

SE-EDUCATION PUBLIC COMPANY LIMITED  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2017

## Independent Auditor's Report

To the Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED

### Opinion

I have audited the accompanying consolidated financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries and of SE-EDUCATION PUBLIC COMPANY LIMITED as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

### **Recognition of revenue from sales**

The Group has disclosed its accounting policy relating to recognition of revenue from sales in Note 4.1 to the consolidated financial statements. This account is represented 94% of total revenue in the financial statements of the Group for the year ended 31 December 2017.

I identified recognition of revenue from sales to be an area of significant risk in the audit because revenue from sales is the most significant account in the statement of income of the Group and it is a key performance indicator in terms of business operation. The management and the users of the financial statements pay particular attention. Therefore I focused on recognising revenue that respect to actually occurring and timing of revenue recognition.

I have examined the recognition of revenue from sales of the Group by

- Assessing and testing of the Group's IT system and its significant internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining and understanding of the controls and selecting representation samples to test the operation of the designed controls.
- Applying a sampling method to select sales documents to assess whether revenue recognition was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

## **Provision for diminution in value of inventory**

Estimating the net realisable value of inventory, as disclosed in Notes 5 and 10 to the consolidated financial statements, is an area of significant management judgment, particularly with regard to the estimation of provision for diminution in the value of slow-moving and obsolete inventory. This requires detailed analysis of the product life cycle. There is a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed and tested the internal controls of the Group relevant to the determination of provision for diminution in the value of inventory by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of designed controls. In addition, I also assessed the method and the assumptions applied by management in determining such provision. The procedures that I performed included:

- Gained an understanding of the basis applied in determining the provision for diminution in value of inventory and reviewing the consistency of the application of that basis.
- Comparing the inventory holding periods and inventory movements to identify product groups with indicators of lower than normal inventory turnover.
- Comparing details of sales transactions occurring after the date of the financial statements with the cost of inventory for each group of products, and selecting representation samples to test the relevant supporting documents.

## **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.



## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

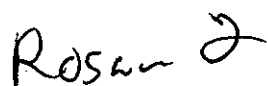
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Rosaporn Decharkom  
Certified Public Accountant (Thailand) No. 5659

EY Office Limited  
Bangkok: 27 February 2018

## SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

## Statement of financial position

As at 31 December 2017

(Unit: Baht)

|  |       | Consolidated financial statements |               | Separate financial statements |               |
|--|-------|-----------------------------------|---------------|-------------------------------|---------------|
|  | Note  | 2017                              | 2016          | 2017                          | 2016          |
| <b>Assets</b>                                  |       |                                   |               |                               |               |
| <b>Current assets</b>                          |       |                                   |               |                               |               |
| Cash and cash equivalents                      | 7     | 145,864,621                       | 159,057,119   | 94,319,896                    | 92,917,443    |
| Current investments                            | 8     | 18,883,075                        | 97,806,001    | 18,883,075                    | 72,806,001    |
| Trade and other receivables                    | 6, 9  | 79,026,518                        | 85,126,477    | 73,681,031                    | 80,523,058    |
| Short-term loan to subsidiary                  | 6     | -                                 | -             | 1,800,000                     | 3,000,000     |
| Inventories                                    | 10    | 324,829,713                       | 403,332,497   | 318,495,594                   | 397,217,671   |
| Other current assets                           | 11    | 51,953,574                        | 88,733,827    | 48,495,275                    | 86,589,629    |
|  |       | 620,557,501                       | 834,055,921   | 555,674,871                   | 733,053,802   |
| Non-current assets held for sale               | 12    | 50,432,051                        | -             | 50,432,051                    | -             |
| <b>Total current assets</b>                    |       | 670,989,552                       | 834,055,921   | 606,106,922                   | 733,053,802   |
| <b>Non-current assets</b>                      |       |                                   |               |                               |               |
| Restricted bank deposits and other investments | 13    | 13,393,744                        | 13,374,284    | 13,393,744                    | 13,374,284    |
| Investments in subsidiaries                    | 14    | -                                 | -             | 70,294,511                    | 70,294,511    |
| Investment in associate                        | 15    | 25,912,007                        | 25,949,619    | 100,000                       | 100,000       |
| Property, plant and equipment                  | 16    | 1,844,562,063                     | 1,491,005,126 | 1,570,739,498                 | 1,295,530,282 |
| Leasehold rights on land                       | 6, 17 | 6,094,781                         | 5,696,125     | -                             | -             |
| Leasehold rights on buildings                  | 18    | 50,788,575                        | 62,084,360    | 50,788,575                    | 62,084,360    |
| Intangible assets                              | 19    | 3,910,061                         | 5,516,060     | 4,231,802                     | 5,868,724     |
| Prepaid book copyright and translation fee     |       | 15,691,331                        | 17,179,293    | 15,691,331                    | 17,179,293    |
| Rental guarantee and deposit                   |       | 98,607,593                        | 100,755,353   | 98,607,593                    | 100,755,353   |
| Deferred tax assets                            | 29    | 15,341                            | 22,754,488    | -                             | 23,830,466    |
| Other non-current assets                       | 20    | 9,666,149                         | 10,505,577    | 9,444,481                     | 10,401,859    |
| <b>Total non-current assets</b>                |       | 2,068,641,645                     | 1,754,820,285 | 1,833,291,535                 | 1,599,419,132 |
| <b>Total assets</b>                            |       | 2,739,631,197                     | 2,588,876,206 | 2,439,398,457                 | 2,332,472,934 |

