

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

REVIEW REPORT AND INTERIM FINANCIAL INFORMATION

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

INDEPENDENT AUDITOR’S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To The Shareholders and Board of Directors of
Se-Education Public Company Limited

I have reviewed the accompanying consolidated statements of financial position of Se-Education Public Company Limited and its subsidiaries as at March 31, 2019, and the related consolidated statement of income, statement of comprehensive income, statement of changes in shareholders’ equity and statement of cash flows for the three-month period then ended, and the condensed notes to the financial statements and I have also reviewed the statement of financial position of Se-Education Public Company Limited as at March 31, 2019, and the related statement of income, statement of comprehensive income, statement of changes in shareholders’ equity and statement of cash flows for the three-month period then ended, and the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 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 No. 34 “Interim Financial Reporting”.

OTHER MATTER

The consolidated statement of financial position of Se-Education Public Company Limited and its subsidiaries and the statement of financial position of Se-Education Public Company Limited as at December 31, 2018, which are included as comparative information, were audited by another auditor who expressed an unqualified opinion thereon in her report dated February 22, 2019, the consolidated statement of income, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the three-month period ended March 31, 2018 of Se-Education Public Company Limited and its subsidiaries, and the statement of income, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows of Se-Education Public Company Limited for the three-month period ended March 31, 2018, which are included as comparative information, were reviewed by another auditor who expressed an unmodified conclusion thereon in her report dated May 11, 2018.

(Miss Nannaphat Wannasomboon)

Certified Public Accountant

Registration No. 7793

Dharmniti Auditing Company Limited

Bangkok, Thailand

May 10, 2019

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SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

		Baht			
		Consolidated financial statements		Separate financial statements	
		As at March	As at December	As at March	As at December
		31, 2019	31, 2018	31, 2019	31, 2018
Notes			(Restated)		
Current assets					
Cash and cash equivalents	6	120,412,278	139,466,326	84,307,356	85,531,195
Trade and other receivables	5, 7	122,477,413	62,950,818	120,020,492	57,944,984
Short-term loan to subsidiary	5	-	-	1,800,000	1,800,000
Inventories	8	359,304,835	335,088,836	356,368,164	330,431,836
Other current assets	9	56,351,378	54,337,972	52,630,785	51,548,192
Total current assets		658,545,904	591,843,952	615,126,797	527,256,207
Non-current assets					
Restricted bank deposits and other investments	10	13,418,002	13,413,204	13,418,002	13,413,204
Investment in associated company	11	25,338,779	25,338,779	100,000	100,000
Investment in subsidiary companies	12	-	-	70,294,511	70,294,511
Property, plant and equipment	13	1,758,506,988	1,776,901,991	1,492,491,466	1,510,771,934
Leasehold rights on land	14	5,739,185	5,809,523	-	-
Leasehold rights on buildings	15	37,392,261	40,042,081	37,392,261	40,042,081
Intangible assets	16	3,438,909	3,616,984	3,316,055	3,495,072
Prepaid book copyright and translation fee		17,579,937	17,599,460	17,579,937	17,599,460
Rental guarantee and deposit		87,263,768	89,950,768	87,263,768	89,950,768
Deferred tax assets	23	131,341	131,341	-	-
Other non-current assets		9,798,376	9,501,708	9,247,331	9,102,305
Total non-current assets		1,958,607,546	1,982,305,839	1,731,103,331	1,754,769,335
Total assets		2,617,153,450	2,574,149,791	2,346,230,128	2,282,025,542

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Notes to interim financial statements form an integral part of these interim statements.

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT MARCH 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY

		Baht			
		Consolidated financial statements		Separate financial statements	
		As at March	As at December	As at March	As at December
		31, 2019	31, 2018	31, 2019	31, 2018
			(Restated)		
	Notes				
Current liabilities					
Short-term loan from financial institution	17	50,000,000	-	50,000,000	-
Trade and other payables	18	865,188,802	826,276,136	856,587,169	810,979,636
Income received in advance recognisable					
within one year	19	47,850,716	64,003,222	-	-
Current portion of long-term loans	20	69,558,000	60,408,000	60,408,000	60,408,000
Current portion of long-term					
employee benefits obligations		4,249,248	5,793,411	4,249,248	5,793,411
Income tax payable		386,479	390,635	-	-
Other current liabilities	21	30,481,667	29,242,839	26,017,914	24,095,474
Total current liabilities		1,067,714,912	986,114,243	997,262,331	901,276,521
Non-current liabilities					
Income received in advance	19	34,060,501	35,670,524	-	-
Long-term loans	20	180,590,000	204,842,000	133,090,000	148,192,000
Long-term employee benefits obligations	22	52,884,374	55,326,216	45,859,527	48,486,491
Deferred tax liabilities	23	48,595,401	50,622,606	44,195,689	46,152,480
Other non-current liabilities		11,818,836	9,057,239	9,462,680	8,001,240
Total non-current liabilities		327,949,112	355,518,585	232,607,896	250,832,211
Total liabilities		1,395,664,024	1,341,632,828	1,229,870,227	1,152,108,732

Notes to interim financial statements form an integral part of these interim statements.

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SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT MARCH 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at March	As at December	As at March	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
	Notes	(Restated)		
Shareholders' equity				
Share capital				
Authorized share capital				
391,944,529 ordinary shares of Baht 1 each				
Issued and paid-up				
391,944,418 ordinary shares of Baht 1 each				
Share premium				
Retained earnings				
Appropriated to legal reserve				
Company				
Subsidiaries				
Unappropriated				
Other components of shareholders' equity				
Total shareholders' equity of parent				
Total non-controlling interests of the subsidiaries				
Total shareholders' equity				
Total liabilities and shareholders' equity				

Notes to interim financial statements form an integral part of these interim statements.

