 31 December 2016	391,944	149,421	39,194	-	175,114	55	127,477	127,532	883,206	77,756	960,962
Balance as at 1 January 2017	391,944	149,421	39,194	-	175,114	55	127,477	127,532	883,206	77,756	960,962
Profit (loss) for the year	-	-	-	-	(25,702)	-	-	-	(25,702)	6,915	(18,787)
Other comprehensive income for the year	-	-	-	-	(71)	(49)	301,835	301,785	301,715	7,540	309,255
Total comprehensive income for the year	-	-	-	-	(25,773)	(49)	301,835	301,785	276,013	14,455	290,468
Dividend paid	-	-	-	-	(3,919)	-	-	-	(3,919)	-	(3,919)
Subsidiary paid dividend to non-controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(3,718)	(3,718)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	632	(632)	-	-	-	-	-	-
Transferred surplus on revaluation of assets to retained earnings	-	-	-	-	444	-	(444)	(444)	-	-	-
Balance as at 31 December 2017	391,944	149,421	39,194	632	145,234	5	428,868	428,873	1,155,299	88,493	1,243,792

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017 2016 and 2015

(Unit: Thousand Baht)

	Separate financial statements							
					Other components of equity			
					Other comprehensive income			
					Surplus			
					on changes	Surplus on	Total other	Total
	Issued and		Retained earnings		in value of	revaluation of	components of	shareholders'
	paid-up	Share premium	Appropriated	Unappropriated	available-for-sale	assets	shareholders' equity	shareholders' equity
	share capital				investments			
Balance as at 1 January 2015	391,944	149,421	39,194	194,034	777	123,651	124,429	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	<u>391,944</u>	<u>149,421</u>	<u>39,194</u>	<u>187,766</u>	<u>2,150</u>	<u>123,385</u>	<u>125,535</u>	<u>893,860</u>
Balance as at 1 January 2016	391,944	149,421	39,194	187,766	2,150	123,385	125,535	893,860
Profit for the year	-	-	-	5,038	-	-	-	5,038
Other comprehensive income for the year	-	-	-	(2,100)	(2,096)	-	(2,096)	(4,196)
Total comprehensive income for the year	-	-	-	2,938	(2,096)	-	(2,096)	842
Dividend paid	-	-	-	(47,033)	-	-	-	(47,033)
Transferred surplus on revaluation of assets to retained earning	-	-	-	267	-	(267)	(267)	-
Balance as at 31 December 2016	<u>391,944</u>	<u>149,421</u>	<u>39,194</u>	<u>143,938</u>	<u>55</u>	<u>123,118</u>	<u>123,172</u>	<u>847,670</u>
Balance as at 1 January 2017	391,944	149,421	39,194	143,938	55	123,118	123,172	847,670
Loss for the year	-	-	-	(28,682)	-	-	-	(28,682)
Other comprehensive income for the year	-	-	-	-	(49)	294,529	294,479	294,479
Total comprehensive income for the year	-	-	-	(28,682)	(49)	294,529	294,479	265,798
Dividend paid	-	-	-	(3,919)	-	-	-	(3,919)
Transferred surplus on revaluation of assets to retained earning	-	-	-	188	-	(188)	(188)	-
Balance as at 31 December 2017	<u>391,944</u>	<u>149,421</u>	<u>39,194</u>	<u>111,524</u>	<u>5</u>	<u>417,459</u>	<u>417,464</u>	<u>1,109,548</u>