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



## SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

## Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

|  |       | Consolidated financial statements |                      | Separate financial statements |                      |
|--|-------|-----------------------------------|----------------------|-------------------------------|----------------------|
|  | Note  | 2017                              | 2016                 | 2017                          | 2016                 |
| Liabilities and shareholders' equity               |       |                                   |                      |                               |                      |
| Current liabilities                                |       |                                   |                      |                               |                      |
| Trade and other payables                           | 6, 21 | 914,574,917                       | 1,023,589,684        | 904,655,017                   | 1,014,577,483        |
| Income received in advance recognisable            |       |                                   |                      |                               |                      |
| within one year                                    | 22    | 53,643,506                        | 46,366,891           | -                             | -                    |
| Current portion of long-term loans                 | 24    | 279,008,000                       | 93,090,000           | 269,008,000                   | 71,520,000           |
| Income tax payable                                 |       | 326,925                           | 317,577              | -                             | -                    |
| Current portion of provision for                   |       |                                   |                      |                               |                      |
| long-term employee benefits                        | 25    | 8,597,980                         | 8,831,735            | 8,597,980                     | 8,443,275            |
| Other current liabilities                          | 23    | 44,121,280                        | 71,867,687           | 35,211,476                    | 69,825,555           |
| <b>Total current liabilities</b>                   |       | <b>1,300,272,608</b>              | <b>1,244,063,574</b> | <b>1,217,472,473</b>          | <b>1,164,366,313</b> |
| Non-current liabilities                            |       |                                   |                      |                               |                      |
| Income received in advance, net of current portion | 22    | 15,857,151                        | 772,220              | -                             | -                    |
| Long-term loans, net of current portion            | 24    | 56,750,000                        | 318,250,000          | -                             | 261,600,000          |
| Provision for long-term employee benefits, net of  |       |                                   |                      |                               |                      |
| current portion                                    | 25    | 63,795,688                        | 57,390,656           | 57,969,589                    | 51,399,029           |
| Deferred tax liabilities                           | 29    | 50,817,992                        | -                    | 46,062,301                    | -                    |
| Other non-current liabilities                      |       | 8,346,240                         | 7,437,961            | 8,346,240                     | 7,437,961            |
| <b>Total non-current liabilities</b>               |       | <b>195,567,071</b>                | <b>383,850,837</b>   | <b>112,378,130</b>            | <b>320,436,990</b>   |
| <b>Total liabilities</b>                           |       | <b>1,495,839,679</b>              | <b>1,627,914,411</b> | <b>1,329,850,603</b>          | <b>1,484,803,303</b> |

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



## SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

## Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

|   | Note | Consolidated financial statements |                      | Separate financial statements |                      |
|---|------|-----------------------------------|----------------------|-------------------------------|----------------------|
|   |      | 2017                              | 2016                 | 2017                          | 2016                 |
| <b>Shareholders' equity</b>                       |      |                                   |                      |                               |                      |
| Share capital                                     |      |                                   |                      |                               |                      |
| Registered  |      |                                   |                      |                               |                      |
| 391,944,529 ordinary shares of Baht 1 each        |      | 391,944,529                       | 391,944,529          | 391,944,529                   | 391,944,529          |
| Issued and paid-up                                |      |                                   |                      |                               |                      |
| 391,944,418 ordinary shares of Baht 1 each        |      | 391,944,418                       | 391,944,418          | 391,944,418                   | 391,944,418          |
| Share premium                                     |      | 149,420,558                       | 149,420,558          | 149,420,558                   | 149,420,558          |
| Retained earnings                                 |      |                                   |                      |                               |                      |
| Appropriated                                      |      |                                   |                      |                               |                      |
| Statutory reserve - The Company                   | 27   | 39,194,453                        | 39,194,453           | 39,194,453                    | 39,194,453           |
| Statutory reserve - Subsidiary                    | 27   | 631,994                           | -                    | -                             | -                    |
| Unappropriated                                    |      | 145,234,144                       | 175,114,248          | 111,524,454                   | 143,938,021          |
| Other components of shareholders' equity          |      | 428,873,342                       | 127,531,829          | 417,463,971                   | 123,172,181          |
| Equity attributable to owners of the Company      |      | 1,155,298,909                     | 883,205,506          | 1,109,547,854                 | 847,669,631          |
| Non-controlling interests of the subsidiaries     |      | 88,492,609                        | 77,756,289           | -                             | -                    |
| <b>Total shareholders' equity</b>                 |      | <b>1,243,791,518</b>              | <b>960,961,795</b>   | <b>1,109,547,854</b>          | <b>847,669,631</b>   |
| <b>Total liabilities and shareholders' equity</b> |      | <b>2,739,631,197</b>              | <b>2,588,876,206</b> | <b>2,439,398,457</b>          | <b>2,332,472,934</b> |

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



Director





## SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

## Statement of income

For the year ended 31 December 2017

(Unit: Baht)

|  |           | Consolidated financial statements |               | Separate financial statements |               |
|--|-----------|-----------------------------------|---------------|-------------------------------|---------------|
|  | Note      | 2017                              | 2016          | 2017                          | 2016          |
| Revenues   |           |                                   |               |                               |               |
| Revenues from sales  |           | 3,524,028,420                     | 4,078,111,569 | 3,518,349,732                 | 4,075,360,175 |
| Tuition fees income  | 22        | 173,137,061                       | 164,583,753   | -                             | -             |
| Interest and dividend income   | 6, 14, 15 | 1,280,973                         | 1,250,482     | 5,552,396                     | 2,425,292     |
| Other income   |           | 70,310,214                        | 43,603,104    | 61,974,734                    | 36,385,468    |
| Total revenues   |           | 3,768,756,668                     | 4,287,548,908 | 3,585,876,862                 | 4,114,170,935 |
| Expenses   |           |                                   |               |                               |               |
| Cost of sales  |           | 2,298,547,836                     | 2,702,466,290 | 2,292,736,703                 | 2,699,730,927 |
| Cost of tuition fees   |           | 131,689,120                       | 124,618,919   | -                             | -             |
| Selling expenses   |           | 842,134,995                       | 939,201,628   | 842,003,344                   | 939,142,442   |
| Administrative expenses  |           | 500,379,839                       | 477,829,391   | 468,522,045                   | 449,833,187   |
| Total expenses   |           | 3,772,751,790                     | 4,244,116,228 | 3,603,262,092                 | 4,088,706,556 |
| Profit (loss) before share of profit from investment in associate, finance cost and income tax |           |                                   |               |                               |               |
|  |           | (3,995,122)                       | 43,432,680    | (17,385,230)                  | 25,464,379    |
| Share of profit from investment in associate   | 15        | 962,389                           | 1,798,610     | -                             | -             |
| Profit (loss) before finance cost and income tax   |           |                                   |               |                               |               |
|  |           | (3,032,733)                       | 45,231,290    | (17,385,230)                  | 25,464,379    |
| Finance cost   |           | (19,456,593)                      | (23,772,994)  | (14,908,068)                  | (18,338,630)  |
| Profit (loss) before income tax  |           |                                   |               |                               |               |
|  |           | (22,489,326)                      | 21,458,296    | (32,293,298)                  | 7,125,749     |
| Income tax revenues (expenses)   | 29        | 3,702,227                         | (2,110,082)   | 3,611,464                     | (2,087,743)   |
| Profit (loss) for the year   |           |                                   |               |                               |               |
|  |           | (18,787,099)                      | 19,348,214    | (28,681,834)                  | 5,038,006     |
| Profit (loss) attributable to  |           |                                   |               |                               |               |
| Equity holders of the Company  |           | (25,702,076)                      | 12,365,475    | (28,681,834)                  | 5,038,006     |
| Non-controlling interests of the subsidiaries  |           | 6,914,977                         | 6,982,739     |                               |               |
|  |           | (18,787,099)                      | 19,348,214    |                               |               |
| Earnings per share   |           |                                   |               |                               |               |
| Basic earnings (loss) per share  | 30        |                                   |               |                               |               |
| Profit (loss) attributable to equity holders of the Company                                    |           | (0.07)                            | 0.03          | (0.07)                        | 0.01          |