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SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF INCOME

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

		Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2019	2018	2019	2018
Revenues					
	Revenues from sales	728,762,834	802,432,189	726,357,149	801,630,214
	Tuition fees income	44,911,939	41,000,597	-	-
	Dividend income	125,971	169,029	46,222	96,491
	Other income	11,013,280	19,182,626	9,086,006	16,607,743
	Total revenues	784,814,024	862,784,441	735,489,377	818,334,448
Expenses					
	Cost of sales	479,134,850	526,983,475	476,480,724	526,769,010
	Cost of tuition fees	34,652,494	33,912,184	-	-
	Selling expenses	174,030,925	190,138,052	174,021,986	190,087,930
	Administrative expenses	106,785,818	111,394,930	97,959,879	103,578,675
	Finance costs	3,264,679	4,127,912	2,540,487	3,346,928
	Total expenses	797,868,766	866,556,553	751,003,076	823,782,543
	Loss before (income) tax expenses	(13,054,742)	(3,772,112)	(15,513,699)	(5,448,095)
	Income tax expense	24 (2,027,205)	(984,309)	(1,956,790)	(1,044,844)
	Loss for the period	(11,027,537)	(2,787,803)	(13,556,909)	(4,403,251)
Profit (loss) attributable to					
	Equity holders of the parent	(12,392,784)	(3,588,163)	(13,556,909)	(4,403,251)
	Non-controlling interests of the subsidiaries	1,365,247	800,360	-	-
		(11,027,537)	(2,787,803)	(13,556,909)	(4,403,251)
Basic earnings per share					
	Loss attributable to equity holders of the parent	25 (0.032)	(0.009)	(0.035)	(0.011)

Notes to interim financial statements form an integral part of these interim statements.

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SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Loss for the period	(11,027,537)	(2,787,803)	(13,556,909)	(4,403,251)
Other comprehensive income:				
Other comprehensive income to be reclassified				
to profit or loss in subsequent periods				
Gain on changes in value of				
available-for-sale investments, net from tax expense	-	4,422	-	4,422
Other comprehensive income for the period	-	4,422	-	4,422
Total comprehensive loss for the period	(11,027,537)	(2,783,381)	(13,556,909)	(4,398,829)
Total comprehensive income (loss) attributable to				
Equity holders of the parent	(12,392,784)	(3,583,741)	(13,556,909)	(4,398,829)
Non-controlling interests of subsidiaries	1,365,247	800,360	-	-
	(11,027,537)	(2,783,381)	(13,556,909)	(4,398,829)

Notes to interim financial statements form an integral part of these interim statements.

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SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

		Baht												
		Consolidated financial statements												
		Total shareholders' equity of parent												
		Issued and paid-up share capital	Share premium	Other components of equity							Total equity attributable to shareholders of the parent	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
				Retained earnings			Surplus on changes in value of available-for-sale investments	Surplus on revaluation of assets	Total other components of shareholders' equity	Equity attributable to non-controlling interests of the subsidiaries				Total shareholders' equity
				Appropriated to legal reserve	Unappropriated									
Notes		Company	Subsidiary	Unappropriated										
	Balance as at January 1, 2018 - before adjustment	391,944,418	149,420,558	39,194,453	631,994	145,234,144	5,357	428,867,985	428,873,342	1,155,298,909	88,492,609	1,243,791,518		
	Cumulative effect of change in accounting policy for income	-	-	-	-	(19,737,032)	-	-	-	(19,737,032)	(20,567,301)	(40,304,333)		
4	Balance as at January 1, 2018 - as restated	391,944,418	149,420,558	39,194,453	631,994	125,497,112	5,357	428,867,985	428,873,342	1,135,561,877	67,925,308	1,203,487,185		
	Profit (loss) for the period	-	-	-	-	(3,588,163)	-	-	-	(3,588,163)	800,360	(2,787,803)		
	Other comprehensive income (loss) for the period	-	-	-	-	-	4,422	-	4,422	4,422	-	4,422		
	Total comprehensive income (loss) for the period	-	-	-	-	(3,588,163)	4,422	-	4,422	(3,583,741)	800,360	(2,783,381)		
	Transferred surplus on revaluation of assets to retained earnings	-	-	-	-	279,995	-	(279,995)	(279,995)	-	-	-		
	Balance as at March 31, 2018	<u>391,944,418</u>	<u>149,420,558</u>	<u>39,194,453</u>	<u>631,994</u>	<u>122,188,944</u>	<u>9,779</u>	<u>428,587,990</u>	<u>428,597,769</u>	<u>1,131,978,136</u>	<u>68,725,668</u>	<u>1,200,703,804</u>		
	Balance as at January 1, 2019 - before adjustment	391,944,418	149,420,558	39,194,453	631,994	213,053,255	-	382,025,642	382,025,642	1,176,270,320	89,373,976	1,265,644,296		
	Cumulative effect of change in accounting policy for income	-	-	-	-	(16,222,455)	-	-	-	(16,222,455)	(16,904,878)	(33,127,333)		
4	Balance as at January 1, 2019 - as restated	391,944,418	149,420,558	39,194,453	631,994	196,830,800	-	382,025,642	382,025,642	1,160,047,865	72,469,098	1,232,516,963		
	Profit (loss) for the period	-	-	-	-	(12,392,784)	-	-	-	(12,392,784)	1,365,247	(11,027,537)		
	Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	-	-	-		
	Total comprehensive income (loss) for the period	-	-	-	-	(12,392,784)	-	-	-	(12,392,784)	1,365,247	(11,027,537)		
	Transferred surplus on revaluation of assets to retained earnings	-	-	-	-	422,155	-	(422,155)	(422,155)	-	-	-		
	Balance as at March 31, 2019	<u>391,944,418</u>	<u>149,420,558</u>	<u>39,194,453</u>	<u>631,994</u>	<u>184,860,171</u>	<u>-</u>	<u>381,603,487</u>	<u>381,603,487</u>	<u>1,147,655,081</u>	<u>73,834,345</u>	<u>1,221,489,426</u>		

Notes to interim financial statements form an integral part of these interim statements.