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Cash flow statement

For the year ended 31 December 2017 2016 and 2015

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	2017	2016	2015	2017	2016	2015
Cash flows from operating activities						
Profit (loss) before tax	(22,489)	21,458	93,139	(32,293)	7,126	79,899
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:						
Depreciation and amortisation	111,639	120,694	124,173	95,103	102,975	106,560
Reversal of allowance for doubtful accounts and estimated goods return	(309)	(4,230)	3,114	(504)	(4,309)	2,851
Adjustment from reconciliation accounts receivable	(165)	(105)	(6)	(165)	(105)	(6)
Allowance for impairment of assets (reversal)	2,016	(1,235)	(719)	2,016	(1,235)	(719)
Expense from loss of inventories	6,345	11,088	8,853	6,345	11,088	8,853
Allowance for loss of inventories, dilapidated and slow moving	7,976	2,343	2,971	7,970	2,343	2,971
Expense for donation of goods and equipment	11,115	8,805	6,096	11,115	8,805	6,096
Provision for long-term employee benefits	16,069	19,707	8,462	16,045	18,173	6,862
Share of profit from investment in associate	(962)	(1,799)	(1,714)	-	-	-
Gain on disposal of current investments	(1,345)	(4,640)	(3,047)	(1,345)	(4,230)	(2,122)
Loss on impairment of investment	-	-	-	-	11	12
Loss from stock destruction	23,212	10,024	2,363	23,212	10,024	2,363
Loss on sales and written-off equipment	3,038	4,273	2,657	2,596	4,052	2,655
Amortised of leasehold rights on land and buildings	11,578	11,563	11,639	11,296	11,227	11,304
Loss on written-off leasehold right on land	2,818	-	-	-	-	-
Adjustment from clearing coupon payable	(6,394)	-	(7,742)	(6,394)	-	(7,742)
Adjustment from clearing long outstanding payable	(1,192)	(3,573)	-	(1,192)	(3,573)	-
Interest expenses	19,457	23,773	28,344	14,908	18,339	22,208
Interest income	(1,281)	(1,250)	(914)	(983)	(925)	(806)
Dividend income	-	-	-	(4,569)	(1,500)	(2,000)
Profit from operating activities before changes in operating assets and liabilities	181,124	216,896	277,670	143,159	178,284	239,240
Operating assets (increase) decrease						
Trade and other receivables	13,468	(10,372)	8,764	14,405	(9,748)	9,344
Inventories	29,855	(67,079)	(11,624)	30,081	(63,610)	(9,943)
Prepaid expenses	1,196	(1,268)	(988)	2,326	(1,106)	555
Advance payment for purchasing books	37,400	(37,400)	-	37,400	(37,400)	-
Compensation receivable from the insurance claim	6,894	-	3,108	6,894	-	3,108
Other current assets	(12,793)	(8,996)	1,027	(12,731)	(8,920)	978
Prepaid book copyright and translation fee	1,488	(913)	2,029	1,488	(913)	2,029
Rental guarantee and deposit	2,148	(397)	950	2,148	(397)	950
Other non-current assets	839	(3,624)	1,126	957	(3,597)	1,157

SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2017 2016 and 2015

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	2017	2016	2015	2,017	2,016	2015
Operating liabilities increase (decrease)						
Trade and other payables	(109,279)	50,599	(109,892)	(110,023)	48,807	(108,166)
Income received in advance	22,362	1,646	(1,289)	-	-	-
Cash paid for long-term employee benefits	(10,042)	(3,472)	(4,615)	(9,319)	(3,472)	(4,309)
Advance received for purchasing books	(43,295)	44,226	(81)	(43,295)	44,226	(81)
Other current liabilities	7,135	5,668	(2,740)	267	5,373	(3,430)
Other non-current liabilities	908	(691)	(397)	908	(691)	(397)
Cash flows from operating activities	129,409	184,821	163,047	64,664	146,836	131,035
Cash receipt from tax refund	5,992	-	-	5,992	-	-
Cash paid for interest expenses	(19,438)	(23,795)	(28,371)	(14,890)	(18,360)	(22,235)
Cash paid for income tax	(9,013)	(4,150)	(34,469)	(8,809)	(4,150)	(34,356)
Net cash flows from operating activities	106,950	156,877	100,207	46,957	124,326	74,443
Cash flows from investing activities						
Increase in restricted bank deposits and other investments	(19)	(20)	(44)	(19)	(20)	(44)
Decrease in current investments	80,206	93,061	141,622	55,206	85,993	112,122
Decrease (increase) in short-term loan to subsidiary	-	-	-	1,200	(3,000)	-
Dividend received	1,000	1,500	2,000	4,569	1,500	2,000
Interest income	1,410	1,208	875	997	879	854
Cash receipt from advanced deposit	16,000	-	-	16,000	-	-
Proceeds from sales of equipment	375	1,723	215	363	1,710	208
Cash paid for purchase of property and equipment	(132,390)	(81,275)	(63,810)	(55,834)	(76,175)	(59,507)
Cash paid for purchase of intangible assets	(5)	(166)	(45)	(5)	(166)	(45)
Cash paid for acquisition of leasehold right	(3,499)	(10,020)	-	-	(10,020)	-
Net cash flows from (used in) investing activities	(36,922)	6,011	80,812	22,477	700	55,588
Cash flows from financing activities						
Repayment of short-term loans from financial institutions	(100,000)	(100,000)	-	(100,000)	(100,000)	-
Cash receipt from short-term loans	100,000	100,000	-	100,000	100,000	-
Cash receipt from long-term loans	10,550	-	-	-	-	-
Repayment of long-term loans	(86,132)	(88,470)	(81,430)	(64,112)	(71,520)	(71,520)
Dividend paid	(7,638)	(47,033)	(70,548)	(3,919)	(47,033)	(70,548)
Net cash flows used in financing activities	(83,220)	(135,503)	(151,978)	(68,031)	(118,553)	(142,068)
Net increase (decrease) in cash and cash equivalents	(13,192)	27,386	29,041	1,402	6,474	(12,036)
Cash and cash equivalents at beginning of year	159,057	131,671	102,630	92,917	86,444	98,480
Cash and cash equivalents at end of year	145,865	159,057	131,671	94,320	92,917	86,444
Supplemental cash flows information						
Non-cash transactions						
Recognised Gain (loss) in revaluation surplus on changes in value of available-for-sale investments	(61)	(3,075)	1,703	(61)	(2,620)	1,716
Purchase of assets for which cash has not been paid	246	4,151	10,494	82	4,263	10,641
Surplus on revaluation of assets	386,810	-	-	368,161	-	-
Actuarial Gain (loss)	(144)	(2,862)	329	-	(2,432)	386
Transferred land and building to non-current assets held for sale	50,432	-	-	50,432	-	-
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 2017 2016 and 2015

		Consolidated financial statements		
		2017	2016	2015
Financial ratios				
Return On Equity (ROE)	%	(2.52)	1.37	7.69
Return on Asset (ROA)	%	(0.11)	1.75	4.51
Debt to Equity Ratio	times	1.23	1.69	1.61
Interest Coverage Ratio	times	(9.86)	10.29	12.00

Note:

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

ROE was (2.52%) decreased by 3.89% while ROA was (0.11)% decreased by 1.79 % Return on Equity (ROE) was (2.52%), decreased by 3.89% while return on Assets (ROA) was (0.11%), decreased by 1.79% Since lower operational performance of the retail business.

Debt to Equity Ratio was 1.23 times, decreased by 0.46 times Debt to Equity Ratio of the shareholder which decreased by 0.46 times because the shareholder's Equity increased from getting higher price in property revaluation.

Interest Coverage Ratio was (9.86) times, decreased by 20.15 times Interest Coverage Ratio decreased by 20.15 times due to a decrease in interest in accordance with the principle portion.

14. Management Discussion and Analysis

Publishing Business Situation in 2017

Overview

In 2017, the Company got affected by continual economic slowdown. As this year was a downturn of publishing business, many of magazines and newspaper needed to be out of business, which resulted in declining of book sales, though the Company expedited adapting its structure and services to align with rapid changes in customers' needs. In addition, there were floods in many parts of Thailand, resulting in a decrease of net purchasing power which continually affected the sales of print publications in every sector.

To rectify the situation, the Company has improved profit efficiency of its branches, revised the product mix proportion to match more targeted customers, and promoted the sales rate of the products. Furthermore, the Company also continuously reduces expenses by closing 24 small unprofitable branches in 2017 and being more careful on opening a new branch.

In 2017, the total number of the active branches as at 31st December 2017 was 393 branches and one point of sale.

SE-ED's loss profit in 2017 is THB 25.70 million.

According to consolidated financial statements in 2017, net loss profit of the Company is THB 25.70 million, loss increased by THB 38.07 million, which accounted for 307.85%. The net loss in separate financial statements is THB 28.68 million, loss increased by THB 33.72 million, which accounted for 669.31%. The outcome statements can be summarized as follows:

- The total revenue from the consolidated financial statement decreased by 12.10% from the previous year. The total revenue from the separate financial statement decreased by 12.84% which primarily caused by the revenue from the Company's retail business declined due to floods in many parts of Thailand and closing down unprofitable branches.