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



## SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

## Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

|   | Note | Consolidated financial statements |                    | Separate financial statements |                    |
|---|------|-----------------------------------|--------------------|-------------------------------|--------------------|
|   |      | 2017                              | 2016               | 2017                          | 2016               |
| <b>Profit (loss) for the year</b>   |      | <b>(18,787,099)</b>               | <b>19,348,214</b>  | <b>(28,681,834)</b>           | <b>5,038,006</b>   |
| <b>Other comprehensive income:</b>  |      |                                   |                    |                               |                    |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>                  |      |                                   |                    |                               |                    |
| Loss on changes in value of available-for-sale investments  | 8    | (61,496)                          | (3,074,985)        | (61,496)                      | (2,619,678)        |
| Less: Income tax effect   | 29   | 12,299                            | 614,997            | 12,299                        | 523,936            |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax     |      | (49,197)                          | (2,459,988)        | (49,197)                      | (2,095,742)        |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>              |      |                                   |                    |                               |                    |
| Actuarial loss  | 25   | (144,236)                         | (2,861,613)        | -                             | (2,432,445)        |
| Changes in revaluation of assets  | 26   | 386,810,097                       | -                  | 368,160,788                   | -                  |
| Less: Income tax effect   | 29   | (77,362,019)                      | 332,186            | (73,632,158)                  | 332,185            |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax |      | 309,303,842                       | (2,529,427)        | 294,528,630                   | (2,100,260)        |
| <b>Other comprehensive income for the year</b>  |      | <b>309,254,645</b>                | <b>(4,989,415)</b> | <b>294,479,433</b>            | <b>(4,196,002)</b> |
| <b>Total comprehensive income for the year</b>  |      | <b>290,467,546</b>                | <b>14,358,799</b>  | <b>265,797,599</b>            | <b>842,004</b>     |
| <b>Total comprehensive income attributable to</b>   |      |                                   |                    |                               |                    |
| Equity holders of the Company   |      | 276,012,779                       | 7,780,938          | 265,797,599                   | 842,004            |
| Non-controlling interests of subsidiaries   |      | 14,454,767                        | 6,577,861          |                               |                    |
| <b>Total comprehensive income for the year</b>  |      | <b>290,467,546</b>                | <b>14,358,799</b>  |                               |                    |

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





SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

| Consolidated financial statements                                    |                                  |               |                   |         |                |             |             |             |                            |             |  |  |  |  |                            |
|--|----------------------------------|---------------|-------------------|---------|----------------|-------------|-------------|-------------|----------------------------|-------------|--|--|--|--|----------------------------|
| Equity attributable to the parent's shareholders                     |                                  |               |                   |         |                |             |             |             |                            |             |  |  |  |  |                            |
| Other components of equity   |                                  |               |                   |         |                |             |             |             |                            |             |  |  |  |  |                            |
| Other comprehensive income   |                                  |               |                   |         |                |             |             |             |                            |             |  |  |  |  |                            |
| Surplus  |                                  |               |                   |         |                |             |             |             |                            |             |  |  |  |  |                            |
| on changes 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   |                                  |               |                   |         |                |             |             |             |                            |             |  |  |  |  |                            |
| Note   | Issued and paid-up share capital | Share premium | Retained earnings |         | Unappropriated |             | Subsidiary  |             | Appropriated - The Company |             | Total equity attributable to shareholders of the Company |  | Equity attributable to non-controlling interests of the subsidiaries |  | Total shareholders' equity |
|  |                                  |               |                   |         |                |             |             |             |                            |             |  |  |  |  |                            |
|  | 391,944,418                      | 149,420,558   | 39,194,453        | -       | 211,567,450    | 2,328,668   | 128,001,535 | 130,330,203 | 922,457,082                | 71,178,428  | 993,635,510  |  |  |  |                            |
|  | -                                | -             | -                 | -       | 12,365,475     | -           | -           | -           | 12,365,475                 | 6,982,739   | 19,348,214   |  |  |  |                            |
|  | -                                | -             | -                 | -       | (2,310,423)    | (2,274,114) | -           | (2,274,114) | (4,584,537)                | (404,878)   | (4,989,415)  |  |  |  |                            |
|  | -                                | -             | -                 | -       | 10,055,052     | (2,274,114) | -           | (2,274,114) | 7,780,938                  | 6,577,861   | 14,358,799   |  |  |  |                            |
| 33   | -                                | -             | -                 | -       | (47,032,514)   | -           | -           | -           | (47,032,514)               | -           | (47,032,514)   |  |  |  |                            |
| Transferred surplus on revaluation of assets to retained earning     |                                  |               |                   |         |                |             |             |             |                            |             |  |  |  |  |                            |
| 26   | -                                | -             | -                 | -       | 524,260        | -           | (524,260)   | (524,260)   | -                          | -           | -  |  |  |  |                            |
| Balance as at 31 December 2016                                       |                                  |               |                   |         |                |             |             |             |                            |             |  |  |  |  |                            |
|  | 391,944,418                      | 149,420,558   | 39,194,453        | -       | 175,114,248    | 54,554      | 127,477,275 | 127,531,829 | 883,205,506                | 77,756,289  | 960,961,795  |  |  |  |                            |
|  | 391,944,418                      | 149,420,558   | 39,194,453        | -       | 175,114,248    | 54,554      | 127,477,275 | 127,531,829 | 883,205,506                | 77,756,289  | 960,961,795  |  |  |  |                            |
|  | -                                | -             | -                 | -       | (25,702,076)   | -           | -           | -           | (25,702,076)               | 6,914,977   | (18,787,099)   |  |  |  |                            |
|  | -                                | -             | -                 | -       | (70,632)       | (49,197)    | 301,834,684 | 301,785,487 | 301,714,855                | 7,539,790   | 309,254,645  |  |  |  |                            |
|  | -                                | -             | -                 | -       | (25,772,708)   | (49,197)    | 301,834,684 | 301,785,487 | 276,012,779                | 14,454,767  | 290,467,546  |  |  |  |                            |
| 33   | -                                | -             | -                 | -       | (3,919,376)    | -           | -           | -           | (3,919,376)                | -           | (3,919,376)  |  |  |  |                            |
| Subsidiary paid dividend to non-controlling interest of subsidiary   |                                  |               |                   |         |                |             |             |             |                            |             |  |  |  |  |                            |
|  | -                                | -             | -                 | -       | -              | -           | -           | -           | -                          | (3,718,447) | (3,718,447)  |  |  |  |                            |
| Unappropriated retained earnings transferred to statutory reserve    |                                  |               |                   |         |                |             |             |             |                            |             |  |  |  |  |                            |
| 27   | -                                | -             | -                 | 631,994 | (631,994)      | -           | -           | -           | -                          | -           | -  |  |  |  |                            |
| Transferred surplus on revaluation of assets to retained earning     |                                  |               |                   |         |                |             |             |             |                            |             |  |  |  |  |                            |
| 26   | -                                | -             | -                 | -       | 443,974        | -           | (443,974)   | (443,974)   | -                          | -           | -  |  |  |  |                            |
| Balance as at 31 December 2017                                       |                                  |               |                   |         |                |             |             |             |                            |             |  |  |  |  |                            |
|  | 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  |  |  |  |                            |