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SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

Baht

	Separate financial statements							
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity		Total other components of shareholders' equity	Total shareholders' equity
			Appropriated to legal reserve	Unappropriated	Surplus on changes in value of available-for-sale investments	Surplus on revaluation of assets		
Balance as at January 1, 2018	391,944,418	149,420,558	39,194,453	111,524,454	5,357	417,458,614	417,463,971	1,109,547,854
Loss for the period	-	-	-	(4,403,251)	-	-	-	(4,403,253)
Other comprehensive income (loss) for the period	-	-	-	-	4,422	-	4,422	4,422
Total comprehensive income (loss) for the period	-	-	-	(4,403,251)	4,422	-	4,422	(4,398,831)
Transferred surplus on revaluation of assets to retained earnings	-	-	-	142,069	-	(142,069)	(142,069)	-
Balance as at March 31, 2018	<u>391,944,418</u>	<u>149,420,558</u>	<u>39,194,453</u>	<u>107,263,272</u>	<u>9,779</u>	<u>417,316,545</u>	<u>417,326,324</u>	<u>1,105,149,023</u>
Balance as at January 1, 2019	391,944,418	149,420,558	39,194,453	178,188,073	-	371,169,308	371,169,308	1,129,916,810
Loss for the period	-	-	-	(13,556,909)	-	-	-	(13,556,909)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	-	(13,556,909)	-	-	-	(13,556,909)
Transferred surplus on revaluation of assets to retained earnings	-	-	-	140,502	-	(140,502)	(140,502)	-
Balance as at March 31, 2019	<u>391,944,418</u>	<u>149,420,558</u>	<u>39,194,453</u>	<u>164,771,666</u>	<u>-</u>	<u>371,028,806</u>	<u>371,028,806</u>	<u>1,116,359,901</u>

Notes to interim financial statements form an integral part of these interim statements.

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SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Loss before (income) tax expenses	(13,054,742)	(3,772,112)	(15,513,699)	(5,448,095)
Adjustments to reconcile loss before (income) tax expenses to net cash provided by (use in) operating activities:				
Gain on disposal of temporary investments	(150,406)	(203,050)	(150,406)	(203,050)
Allowance for doubtful accounts and estimated goods return	5,802,827	4,838,587	6,080,632	5,114,712
Adjustments from reconcile account receivable	(32,161)	-	(32,161)	-
Expense from loss of inventories	2,054,676	3,098,723	2,054,676	3,098,722
Allowance for loss of inventories, dilapidated and slow moving	6,198,993	1,396,184	6,001,418	1,396,184
Expense for donation of goods and equipment	1,169,692	1,408,000	1,169,692	1,408,000
Loss on destroy inventories	537,470	-	537,470	-
Depreciation and amortization	22,915,994	25,963,570	18,864,462	21,994,548
Allowance for impairment of assets (reversal)	551,363	(1,364,001)	551,363	(1,364,001)
(Gain) loss on sales and written-off equipment	(203,932)	2,144,597	(203,743)	2,152,978
Amortized leasehold rights on land and buildings	2,720,158	2,720,158	2,649,820	2,649,821
Adjustment from clearing long outstanding payable	48,917	(16,475)	48,917	(16,475)
Long-term employee benefits expenses	1,612,765	4,690,634	1,427,643	4,048,935
Interest income	(125,971)	(168,980)	(46,222)	(96,443)
Interest expenses	3,264,679	4,127,912	2,540,487	3,346,928
Profit from operating activities before changes in operating assets and liabilities	33,310,322	44,863,747	25,980,349	38,082,764
Operating assets (increase) decrease				
Trade and other receivables	(65,297,261)	(59,122,897)	(68,123,979)	(58,621,884)
Inventories	(33,639,360)	(37,423,704)	(35,162,114)	(36,023,640)
Prepaid expense	(2,229,443)	(4,961,603)	(1,284,652)	(1,995,144)
Other current assets	848,125	(374,295)	804,298	(670,310)
Prepaid book copyright and translation fee	19,523	945,578	19,523	945,578
Rental guarantee and deposit	2,687,000	2,691,652	2,687,000	2,691,652
Other non-current assets	(309,812)	(5,000)	(145,026)	2,216

Notes to interim financial statements form an integral part of these interim statements.

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SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**STATEMENT OF CASH FLOWS (CONT.)****FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019**

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Operating liabilities increase (decrease)				
Trade and other payables	40,552,096	47,600,999	47,448,687	50,617,432
Deffered unearned income	(17,762,529)	(12,178,032)	-	-
Other current liabilities	1,254,792	3,634,154	1,873,523	2,673,235
Other non-current liabilities	2,757,438	2,676,000	1,461,440	1,740,000
Cash used in operating activities	(37,809,109)	(11,653,401)	(24,440,951)	(558,101)
Cash paid for long-term employee benefit	(5,598,770)	(3,788,000)	(5,598,770)	(3,788,000)
Cash paid for interest expenses	(3,280,643)	(4,179,483)	(2,556,452)	(3,398,500)
Cash paid for income tax	(618,943)	(912,113)	(602,949)	(656,350)
Net cash used in operating activities	(47,307,465)	(20,532,997)	(33,199,122)	(8,400,951)
Cash flows from investing activities:				
(Increase) decrease in temporary investments	150,406	(16,315,383)	150,406	(16,315,383)
Increase in bank and other investment with guarantee obligation	(4,798)	(4,798)	(4,798)	(4,798)
Cash paid for purchase of fixed assets	(7,165,732)	(11,355,048)	(3,363,201)	(9,764,072)
Cash received from sale of equipment	249,570	61,122	247,944	52,588
Cash received from interest income	125,971	168,981	46,932	97,153
Cash received from unearned deposit	-	20,000,000	-	20,000,000
Net cash flows used in investing activities	(6,644,583)	(7,445,126)	(2,922,717)	(5,934,512)
Cash flows from financing activities				
Cash received from short-term loans from financial institution	50,000,000	30,000,000	50,000,000	30,000,000
Repayment of long-term loans from financial institution	(15,102,000)	(25,102,000)	(15,102,000)	(15,102,000)
Net cash flows provided by financing activities	34,898,000	4,898,000	34,898,000	14,898,000
Net increase (decrease) in cash and cash equivalents	(19,054,048)	(23,080,123)	(1,223,839)	562,537
Cash and cash equivalents at beginning of period	139,466,326	145,864,621	85,531,195	94,319,896
Cash and cash equivalents at end of period	120,412,278	122,784,498	84,307,356	94,882,433
Supplemental cash flows information				
Non-cash transactions				
Gain (loss) in revaluation surplus on changes in value of available-for-sale investments	-	5,527	-	5,527
Increase (decrease) in purchase fixed assets payables	(1,688,347)	(2,474,473)	(1,825,189)	(2,402,228)

Notes to interim financial statements form an integral part of these interim statements.