However, the gross margin increased by 0.90% due to the adjustment of product mix to match the target group and appropriate trade conditions.

- The selling and administrative expenses decreased by 5.26% due to a decrease of rental cost, service cost, public utility cost, and employee-related cost, delivery cost, and packaging cost in accordance to a decrease of active branches.

In 2017, however, the Company had designated a reserve fund as follows:

- The allowance of deteriorated goods increased due to floods in many parts of Thailand, closing down unprofitable branches, and goods returning for improving the Company's profitability.
- The allowance for estimating the long-term benefits of its employees based on actuarial science calculation. By partly re-structuring some of the employees, the long-term benefits of the employees were much higher than the previous year.
- Finance cost decreased by THB 4.32 million because the Company paid the long-term loan on time.

Table 1 : Operation results of 2017 and 2016

(Unit : Million Baht)

	Consolidated financial statement			
	2017	2016	Increase (decrease)	%
Revenue from sales of goods	3,697.17	4,242.70	(545.52)	(12.86%)
Cost of sales	2,430.24	2,827.09	(396.85)	(14.04%)
Gross profit	1,266.93	1,415.61	(148.67)	(10.50%)
Gross profit margin	34.27%	33.37%		0.90%
EBITDA	120.18	177.49	(57.31)	(32.29%)
Profit (loss) attributable to				
Equity holders of the Company	(25.70)	12.37	(38.07)	(307.76%)
Net earnings per share	(0.07)	0.03	(0.10)	(307.76%)

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

***In 2017,
Margin increased
or 0.90%***

In 2017, gross profit was THB 1,266.93 million, decreased by THB 148.67 million or 10.50% from the previous year due to a decrease in sales. Gross margin in 2017 was 34.27%, increased by 0.90% from the previous year due to the readjustment of the gross-profit-margin product mix to match the demand of the target customers and appropriate trade conditions.

***In 2017, cost of sales
and services
decreased by THB
396.85 million***

Cost of sales and services according to consolidated financial statements is THB 2,430.24 million, decreased by THB 396.85 million or 14.04% in accordance with the decline of sales.

EBITDA decreased by THB 57.31 million or 32.29% EBITDA decreased by THB 57.31 million. Net profit decreased by 307.76% from an economic slowdown of overall retail business, resulting in the Company's retail business was at loss.

Table2: Statement of financial position As at 31 December 2017 and 31 December 2016

(Unit : Million Baht)

Consolidated financial statement				
	31 December 2017	31 December 2016	Increase (decrease)	%
Current assets	670.99	834.06	(163.07)	(19.55%)
Non-current assets	2,068.64	1,754.82	313.82	17.88%
Total assets	2,739.63	2,588.88	150.75	5.82%
Current liability	1,300.27	1,244.07	56.21	4.52%
Non-current liability	195.57	383.85	(188.28)	(49.05%)
Total liability	1,495.84	1,627.91	(132.07)	(8.11%)
Total shareholder's equity	1,243.79	960.96	282.83	29.43%
Total liability and shareholder's equity	2,739.63	2,588.88	150.75	5.82%

Current assets decreased by THB 163.07 million or 19.55%

Current assets decreased by THB 163.07 million as follows:

- Investment capital temporarily decreased by THB 78.92 million or 80.69% by selling for paying a long-term loan.
- Goods decreased by THB 78.50 million or 19.46% from retail selling through branches and foreign books wholesale selling to educational institutes. In addition, the Company had set allowance for deteriorating and slow moving goods for all goods that had been drowned in flood and were from defunct branches.
- Non-current assets held for sale increased by THB 50.43 million.
- Other current assets decreased by THB 36.78 million due to the advance monies the Company paid for the books about King Rama IX in the end of 2016.

Non-current assets increased by THB 313.82 million or 17.88%

Non-current assets increased by THB 313.82 million from getting higher price in property revaluation.