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



## For the year ended 31 December 2017

## Separate financial statements

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



SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Cash flow statement

For the year ended 31 December 2017

(Unit: Baht)

|   | Consolidated financial statements |              | Separate financial statements |              |
|---|-----------------------------------|--------------|-------------------------------|--------------|
|   | 2017                              | 2016         | 2017                          | 2016         |
| <b>Cash flows from operating activities</b>   |                                   |              |                               |              |
| Profit (loss) before tax  | (22,489,326)                      | 21,458,296   | (32,293,298)                  | 7,125,749    |
| Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities: |                                   |              |                               |              |
| Depreciation and amortisation   | 111,639,015                       | 120,694,204  | 95,103,026                    | 102,974,728  |
| Reversal of allowance for doubtful accounts and estimated goods return                                      | (309,061)                         | (4,229,747)  | (503,738)                     | (4,308,868)  |
| Adjustment from reconciliation accounts receivable  | (165,257)                         | (105,063)    | (165,257)                     | (105,063)    |
| Allowance for impairment of assets (reversal)   | 2,016,201                         | (1,234,998)  | 2,016,201                     | (1,234,998)  |
| Expense from loss of inventories  | 6,345,056                         | 11,088,101   | 6,345,056                     | 11,088,101   |
| Allowance for loss of inventories, dilapidated and slow moving  | 7,976,340                         | 2,343,258    | 7,969,504                     | 2,343,258    |
| Expense for donation of goods and equipment   | 11,114,706                        | 8,804,732    | 11,114,706                    | 8,804,732    |
| Provision for long-term employee benefits   | 16,068,935                        | 19,707,103   | 16,044,555                    | 18,172,599   |
| Share of profit from investment in associate  | (962,389)                         | (1,798,610)  | -                             | -            |
| Gain on disposal of current investments   | (1,344,726)                       | (4,640,072)  | (1,344,726)                   | (4,230,315)  |
| Loss on impairment of investment  | -                                 | -            | -                             | 10,955       |
| Loss from stock destruction   | 23,211,861                        | 10,023,668   | 23,211,861                    | 10,023,668   |
| Loss on sales and written-off equipment   | 3,037,650                         | 4,272,706    | 2,595,613                     | 4,052,016    |
| Amortised of leasehold rights on land and buildings   | 11,577,621                        | 11,563,036   | 11,295,785                    | 11,227,437   |
| Loss on written-off leasehold right on land   | 2,818,168                         | -            | -                             | -            |
| Adjustment from clearing coupon payable   | (6,394,400)                       | -            | (6,394,400)                   | -            |
| Adjustment from clearing long outstanding payable   | (1,191,560)                       | (3,573,313)  | (1,191,560)                   | (3,573,313)  |
| Interest expenses   | 19,456,593                        | 23,772,994   | 14,908,068                    | 18,338,630   |
| Interest income   | (1,280,973)                       | (1,250,482)  | (983,396)                     | (925,292)    |
| Dividend income   | -                                 | -            | (4,569,000)                   | (1,500,000)  |
| Profit from operating activities before changes in operating assets and liabilities                         | 181,124,454                       | 216,895,813  | 143,159,000                   | 178,284,024  |
| Operating assets (increase) decrease  |                                   |              |                               |              |
| Trade and other receivables   | 13,468,225                        | (10,372,202) | 14,404,970                    | (9,748,401)  |
| Inventories   | 29,854,821                        | (67,079,276) | 30,080,950                    | (63,609,994) |
| Prepaid expenses  | 1,196,161                         | (1,267,708)  | 2,325,762                     | (1,105,569)  |
| Advance payment for purchasing books  | 37,400,000                        | (37,400,000) | 37,400,000                    | (37,400,000) |
| Other current assets  | (5,898,571)                       | (8,996,411)  | (5,837,285)                   | (8,920,185)  |
| Prepaid book copyright and translation fee  | 1,487,962                         | (913,221)    | 1,487,962                     | (913,221)    |
| Rental guarantee and deposit  | 2,147,760                         | (397,030)    | 2,147,760                     | (397,030)    |
| Other non-current assets  | 839,428                           | (3,624,485)  | 957,378                       | (3,597,020)  |