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019

1. GENERAL INFORMATION

1.1 Address and legal status

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 address of its registered office is as follows:

Head office : located at 1858/87-90, Debaratana Road, Bangna South Sub-District,
Bangna District, Bangkok.

Distribution center : located at 118 Moo 1, Tambon Sisa Chorakhe Yai, Bang Sao
Tong District, Samutprakarn.

1.2 Nature of the Company’s business and shareholder

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. Plearnpattana School, which operates a private school offering courses for students from pre-kindergarten to Matayom 6.

5. BaesLab Co., Ltd., which operates in consulting, provision and distribution of software and hardware business.

2. BASIS FOR PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 Basis for preparation of the interim financial statements

The interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2018) “Interim Financial Reporting” and the announcement of the Stock Exchange of Thailand Accounting. These interim financial statements are prepared as additional financial statement information with the emphasis on the more current information about new activities, events, and situations and not intended to re-emphasis on the information previously reported. The interim financial statements should, therefore, be read in conjunction with the financial statements for the year ended December 31, 2018.

The interim financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

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 such financial statements in Thai language.

2.2 Basis of consolidated interim financial statements preparation

2.2.1 The consolidated financial statements are prepared by including the Company's financial statements and its subsidiaries financial statements as follows:-

Subsidiary companies' name	Nature of business	Country of incorporation	Shareholding percentage	
			As at March 31, 2019	As at December 31, 2018
SE-ED Book Center Co.,Ltd.	Operate bookstores (Is in the process of liquidation)	Thailand	99.99	99.99
BaesLab Co., Ltd.	Operates in consulting, provision and distribution of software and hardware business.	Thailand	60.00	60.00
Plearn Patt Co.,Ltd.	Private school	Thailand	48.97	48.97

2.2.2 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 December 31, 2018, with there being no changes in the structure of shareholding in subsidiaries during the current period.

2.2.3 The consolidated financial statements are prepared by using uniform accounting policies. So that the transaction and the others event which are the same or the similar circumstances have been used the identical policies to record those transaction.

2.2.4 Significant inter-company transactions between the Company and its subsidiaries have been eliminated.

2.2.5 Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 Thai Financial Reporting Standards that become effective in the current year

During the period, the Company and its subsidiaries have adopted the revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after January 1, 2019. 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. Excepted 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.

From January 1, 2019, the subsidiary has been affected from the transaction of revenues recognition on the school entrance fee in order to recognize the obligation to comply with the period as deferred income in accordance with the rules prescribed. The subsidiary have adjusted such transaction in this current year and restated the prior year's financial statements, presented for comparative purposes, as though the subsidiary had initially recognized such effects. The cumulative effect of the change is described in Note 4 to the interim financial statements.

2.4 Thai Financial Reporting Standards that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard and accounting guidance for financial instruments, which is effective for fiscal years beginning on or after January 1, 2020. Key principles of these standards are summarized follows:

The accounting guidance for financial instruments and Presentation for Insurance business

Accounting practice was adjusted to have close content with TFRS 9 by dividing into 4 parts as follows:

1. The recognition of transaction and valuation of financial instrument which is developed closely to Thai Accounting Standard No.105 (revised 2016) accounting for investment in debt securities and equity securities and Thai Financial Reporting Standard No.9 financial instrument.

2. Impairment of financial asset which has content close to Thai Financial Reporting Standard No.9 financial instrument.

3. Accounting to prevent risk with content close to Thai Financial Reporting Standard No.9 financial instrument.

4. Information disclosure of financial instrument with content similar to Thai Financial Reporting Standard No.7 disclosure of financial instrument information.

TFRS 16 Leases

As the lease is significant transaction in many business in many industries. It's significant that user of financial statement should receive information on activity of the lease completely and able to compare which the former accounting method for lease agreement under Thai Accounting Standard No.17 regarding lease agreement require the lessee and lessor to classify lease agreement as financial lease or operating lease and record the account for both lease agreement differently. Such accounting method can't respond to the needs of the financial statement users as the accounting method does not objectively represent for the lease transaction in every case. For the lessee to recognize assets and liabilities that arise from operating lease which affects the lease agreement to be recognized as asset and liabilities in the statement of financial position. The use of asset and commitment that arises from the lease agreement under the definition of asset and liabilities affect the significant financial ratio to be distorted. New accounting method under Thai Financial Reporting Standards No.16 lease agreement requires the lessee to recognize the right to use asset as asset in the financial statements and recognize commitment that arises from lease agreement in the financial statements.

Such accounting method affects the asset presentation and liabilities of the lessee as objective representation as well as increase the disclosure of information that reflects the financial risk and capital money of the lessee.

At present, the management of the Company and its subsidiaries are evaluating the impact of this standard to the financial statements in the year when it is adopted.

3. SIGNIFICANT ACCOUNTING POLICIES

The Company and its subsidiaries prepared the interim financial statement with the same accounting policies used in the preparation of the annual financial statements for the year ended December 31, 2018, except for the change in the accounting policies due to adoption of TFRS 15 Revenue from Contracts with Customers, as follows:

Revenues recognition

School entrance fee of Pleanpattana School is recognized as income according to the eligibility learning period, status of student.

4. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARD

As described in Note 2.3 to the interim financial statements, during the current period, the subsidiary has adopted TFRS 15 using the modified retrospective method of adoption. The subsidiary has used this accounting policy in this current year and restated the prior year's financial statements, presented for comparative purposes, as though the subsidiary had initially recognized such effects. The change in accounting policies has been affected as follows:

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	Thousand Baht	
	Consolidated financial statements	
	As at December 31, 2018	As at January 31, 2018
Impact on retained earnings		
Entrance fees income	(33,127)	(40,304)

The amounts of adjustments affecting the transactions in the statements of financial position as at March 31, 2019 and December 31, 2018 are stated as follows:

	Thousand Baht					
	Consolidated financial statements					
	As at March 31, 2019			As at December 31, 2018		
	Previous accounting policy	Increase (decrease)	IFRS 15	Previous accounting policy	Increase (decrease)	IFRS 15
Statements of financial position						
Liabilities						
Income received in advance recognizable						
within one year	41,096	6,755	47,851	57,248	6,755	64,003
Income received in advance	7,689	26,372	34,061	9,298	26,373	35,671
Shareholders' equity						
Retained earnings						
- Company	201,082	(16,222)	184,860	213,053	(16,222)	196,831
- Non-controlling interests of subsidiaries	89,374	(16,905)	72,469	88,492	(20,567)	67,925

5. TRANSACTIONS WITH RELATED PARTIES

The Company had significant business transactions with related parties. These parties are directly or indirectly related through common shareholding and/or directorship. 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.

The related companies include the following:

Company	Relationship
SE-ED Book Center Co.,Ltd.	Subsidiary company by direct shareholders
Plearn Patt Co.,Ltd.	Subsidiary company by direct shareholders
BaesLab Co., Ltd.	Subsidiary company by direct shareholders
M AND E Co., Ltd.	Associated company by direct shareholders

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For the three-month periods ended March 31, 2019 and 2018, the significant transactions with related parties can be summarized as follows:

		Thousand Baht			
		Consolidated		Separate	
		financial statements		financial statements	
Transfer Pricing Policy		2019	2018	2019	2018
<u>Transactions in the statements of income</u>					
<u>Subsidiary companies</u>					
Sales of goods	Market price	-	-	66	86
Service expenses	Mutually agreed agreement	-	-	117	313
Interest income	MOR per annum	-	-	32	32
Service revenue	Mutually agreed agreement	-	-	56	56
<u>Related companies</u>					
Sales of goods	Market price	34	56	34	56
Purchases of goods	Market price	370	178	370	178
<u>Shareholder and directors of subsidiary companies</u>					
Lease land	Mutually agreed agreement	275	250	-	-
Amortised leasehold rights on land	Mutually agreed agreement	70	70	-	-
Interest expenses	5% - 6% per annum	15	15	-	-

As at March 31, 2019 and December 31, 2018 Significant outstanding balances with related companies are as follow:

		Thousand Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		As at March	As at December	As at March	As at December
		31, 2019	31, 2018	31, 2019	31, 2018
<u>Outstanding balances at the statements of financial position</u>					
<u>Subsidiary companies</u>					
Trade and other receivables		-	-	141	26
Short-term loans		-	-	1,800	1,800
Interest receivable		-	-	32	32
<u>Related companies</u>					
Trade and other receivables		3,165	3,353	-	-
Trade payable		1,144	1,508	1,144	1,508
<u>Shareholder and directors of subsidiary companies</u>					
Leasehold rights on land		5,739	5,810	-	-

Short-term loans 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% per annum of a commercial bank.

Directors and management's benefits

For the three-month periods ended March 31, 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	5.75	5.13	4.95	4.55
Post-employment benefits	0.11	0.12	0.08	0.08
Total	5.86	5.25	5.03	4.63

6. CASH AND CASH EQUIVALENTS

This account consisted of:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at March	As at December	As at March	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Cash	15,491	18,180	15,297	18,007
Bank deposits - current accounts	7,438	13,059	6,557	12,132
Bank deposits - saving accounts	97,483	108,227	62,453	55,392
Total	120,412	139,466	84,307	85,531

7. TRADE AND OTHER RECEIVABLES

This account consisted of:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at March	As at December	As at March	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
<u>Related parties</u>				
Classified by aging				
Not yet due	3,165	3,353	3,306	3,379
Total	3,165	3,353	3,306	3,379
<u>Other companies</u>				
Classified by aging				
Not yet due	118,905	34,868	118,905	34,868
Up to 6 months	5,786	24,526	4,340	20,440
6 - 12 months	2,070	2,705	1,383	1,738
Over 12 months	3,877	4,785	2,691	3,510
Total	130,638	66,884	127,319	60,556

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	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Less: Allowance for doubtful debts	(5,963)	(8,025)	(4,496)	(6,280)
Allowance for goods return	(11,754)	(3,890)	(11,754)	(3,890)
Total	112,921	54,969	111,069	50,386
Total trade receivable	116,086	58,322	114,375	53,765
<u>Other receivables</u>				
Advances	3,765	753	3,504	710
Others	2,626	3,876	2,141	3,470
Total other receivables	6,391	4,629	5,645	4,180
Total trade and other receivables - net	122,477	62,951	120,020	57,945

The movements in transactions of allowance for doubtful accounts and allowance for goods return for the three-month period ended March 31, 2019, as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	Allowance for doubtful debts	Allowance for goods return	Allowance for doubtful debts	Allowance for goods return
Beginning balance	8,025	3,890	6,280	3,890
<u>Add:</u> Allowance doubtful debts and goods return during the period	-	7,864	-	7,864
<u>Less:</u> Allowance doubtful debts and goods return reversed during the period	(2,062)	-	(1,784)	-
Ending balance	5,963	11,754	4,496	11,754

8. INVENTORIES

This account consisted of:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Raw material	1,196	1,217	1,196	1,217
Work in process	8,518	10,167	8,513	8,470
Finished goods	546,806	514,722	543,572	511,656
Total	556,520	526,106	553,281	521,343
<u>Less:</u> Allowance for loss of inventories	(3,807)	(4,953)	(3,807)	(4,952)
Allowance for dilapidated and slow moving	(193,409)	(186,064)	(193,106)	(185,959)
Inventories - net	359,304	335,089	356,368	330,432