Current liability

Current liability increased by THB 56.21 million as follows:

increased by THB

56.21 million or 4.52%

- Trade accounts payable and other Payables decreased by THB 109.01 million, aligning with the decreasing sales and paying for journals and books about King Rama IX.
- Other current liabilities decreased by THB 27.75 million which mainly resulted from a decrease of advance received of products on King Rama IX after deliveries.
- The long-term loan which is due within one year increased by THB 185.92 million. According to the bank's approval letter, the bank approved on the condition of the financial ratio and after the 31st December 2018, the Company will classify the long-term loan back into non-current liabilities on the financial statement of the first quarter of 2018.

Non-current liability

Non-current liability decreased by THB 188.28 million from

decreased by THB

188.28 million or

49.05%

- Deferred tax liability increased by THB 50.82 million due to an increase of deferred tax liability provision.
- The long-term loan decreased by THB 261.50 million after paying the due loan in the amount of THB 75.58 million. The long-term loan which was categorized into a short-term loan will be re-categorized back into a long-term loan in the first quarter of 2018.
- Income received in advance increased by THB 15.08 million from receiving tuition fee payment of the 2017 academic year.

Shareholder's equity

Shareholder's equity increased by THB 282.83 million due to a higher price in land and building valuation revaluated by the property valuer.

increased by THB

282.83 million or

29.43%

Table 3 : Statement of cash flows of 2017 and 2016

	Consolidated financial statement				(Unit : Million Baht)
	2017	2016	Increase (decrease)	%	
Cash flows from (used) operation activities	106.95	156.88	(49.93)	(0.32%)	
Cash flows from (used) investing activities	(36.92)	6.01	(42.93)	(7.14%)	
Cash flows from (used) financing activities	(83.22)	(135.50)	52.28	(0.39%)	
Cash flows (decreased)	(13.19)	27.39	(40.58)	(1.48%)	

**Cash flows from
operation activities in
2017 was THB 106.95
million**

- Profit from operations that was cash equaled THB 181.12 million as follows:
 - Loss before income tax in 2017 was THB 22.49 million.
 - Adjustments to reconcile profit before tax totals THB 203.61 million; including depreciation and amortization of THB 111.64 million; Loss from stock destruction of THB 23.21 million; Interest expenses of THB 19.46 million; Provision for long-term employee benefits of THB 16.07 million; Amortization leasehold right on land and buildings of THB 11.58 million; Expense from donating products and equipment of THB 11.11 million; Allowance for loss of inventories, dilapidated and slow moving goods of THB 7.98 million; Expense from loss of inventories of THB 6.35 million; Adjustment from clearing long outstanding payable of THB (6.39) million.
- Cash decreased from trade and other payables by THB 109.28 million from paying for journals and books about King Rama IX.
- Cash decreased from other current liabilities decreased by THB 36.16 million because the advance received of books decreased after deliveries.
- Cash increased from decreasing current assets by THB 31.50 million and decreasing advance payment for King Rama IX after book deliveries
- Cash increased by THB 13.47 million because trade receivables and other receivables decreased and the monies for the books using in educational institutes had been collected.
- Cash increased because inventories decreased by THB 29.85 million from effective selling and managing goods.
- Cash increased because income received in advance increased by THB 22.36 million from receiving the annual advance payment of educational support fees from new students in every second quarter.
- Cash decreased from paying employees' long-term benefits for THB 10.04 million in the form of the honor rewards program for employees and early retire program.

**Cash flows used in
investing activities in
2017 was THB (36.92)
million.**

- Cash decreased from purchasing lands and equipment by THB 132.39 million which can be broken down into a new land for the Subsidiary for THB 69 million, renovation fee for a of the school building of the Subsidiary in the second quarter for THB 1.35 million, renovation and redecoration fees for the current and new branches, and purchasing computer accessories and power-saving electrical appliances.
- Cash increased by THB 80.21 million from selling current investment capitals in order to pay the long-term loan.
- Cash increased from a deposit of the former land and building in the amount of THB 16.00 million.

- Cash flows used**
- financing activities in**
- 2017 was THB (83.22)**
- million**
- Cash decreased from repaying financial institutions and external party by THB 86.13 million.
 - Cash increased because the Subsidiary's the long-term loans of THB 10.55 million for buying a land.