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





## SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

## Cash flow statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

|   | Consolidated financial statements |                      | Separate financial statements |                      |
|---|-----------------------------------|----------------------|-------------------------------|----------------------|
|   | 2017                              | 2016                 | 2017                          | 2016                 |
| Operating liabilities increase (decrease)                   |                                   |                      |                               |                      |
| Trade and other payables                                    | (109,278,803)                     | 50,598,864           | (110,023,229)                 | 48,806,864           |
| Income received in advance                                  | 22,361,546                        | 1,645,999            | -                             | -                    |
| Cash paid for long-term employee benefits                   | (10,041,893)                      | (3,472,000)          | (9,319,290)                   | (3,472,000)          |
| Advance received for purchasing books                       | (43,295,275)                      | 44,225,829           | (43,295,275)                  | 44,225,829           |
| Other current liabilities                                   | 7,134,828                         | 5,667,571            | 267,154                       | 5,372,991            |
| Other non-current liabilities                               | 908,279                           | (690,521)            | 908,279                       | (690,521)            |
| Cash flows from operating activities                        | 129,408,922                       | 184,821,222          | 64,664,136                    | 146,835,767          |
| Cash receipt from tax refund                                | 5,992,159                         | -                    | 5,992,159                     | -                    |
| Cash paid for interest expenses                             | (19,438,235)                      | (23,794,511)         | (14,889,710)                  | (18,360,147)         |
| Cash paid for income tax                                    | (9,013,286)                       | (4,149,730)          | (8,809,372)                   | (4,149,730)          |
| <b>Net cash flows from operating activities</b>             | <b>106,949,560</b>                | <b>156,876,981</b>   | <b>46,957,213</b>             | <b>124,325,890</b>   |
| <b>Cash flows from investing activities</b>                 |                                   |                      |                               |                      |
| Increase in restricted bank deposits and other investments  | (19,460)                          | (19,513)             | (19,460)                      | (19,513)             |
| Decrease in current investments                             | 80,206,156                        | 93,060,660           | 55,206,156                    | 85,992,507           |
| Decrease (increase) in short-term loan to subsidiary        | -                                 | -                    | 1,200,000                     | (3,000,000)          |
| Dividend received   | 1,000,000                         | 1,500,000            | 4,569,000                     | 1,500,000            |
| Interest income   | 1,409,809                         | 1,208,441            | 996,912                       | 879,110              |
| Cash receipt from advanced deposit                          | 16,000,000                        | -                    | 16,000,000                    | -                    |
| Proceeds from sales of equipment                            | 375,137                           | 1,722,839            | 363,236                       | 1,709,840            |
| Cash paid for purchase of property and equipment            | (132,389,937)                     | (81,274,813)         | (55,833,948)                  | (76,175,025)         |
| Cash paid for purchase of intangible assets                 | (5,280)                           | (166,434)            | (5,280)                       | (166,434)            |
| Cash paid for acquisition of leasehold right                | (3,498,660)                       | (10,020,000)         | -                             | (10,020,000)         |
| <b>Net cash flows from (used in) investing activities</b>   | <b>(36,922,235)</b>               | <b>6,011,180</b>     | <b>22,476,616</b>             | <b>700,485</b>       |
| <b>Cash flows from financing activities</b>                 |                                   |                      |                               |                      |
| Repayment of short-term loans from financial institutions   | (100,000,000)                     | (100,000,000)        | (100,000,000)                 | (100,000,000)        |
| Cash receipt from short-term loans                          | 100,000,000                       | 100,000,000          | 100,000,000                   | 100,000,000          |
| Cash receipt from long-term loans                           | 10,550,000                        | -                    | -                             | -                    |
| Repayment of long-term loans                                | (86,132,000)                      | (88,470,000)         | (64,112,000)                  | (71,520,000)         |
| Dividend paid   | (7,637,823)                       | (47,032,514)         | (3,919,376)                   | (47,032,514)         |
| <b>Net cash flows used in financing activities</b>          | <b>(83,219,823)</b>               | <b>(135,502,514)</b> | <b>(68,031,376)</b>           | <b>(118,552,514)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>(13,192,498)</b>               | <b>27,385,647</b>    | <b>1,402,453</b>              | <b>6,473,861</b>     |
| <b>Cash and cash equivalents at beginning of year</b>       | <b>159,057,119</b>                | <b>131,671,472</b>   | <b>92,917,443</b>             | <b>86,443,582</b>    |
| <b>Cash and cash equivalents at end of year (Note 7)</b>    | <b>145,864,621</b>                | <b>159,057,119</b>   | <b>94,319,896</b>             | <b>92,917,443</b>    |

## Supplemental cash flows information

## Non-cash transactions

Recognised loss in revaluation surplus on changes in

value of available-for-sale investments (61,496) (3,074,985) (61,496) (2,619,678)

Purchase of assets for which cash has not been paid 245,678 4,151,046 82,405 4,262,799

Surplus on revaluation of assets 386,810,097 - 368,160,788 -

Actuarial loss (144,236) (2,861,613) - (2,432,445)

Transferred land and building to non-current assets held for sale 50,432,051 50,432,051 -

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



## SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2017

#### 1. General information

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

The Company and its subsidiaries operate its business in Thailand and are authorized to engage in the following:

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

#### 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standard enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.





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

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

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED ("the Company") and the following subsidiary companies ("the subsidiaries"):

| Company's name              | Nature of business    | Country of incorporation | Percentage of shareholding |       |
|-----------------------------|-----------------------|--------------------------|----------------------------|-------|
|                             |                       |                          | 2017                       | 2016  |
|                             |                       |                          | (%)                        | (%)   |
| SE-ED Book Center Co., Ltd. | Business consultant   | Thailand                 | 99.99                      | 99.99 |
| Plearn Patt Co., Ltd.       | Private school        | Thailand                 | 48.97                      | 48.97 |
| BaesLab Co., Ltd.           | Technology consultant | Thailand                 | 60.00                      | 60.00 |

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) 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 The separate financial statements present investments in subsidiaries and associate under the cost method.



### **3. New financial reporting standards**

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

During the year, the Company and subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements

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

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

### **4. Significant accounting policies**

#### **4.1 Revenues recognition**

- a) Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances, except for consignment where the revenue from consignment is recognized when the event of either the sales report is received or the payment is received first.
- b) Advertising service revenue is recognised when services have been rendered taking into account the stage of completion.
- c) Service income is recognised when services have been rendered taking into account the stage of completion.





- d) School entrance fees are recognised as income at the time of acceptance of the students by the subsidiary.
- e) Education supporting fees are recognised as income of the school term to which they relate.
- f) Interest income is recognised on an accrual basis based on the effective interest rate.
- g) Dividends are recognised when the right to receive the dividends is established.

#### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### **4.3 Trade and other receivables/Allowance for doubtful accounts and returned goods**

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

Allowance for returned goods is based on the percentage of the average returned goods for the year of accounts receivable at the end of the period.

#### **4.4 Inventories/Allowance for dilapidated, slow moving and loss of inventories**

Finished goods are valued at the lower of cost (weighted average) and net realisable value. Cost includes all production costs and attributable overheads.

Work in process are valued at the lower of standard cost (which approximates actual cost) and net realisable value.

Raw materials are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

Allowance for dilapidated and slow moving is based on the percentage of the inventory turnover in conjunction with the consideration of the book editor.

Allowance for lost goods are charged at rates of 0.30% for each sales branch. The reversal of such allowance incurred when the inventory taking and inventories lost actually at the branch.





#### 4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investment in associate are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method net of provision for impairment of investments (if any).

The fair value of unit trusts is determined from their net asset value of the last working day of the year.

The weighted average method is used for computation of the cost of investments.