Movements in transactions of allowance for loss of inventories and dilapidated and slow moving are summarized as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at March	As at December	As at March	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Beginning balance	191,017	216,344	190,911	216,238
Increase	11,016	1,072	10,818	1,072
Decrease	(4,817)	(26,399)	(4,816)	(26,399)
Ending balance	197,216	191,017	196,913	190,911

9. OTHER CURRENT ASSETS

This account consisted of:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at March	As at December	As at March	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Supplies	19,955	20,392	19,241	19,640
Prepaid expenses	15,930	13,701	13,142	11,857
Other current assets	20,466	20,245	20,248	20,051
Total	56,351	54,338	52,631	51,548

10. RESTRICTED BANK DEPOSITS AND OTHER INVESTMENTS

This account consisted of:

	Thousand Baht	
	Consolidated/Separate financial statements	
	As at March	As at December
	31, 2019	31, 2018
Fixed deposits with 12 months maturity	8,000	8,000
Saving bonds with 7 years maturity	5,418	5,413
Total	13,418	13,413

As at March 31, 2019 and December 31, 2018, the fixed deposits with 12 months maturity, with the bearing of 0.80 % and 0.80 - 1.85 %, respectively and savings bonds with 7 years maturity, with the bearing of 3.625 % and 3.625 %, respectively, has been used to guarantee electricity use, rental of space and dealers (Note 27.2 to interim financial statements).

11. INVESTMENTS IN AN ASSOCIATE

This account consisted of:

Company's name	Nature of business	Shareholding percentage (%)	Thousand Baht			
			Consolidated financial statements		Separate financial statements	
			At equity method		At cost method	
			As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
M AND E Co., Ltd.	Painting office production of technical magazines and engineering manuals	25	25,339	25,339	100	100
			25,339	25,339	100	100

12. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as presented in the separate financial statements are as follows:

Company's name	Paid-up capita (Thousand Baht)	Shareholding percentage (%)	Thousand Baht					
			Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
SE-ED Book Center Co.,Ltd.	1,000	99.99	1,000	1,000	(187)	(187)	813	813
BaesLab Co., Ltd.	250	60.00	150	150	-	-	150	150
Plearn Patt Co.,Ltd.	151,850	48.97	83,000	83,000	(13,668)	(13,668)	69,332	69,332
			84,150	84,150	(13,855)	(13,855)	70,295	70,295

SE-ED Book Center Co.,Ltd.

According to the minutes of the extraordinary meeting of the shareholders No.1/2018 held on December 7, 2018, the shareholders of SE-ED Book Center Co.,Ltd. has approved to dissolve the company and the Company has already registered the dissolve with the Ministry of Commerce on December 21, 2018, and now have not registered the completion of liquidation.

13. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment account for the three-month period ended March 31, 2019 are summarized follows:

	Thousand Baht	
	Consolidated	Separate
	financial statements	financial statements
At cost		
Balance as at December 31, 2018	2,927,020	2,458,930
Acquisitions during the period	5,479	1,539
Disposals during the period	(1,077)	(784)
written-off during the period	(14,723)	(14,723)
Balance as at March 31, 2019	2,916,699	2,444,962

	Thousand Baht	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Accumulated depreciation		
Balance as at December 31, 2018	1,147,951	945,991
Depreciation for the period	22,738	18,686
Accumulated depreciation on disposals	(1,031)	(740)
Accumulated depreciation on written-off	(14,186)	(14,186)
Balance as at March 31, 2019	<u>1,155,472</u>	<u>949,751</u>
Impairment		
Balance as at December 31, 2018	2,167	2,167
Impairment during the period	553	553
Balance as at March 31, 2019	<u>2,720</u>	<u>2,720</u>
Net book value		
Balance as at December 31, 2018	<u>1,776,902</u>	<u>1,510,772</u>
Balance as at March 31, 2019	<u><u>1,758,507</u></u>	<u><u>1,492,491</u></u>

The Company mortgaged the land and constructions thereon where the distribution centre is situated to secure against credit facilities granted by a commercial bank (Notes 17 and 20 to interim financial statements).

14. LEASEHOLD RIGHTS ON LAND

Movement of the leasehold rights on land for the three-month period March 31, 2019 is summarized follows:

	Thousand Baht
	Consolidated
	<u>financial statements</u>
Net book value as at December 31, 2018	5,810
Amortization for the period	<u>(71)</u>
Net book value as at March 31, 2019	<u><u>5,739</u></u>

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.

15. LEASEHOLD RIGHTS ON BUILDINGS

Movement of the leasehold rights on building for the three-month period ended March 31, 2019 is summarized follows:

	Thousand Baht
	Consolidated/ Separate financial statements
Net book value at December 31, 2018	40,042
Amortization for the period	(2,650)
Net book value as at March 31, 2019	<u>37,392</u>

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.

16. INTANGIBLE ASSETS

Movements of the intangible assets which are software license fee for the three-month period ended March 31, 2019 are summarized follows:

	Thousand Baht	
	Consolidated financial statements	Separate financial statements
Net book value as at December 31, 2018	3,617	3,495
Amortization for the period	(178)	(178)
Net book value as at March 31, 2019	<u>3,439</u>	<u>3,317</u>

17. SHORT-TERM LOANS FROM FINANCIAL INSTITUTION

This account consisted of:

	Thousand Baht	
	Consolidated / Separated financial statements	
	As at March 31, 2019	As at December 31, 2018
Promissory note	50,000	-
Total	<u>50,000</u>	<u>-</u>

As at March 31, 2019, the Company has a credit lines of short-term loans in promissory notes with a local commercial bank Maturity not over 3 months with credit line of Baht 100 million, with the bearing interest of 3.30% per annum, guaranteed by mortgage land and buildings