#### 4.6 Property, plant and equipment/Depreciation

Land and building and improvement are stated at revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land and buildings are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made every 5 year to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Equipments are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.



Depreciation of building and equipment is calculated by reference to their costs or the revalued amount, on the straight-line basis over the following estimated useful lives:

|                                       |         |       |
|---------------------------------------|---------|-------|
| Land improvement                      | 10 - 50 | years |
| Buildings and building improvement    | 5 - 50  | years |
| Building decorations                  | 5 - 6   | years |
| Office equipment and air conditioners | 5 - 10  | years |
| Motor vehicles                        | 5 - 10  | years |

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.7 Intangible assets**

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

|                                    | <u>Useful lives</u>               |
|------------------------------------|-----------------------------------|
| Computer software                  | 5 - 10 years                      |
| Book copyright and translation fee | Amortised per number of book sold |

#### **4.8 Leasehold rights on land and buildings/Amortisation**

Leasehold rights on land and buildings are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any). Amortisation of leasehold rights on land and buildings calculate base on the straight-line basis over the lease term.

The amortisation expense are included in determining income.





#### **4.9 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **4.10 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.11 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.



#### 4.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss. However in cases where property, plant and equipment were previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### 4.13 Employee benefits

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits and other long-term employee benefits***

##### ***Defined contribution plans***

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.





#### *Defined benefit plans and other long-term employee benefits*

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary, based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income and other long-term benefits are recognised immediately in profit and loss.

#### **4.14 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.15 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.



At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.16 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.





## 5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Consolidation of subsidiaries that the Company holds less than half of shares**

The management of the Company determined that the Company has control over Plearn Patt Company Limited, even though the Company holds 48.97% of shares and voting rights that is less than half of shares and voting rights. This is because the Company is a major shareholder and has the ability to direct the significant activities, while other shareholders are only minor shareholders. As a result, Plearn Patt Company Limited is deemed to be a subsidiary of the Company and has to be included in the consolidated financial statements from the date on which the Company assumed control.

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Provision for diminution in value of inventories**

In determining of provision for diminution in value of inventories (allowance for dilapidated, slow moving and lost goods), the management needs to make judgement and estimates based upon, among other things, past goods returned history, inventory turnover, the consideration of the book edition and past good lost history.

### **Leases**

In determining whether a lease in to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.



### **Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company and its subsidiaries measures land and buildings at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the cost approach for buildings. The valuation involves certain assumptions and estimates as described in Note 16.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### **Post-employment benefits under defined benefit plans and other long-term employee benefits**

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate and staff turnover rate.

## **6. Related party transactions**

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





(Unit: Thousand Baht)

|   | Consolidated         |        | Separate             |        | Transfer Pricing Policy   |
|---|----------------------|--------|----------------------|--------|---------------------------|
|   | financial statements |        | financial statements |        |                           |
|   | 2017                 | 2016   | 2017                 | 2016   |                           |
| <u>Transactions with subsidiary companies</u>                     |                      |        |                      |        |                           |
| (being eliminated in the consolidated financial statements)       |                      |        |                      |        |                           |
| Sales of goods  | -                    | -      | 608                  | 653    | Market price              |
| Service expenses  | -                    | -      | 2,133                | 3,542  | Mutually agreed agreement |
| Interest income   | -                    | -      | 213                  | 114    | MOR per annum             |
| Service revenue   | -                    | -      | 175                  | 168    | Mutually agreed agreement |
| Dividend income   | -                    | -      | 3,569                | -      | As declared               |
| <u>Transactions with associate company</u>                        |                      |        |                      |        |                           |
| Dividend income   | -                    | -      | 1,000                | 1,500  | As declared               |
| <u>Transactions with shareholders and directors of subsidiary</u> |                      |        |                      |        |                           |
| Lease land  | 1,006                | 1,211  | -                    | -      | Mutually agreed agreement |
| Amortised leasehold rights on land                                | 282                  | 336    | -                    | -      | Mutually agreed agreement |
| Interest expenses   | 47                   | 30     | -                    | -      | 5% - 6% per annum         |
| <u>Transactions with related companies</u>                        |                      |        |                      |        |                           |
| Purchases of goods  | 1,981                | 622    | 1,981                | 622    | Market price              |
| Sales of goods  | 224                  | 28,394 | 224                  | 28,394 | Market price              |

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related parties and companies are as follows:

|  | Consolidated         |        | Separate             |        |
|--|----------------------|--------|----------------------|--------|
|  | financial statements |        | financial statements |        |
|  | 2017                 | 2016   | 2017                 | 2016   |
| <u>Short-term loan to subsidiary</u>       |                      |        |                      |        |
| Subsidiary                                 | -                    | -      | 1,800                | 3,000  |
| <u>Interest receivable</u>                 |                      |        |                      |        |
| Subsidiary                                 | -                    | -      | 33                   | 46     |
| <u>Prepaid expense</u>                     |                      |        |                      |        |
| Subsidiary                                 | -                    | -      | 436                  | -      |
| <u>Leasehold rights on land</u>            |                      |        |                      |        |
| Shareholder/director of subsidiary         | 6,095                | 5,696  | -                    | -      |
| <u>Trade accounts receivable (Note 9)</u>  |                      |        |                      |        |
| Subsidiary                                 | -                    | -      | 6                    | -      |
| Related companies (related by co-director) | 8,396                | 13,432 | 8,396                | 13,432 |
| Total                                      | 8,396                | 13,432 | 8,402                | 13,432 |
| <u>Trade accounts payable (Note 21)</u>    |                      |        |                      |        |
| Related companies of shareholders          | 1,141                | 2,234  | 1,141                | 2,234  |
| Total                                      | 1,141                | 2,234  | 1,141                | 2,234  |



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

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

|                              | (Unit: Million Baht)                 |       |                                  |       |
|------------------------------|--------------------------------------|-------|----------------------------------|-------|
|                              | Consolidated<br>financial statements |       | Separate<br>financial statements |       |
|                              | 2017                                 | 2016  | 2017                             | 2016  |
| Short-term employee benefits | 23.17                                | 25.43 | 20.55                            | 22.28 |
| Post-employment benefits     | 0.64                                 | 0.77  | 0.44                             | 0.46  |
| Total                        | 23.81                                | 26.20 | 20.99                            | 22.74 |

**7. Cash and cash equivalents**

|  | (Unit: Thousand Baht)                |         |                                  |        |
|--|--------------------------------------|---------|----------------------------------|--------|
|  | Consolidated<br>financial statements |         | Separate<br>financial statements |        |
|  | 2017                                 | 2016    | 2017                             | 2016   |
| Cash   | 19,050                               | 24,171  | 18,852                           | 23,974 |
| Bank deposits with maturity not over<br>3 months | 126,815                              | 134,886 | 75,468                           | 68,943 |
| Total  | 145,865                              | 159,057 | 94,320                           | 92,917 |

As at 31 December 2017, bank deposit in saving accounts carried interest at 0.10% per annum (2016: 0.10% per annum).



## 8. Current investments

|                                     | (Unit: Thousand Baht) |        |                      |        |
|-------------------------------------|-----------------------|--------|----------------------|--------|
|                                     | Consolidated          |        | Separate             |        |
|                                     | financial statements  |        | financial statements |        |
|                                     | 2017                  | 2016   | 2017                 | 2016   |
| Available-for-sale securities       |                       |        |                      |        |
| Investments in open-end fund - Cost | 18,876                | 72,738 | 18,876               | 72,738 |
| Add: Unrealised gain on changes     |                       |        |                      |        |
| in value of investments             | 7                     | 68     | 7                    | 68     |
| Investments in open-end fund        |                       |        |                      |        |
| - Fair value                        | 18,883                | 72,806 | 18,883               | 72,806 |
| Fixed deposit 3 months              | -                     | 25,000 | -                    | -      |
| Total current investments           | 18,883                | 97,806 | 18,883               | 72,806 |

## 9. Trade and other receivables

|  | (Unit: Thousand Baht) |         |                      |         |
|--|-----------------------|---------|----------------------|---------|
|  | Consolidated          |         | Separate             |         |
|  | financial statements  |         | financial statements |         |
|  | 2017                  | 2016    | 2017                 | 2016    |
| <u>Trade accounts receivable - related parties</u>       |                       |         |                      |         |
| Aged on the basis of due dates                           |                       |         |                      |         |
| Not yet due  | 8,396                 | 13,432  | 8,402                | 13,432  |
| Total trade accounts receivable - related parties, net   | 8,396                 | 13,432  | 8,402                | 13,432  |
| <u>Trade accounts receivable - unrelated parties</u>     |                       |         |                      |         |
| Aged on the basis of due dates                           |                       |         |                      |         |
| Not yet due  | 48,050                | 43,333  | 47,158               | 43,261  |
| Past due   |                       |         |                      |         |
| Up to 6 months   | 16,152                | 26,857  | 12,643               | 23,048  |
| 6 - 12 months  | 2,863                 | 5,385   | 1,969                | 4,729   |
| Over 12 months   | 4,226                 | 3,985   | 3,372                | 3,193   |
| Total trade accounts receivable - unrelated parties      | 71,291                | 79,560  | 65,142               | 74,231  |
| Less: Allowance for doubtful debts                       | (8,834)               | (8,017) | (7,532)              | (6,910) |
| Allowance for goods return                               | (3,200)               | (4,326) | (3,200)              | (4,326) |
| Total trade accounts receivable - unrelated parties, net | 59,257                | 67,217  | 54,410               | 62,995  |
| <u>Other receivables</u>                                 |                       |         |                      |         |
| Advances   | 877                   | 839     | 709                  | 803     |
| Others   | 10,497                | 3,638   | 10,160               | 3,293   |
| Total other receivables                                  | 11,374                | 4,477   | 10,869               | 4,096   |
| Trade and other receivables - net                        | 79,027                | 85,126  | 73,681               | 80,523  |





## 10. Inventories

(Unit: Thousand Baht)

| Consolidated financial statements |         |         |  |           |                 |         |
|-----------------------------------|---------|---------|--|-----------|-----------------|---------|
|                                   | Cost    |         | Reduce cost to net<br>realisable value |           | Inventories-net |         |
|                                   | 2017    | 2016    | 2017                                   | 2016      | 2017            | 2016    |
|                                   |         |         |  |           |                 |         |
| Raw materials                     | 2,677   | 4,628   | -                                      | -         | 2,677           | 4,628   |
| Work in process                   | 13,175  | 10,979  | (292)                                  | (292)     | 12,883          | 10,687  |
| Finished goods                    | 525,323 | 596,094 | (216,053)                              | (208,077) | 309,270         | 388,017 |
| Total                             | 541,175 | 611,701 | (216,345)                              | (208,369) | 324,830         | 403,332 |

(Unit: Thousand Baht)

| Separate financial statements |         |         |  |           |                 |         |
|-------------------------------|---------|---------|--|-----------|-----------------|---------|
|                               | Cost    |         | Reduce cost to net<br>realisable value |           | Inventories-net |         |
|                               | 2017    | 2016    | 2017                                   | 2016      | 2017            | 2016    |
|                               |         |         |  |           |                 |         |
| Raw materials                 | 2,677   | 4,628   | -                                      | -         | 2,677           | 4,628   |
| Work in process               | 8,378   | 7,063   | (292)                                  | (292)     | 8,086           | 6,771   |
| Finished goods                | 523,678 | 593,796 | (215,946)                              | (207,977) | 307,732         | 385,819 |
| Total                         | 534,733 | 605,487 | (216,238)                              | (208,269) | 318,495         | 397,218 |

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 22 million (2016: Baht 10 million) (The Company only: Baht 22 million and 2016: Baht 10 million), to reflect the net realisable value. This was included in administrative expenses. In addition, the Company reversed the write-down of cost of inventories by Baht 14 million (2016: Baht 8 million) (The Company only: Baht 14 million and 2016: Baht 8 million), and reduced the amount of inventories recognised as expenses during the year.

## 11. Other current assets

(Unit: Thousand Baht)

|                                      | Consolidated<br>financial statements |        | Separate<br>financial statements |        |
|--------------------------------------|--------------------------------------|--------|----------------------------------|--------|
|                                      | 2017                                 | 2016   | 2017                             | 2016   |
|                                      |                                      |        |                                  |        |
| Supplies                             | 17,134                               | 17,647 | 16,317                           | 17,025 |
| Prepaid expenses                     | 14,744                               | 15,941 | 12,373                           | 14,699 |
| Advance payment for purchasing books | -                                    | 37,400 | -                                | 37,400 |
| Other current assets                 | 20,075                               | 17,746 | 19,805                           | 17,466 |
| Total                                | 51,953                               | 88,734 | 48,495                           | 86,590 |



## 12. Non-current assets held for sale

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

(Unit: Thousand Baht)

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

A reconciliation of the net book value of non-current assets held for sale for the year ended 31 December 2017 is presented below.