18. TRADE AND OTHER PAYABLES

This account consisted of:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at March	As at December	As at March	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Trade payable - related parties	1,144	1,508	1,144	1,508
Trade payable - other companies	759,158	703,434	758,049	702,429
Accrued expenses	73,945	86,100	66,799	72,005
Other payables for purchase of assets	1,311	2,999	994	2,820
Notes payable	3,609	6,030	3,589	6,013
Other payables	26,022	26,205	26,012	26,205
Total	<u>865,189</u>	<u>826,276</u>	<u>856,587</u>	<u>810,980</u>

19. INCOME RECEIVED IN ADVANCE

This account consisted of:

	Thousand Baht	
	Consolidated / Separated	
	financial statements	
	As at March	As at December
	31, 2019	31, 2018
		(Restated)
Income received in advance - not yet recognised	81,911	99,674
<u>Less: Income received in advance recognizable within one year</u>	<u>(47,851)</u>	<u>(64,003)</u>
Net	<u>34,060</u>	<u>35,671</u>

Movements of income received in advance for the three-month period ended March 31, 2019, as follows:

	Thousand Baht		
	Consolidated financial statements		
	Initial entrance fee	Education supporting fee	Total
Balance as at January 1, 2019 - as restated	39,179	60,495	99,674
<u>Add: Increase during the period</u>	<u>2,700</u>	<u>25,256</u>	<u>27,956</u>
<u>Less: Income recognition during the period</u>	<u>-</u>	<u>(44,912)</u>	<u>(44,912)</u>
<u>Less: Returned due to resignation of students</u>	<u>(7)</u>	<u>(800)</u>	<u>(807)</u>
Balance as at March 31, 2019	<u>41,872</u>	<u>40,039</u>	<u>81,911</u>

20. LONG-TERM LOANS

This account consisted of:

			Thousand Baht			
			Consolidated financial statements		Separate financial statements	
Loans	Interest rate (%)	Repayment schedule	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
1	THBFD 3M+3.85*	Monthly instalment as from July 31, 2014 with the last instalment in June 30, 2021	80,140	89,080	80,140	89,080
2	MLR-1.5	Monthly instalment as from November 30, 2014 with the last instalment in December 31, 2023	113,358	119,520	113,358	119,520
3	6.00 - 7.50 **	Settlement at maturity date of the contracts	56,650	56,650	-	-
Total			250,148	265,250	193,498	208,600
Less: Current portion due within one year			(69,558)	(60,408)	(60,408)	(60,408)
Long-term loans - net			180,590	204,842	133,090	148,192

* Interest expense rate in swap transaction agreements

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

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 April 11, 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 April 28, 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 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 27.4 to interim financial statements).

21. OTHER CURRENT LIABILITIES

This account consisted of:

					Thousand Baht			
					Consolidated financial statements		Separate financial statements	
					As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Coupon and prepaid care payable					17,847	15,316	17,847	15,316
Accrued withholding tax					1,898	3,349	1,542	1,603
Unearned income					4,814	4,134	1,573	1,541
Advance received for purchasing books					2,299	2,784	2,299	2,784
Others					3,624	3,660	2,757	2,851
Total					30,482	29,243	26,018	24,095

22. LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS

This account consisted of:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Provision for compensation on employees'	36,777	37,424	29,868	30,699
Provision for long service awards	20,356	23,696	20,241	23,581
Total	<u>57,133</u>	<u>61,120</u>	<u>50,109</u>	<u>54,280</u>

Movements of the long-term employee benefit obligations account are as follows:-

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Long-term employee benefit obligations at beginning of the period	61,120	72,394	54,280	66,567
Included in profit or loss :				
Current service cost recognition	1,216	5,168	1,075	4,564
Cost of interest	396	1,566	353	1,414
Actuarial gain of other long-term benefits recognized - other long - term benefits	-	(3,317)	-	(3,317)
Included in other comprehensive income:				
Actuarial gain arising from post-employment benefits	-	(7,853)	-	(8,110)
Benefit paid during period	<u>(5,599)</u>	<u>(6,838)</u>	<u>(5,599)</u>	<u>(6,838)</u>
Net long-term employee benefit obligations at the end of the period	<u>57,133</u>	<u>61,120</u>	<u>50,109</u>	<u>54,280</u>

On April 5, 2019, the Labour Protection Act has been enacted in the Royal Gazette. The Labour Protection Act includes a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. This Act shall come into force after the expiration of thirty days from the enacted date in the Royal Gazette onwards. When the labour law comes into force, the Company and its subsidiaries will recognize the increase in the employee benefit obligations Baht 10.90 million. (the separate 9.67 million), resulting in the decrease in profit Baht 8.72 million.(the separate 7.74 million).

23. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are as follows:-

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Deferred tax assets	50,979	49,056	50,848	48,925
Deferred tax liabilities	(99,443)	(99,548)	(95,043)	(95,077)
Deferred tax - net	(48,464)	(50,492)	(44,195)	(46,152)

Changing for the three-month period ended March 31, 2019 are summarized as follows:

	Thousand Baht			
	Consolidated financial statements			Balance as at As at March 31, 2019
	Balance as at As at December 31, 2018	Revenue (expenses) during the period		
In profit or loss		In other comprehensive income		
Deferred tax assets:				
Allowance for doubtful accounts	2,033	1,217	-	3,250
Allowance for diminution in value of inventories	35,602	1,430	-	37,032
Allowance for assets impairment	433	111	-	544
Provision for impairment of investment in associate	116	-	-	116
Employee benefits obligations	10,872	(835)	-	10,037
Total	49,056	1,923	-	50,979
Deferred tax liabilities:				
Unrealized gain from revaluation of land and buildings	(99,548)	105	-	(99,443)

	Thousand Baht			
	Separate financial statements			Balance as at As at March 31, 2019
	Balance as at As at December 31, 2018	Revenue (expenses) during the period		
In profit or loss		In other comprehensive income		
Deferred tax assets:				
Allowance for doubtful accounts	2,033	1,217	-	3,250
Allowance for diminution in value of inventories	35,602	1,430	-	37,032
Allowance for assets impairment	433	111	-	544
Employee benefits obligations	10,857	(835)	-	10,022
Total	48,925	1,923	-	50,848
Deferred tax liabilities:				
Unrealized gain from revaluation of land and buildings	(95,077)	34	-	(95,043)

24. (INCOME) TAX EXPENSES

The major components of (income) tax expenses for the three-month periods ended March 31, 2019 and 2018 are as follows:

	Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Current income tax:				
Current income tax charge	(4)	77	-	-
Deferred tax:				
Relating to origination and reversal of				
temporary differences	(2,023)	(1,061)	(1,957)	(1,045)
Total	(2,027)	(984)	(1,957)	(1,045)

25. BASIC LOSS PER SHARE

Basic loss per share is calculated by dividing 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.

For the three-month periods ended March 31, 2019 and 2018

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Loss for the period				
Equity holders of the parent (Thousand Baht)	(12,393)	(3,588)	(13,557)	(4,403)
Weighted average number of ordinary shares				
(Thousand shares)	391,944	391,944	391,944	391,944
Basic loss per share (Baht/share)	(0.032)	(0.009)	(0.035)	(0.011)

26. OPERATION SEGMENT

Operating segment information is reported in a manner consistent with the internal reports of the Company and its subsidiaries that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The businesses of the Company and its subsidiaries are ship builder and ship repairer, manufacturing and trading marine equipment with the main operation in the single geographic area in Thailand. Segment performance is considered by revenue and gross profit and is also measured based on the group operating profit or loss, on a basis consistent with that used to measure the operating profit or loss in the financial statement.

The Company and its subsidiaries' revenue and gross profit information for the periods ended March 31, 2019 and 2018 by segments are as follows:

	Million Baht							
	Consolidated financial statements							
	Retail business segment		Other distribution channels		School business segment		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
External revenue	526.24	601.16	202.52	200.70	44.91	41.57	773.67	843.43
Total revenues	<u>526.24</u>	<u>601.16</u>	<u>202.52</u>	<u>200.70</u>	<u>44.91</u>	<u>41.57</u>	<u>773.67</u>	<u>843.43</u>
Gross profit from operating according to the segment	<u>187.10</u>	<u>213.47</u>	<u>62.53</u>	<u>61.98</u>	<u>10.26</u>	<u>7.09</u>	<u>259.89</u>	<u>282.54</u>
Unallocated income and expenses:								
Other income							11.14	19.35
Selling expenses							(174.03)	(190.14)
Administrative expenses							(106.79)	(111.39)
Finance costs							(3.27)	(4.13)
Income tax							2.03	0.98
Loss for the period							<u>(11.03)</u>	<u>(2.79)</u>
<u>As at March 31,</u>								
Property, plant and equipment							1,758.51	1,826.81
Intangible assets							3.44	3.73
Leasehold rights on land and buildings							43.13	48.14
Rental guarantee and deposit							87.26	95.92
Other assets							724.81	826.25
Total assets							<u>2,617.15</u>	<u>2,800.85</u>

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

27. COMMITMENTS AND CONTINGENT LIABILITIES

27.1 Operating lease commitments

27.1.1 As March 31, 2019, the Company has entered into space rental agreements for use as branch offices, totalling 347 branches. The lease periods ranged from 1 to 20 years. For the three-month period ended March 31, 2019 the total rental and utility fees were approximately Baht 301.70 million per annum. Some of rental fees were calculated from the percentage of sales amounts of that branch, while others were fixed rate.

27.1.2 The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, office building, warehouses, vehicles and costs service related with the operations. The terms of the agreements are generally between 1 and 30 years.

As at March 31, 2019 the Company and its subsidiaries, future minimum lease payments required under operating leases contracts as follow:

	Thousand Baht	
	Consolidated financial statements	Separate financial statements
Payable:		
Up to 1 year	105.50	105.10
Over 1 and up to 5 years	135.10	129.40
Over 5 years	30.00	7.00
Total	<u>270.60</u>	<u>241.50</u>

27.2 Guarantees

As at March 31, 2019, the Company has pledged the bank deposit of Baht 4.00 million to guarantee contractual performance and guarantee rental. In addition, other investments of Baht 1.10 million were pledged to guarantee the electricity usage and rental of head office.

27.3 Long-term service commitments

27.3.1 The Company entered into agent appointment agreement with a foreign company for the contractual period of three years commencing from September 1, 2016 to May 31, 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.

27.3.2 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.

27.4 Interest Rate Swap Transaction Agreement

The Company has the detail of the interest rate swap agreement outstanding as at March 31, 2019 as follow:

Principal amount	Interest revenue rate swap agreement (%)	Interest expenses rate swap agreement (%)	Termination date
Baht 160.30 million	THBFIX 1M + 1.74	THBFD 3M + 3.85	June 2021

28. FOREIGN CURRENCY ASSETS AND LIABILITIES

As at March 31, 2019 and December 31, 2018, the Company balances of financial assets and liabilities denominated in foreign currencies are summarized follow:

Foreign currency	Consolidated/Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate (Baht per foreign currency)	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
	(Thousand)	(Thousand)	(Thousand)	(Thousand)		
USD	-	-	16	32	31.9785	32.6148
SGD	-	-	5	5	31.6416	23.9720
GBP	-	-	2,190	695	42.0200	41.5216

As at March 31, 2019, the Company has foreign exchange contracts outstanding are summarized follow:

Foreign currency	Consolidated/Separate financial statements				
	Bought amount (Thousand)	Sold amount (Thousand)	Contractual exchange rate (Baht per foreign currency)		Maturity date
			Bought	Sold	
	GBP	820	-	40.46 - 42.60	-

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company and its subsidiaries 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

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

As at March 31, 2019, the Company and its subsidiaries had the following assets that were measured at fair value using different levels of inputs as follows:

Assets measured at fair value	Million Baht			
	Consolidated financial statements			
	As at March 31, 2019			
	Level 1	Level 2	Level 3	Total
Property, plant and equipment	-	-	1,565.61	1,565.61

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	Million Baht			
	Separate financial statements			
	As at March 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Property, plant and equipment	-	-	1,314.45	1,314.45

30. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue by the Company's Board of Directors on May 10, 2019.