(Unit: Thousand Baht)

|                                       | Consolidated/<br>Separate financial<br>statements |
|---------------------------------------|---|
| Net book value as at 31 December 2016 | -   |
| Add: Transfer from land and building  | 50,432  |
| Net book value as at 31 December 2017 | 50,432  |

On 15 September 2017 the Company entered into an agreement to sell land and building with an unrelated party ("the buyer") at a price of Baht 60 million and the Company received deposits for the sale of the land and building amounting to Baht 16 million from the buyer.

## 13. Restricted bank deposits and other investments

(Unit: Thousand Baht)

|  | Consolidated/Separate<br>financial statements |        | Interest rate<br>(% p.a.) |
|--|---|--------|---------------------------|
|  | 2017  | 2016   |                           |
| Fixed deposits with 12 months maturity | 8,000   | 8,000  | 0.80                      |
| Government bonds with 7 years maturity | 5,394   | 5,374  | 3.625                     |
| Total                                  | 13,394  | 13,374 |                           |

The Company pledged such fixed deposits and other investments to guarantee electricity use, area rental and distributor as discussed in Note 34.2.



## 14. Investments in subsidiaries

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

| Company's name              | (Unit: Thousand Baht) |         |                         |       |        |        |  |          |   |        |                                   |      |
|-----------------------------|-----------------------|---------|-------------------------|-------|--------|--------|--|----------|---|--------|-----------------------------------|------|
|                             | Paid-up capital       |         | Shareholding percentage |       | Cost   |        | Allowance for impairment of investment |          | Carrying amounts based on cost method - net |        | Dividend received during the year |      |
|                             | 2017                  | 2016    | 2017                    | 2016  | 2017   | 2016   | 2017                                   | 2016     | 2017  | 2016   | 2017                              | 2016 |
|                             |                       |         | (%)                     | (%)   |        |        |  |          |   |        |                                   |      |
| SE-ED Book Center Co., Ltd. | 1,000                 | 1,000   | 99.99                   | 99.99 | 1,000  | 1,000  | (187)                                  | (187)    | 813   | 813    | -                                 | -    |
| BaesLab Co., Ltd.           | 250                   | 250     | 60.00                   | 60.00 | 150    | 150    | -                                      | -        | 150   | 150    | -                                 | -    |
| Plearn Patt Co., Ltd.       | 151,850               | 169,476 | 48.97                   | 48.97 | 83,000 | 83,000 | (13,668)                               | (13,668) | 69,332                                      | 69,332 | 3,569                             | -    |
|                             |                       |         |                         |       | 84,150 | 84,150 | (13,855)                               | (13,855) | 70,295                                      | 70,295 | 3,569                             | -    |

14.2 Details of investments in subsidiaries that have material non-controlling interests

| Company's name        | (Unit: Million Baht)                  |       |                           |      |                           |      |                       |      |
|-----------------------|---------------------------------------|-------|---------------------------|------|---------------------------|------|-----------------------|------|
|                       | Proportion of equity interest held by |       | Accumulated balance of    |      | Profit allocated to       |      | Dividend paid to non- |      |
|                       | non-controlling interests             |       | non-controlling interests |      | non-controlling interests |      | controlling interests |      |
|                       | 2017                                  | 2016  | 2017                      | 2016 | 2017                      | 2016 | 2017                  | 2016 |
|                       | (%)                                   | (%)   |                           |      |                           |      |                       |      |
| Plearn Patt Co., Ltd. | 51.03                                 | 51.03 | 87.9                      | 76.8 | 14.5                      | 6.6  | 3.7                   | -    |

14.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

|                         | (Unit: Million Baht)  |       |
|-------------------------|-----------------------|-------|
|                         | Plearn Patt Co., Ltd. |       |
|                         | As at 31 December     |       |
|                         | 2017                  | 2016  |
| Current assets          | 55.6                  | 97.6  |
| Non-current assets      | 280.3                 | 201.5 |
| Current liabilities     | 75.1                  | 78.2  |
| Non-current liabilities | 83.0                  | 64.7  |





Summarised information about comprehensive income

(Unit: Million Baht)

|                            | Plearn Patt Co., Ltd. |       |
|----------------------------|-----------------------|-------|
|                            | For the year ended    |       |
|                            | 31 December           |       |
|                            | 2017                  | 2016  |
| Revenue                    | 185.1                 | 175.2 |
| Profit                     | 14.1                  | 12.9  |
| Other comprehensive income | 14.8                  | (0.8) |
| Total comprehensive income | 28.9                  | 12.1  |

Summarised information about cash flow

(Unit: Million Baht)

|  | Plearn Patt Co., Ltd. |        |
|--|-----------------------|--------|
|  | For the year ended    |        |
|  | 31 December           |        |
|  | 2017                  | 2016   |
| Cash flow from operating activities                  | 53.5                  | 34.7   |
| Cash flow from (used in) investing activities        | (51.4)                | 3.3    |
| Cash flow used in financing activities               | (18.8)                | (16.9) |
| Net increase (decrease) in cash and cash equivalents | (16.7)                | 21.1   |

Changes in investments in subsidiary during the year are as follows: -

On 28 March 2017, the Annual General Meeting of Shareholder of the Plearn Patt Company Limited, a subsidiary in which the Company hold 48.97% of shares, passed a resolution to decrease its registered capital, from the registered capital of Baht 169,475,500 (16,947,550 ordinary shares at Baht 10 each) to Baht 151,850,048 (16,947,550 ordinary shares at Baht 8.96 each) in order to reduce the subsidiary's accumulated loss. The subsidiary registered its decrease in share capital to the Ministry of Commerce on 18 May 2017. However, the Company's proportionate holding in the equity of such subsidiary does not change.





## 15. Investment in associate

### 15.1 Details of associate:

(Unit: Thousand Baht)

| Company's<br>name    | Nature of business   | Country of<br>incorporation | Consolidated financial statements |             |            |            |   |               |
|----------------------|--|-----------------------------|-----------------------------------|-------------|------------|------------|---|---------------|
|                      |  |                             | Shareholding<br>percentage        |             | Cost       |            | Carrying amounts<br>based on equity<br>method |               |
|                      |  |                             | 2017<br>(%)                       | 2016<br>(%) | 2017       | 2016       | 2017  | 2016          |
| M and E<br>Co., Ltd. | Painting office production of<br>technical magazines and<br>engineering<br>manuals | Thailand                    | 25                                | 25          | 100        | 100        | 25,912  | 25,950        |
|                      |  |                             |                                   |             | <u>100</u> | <u>100</u> | <u>25,912</u>                                 | <u>25,950</u> |

(Unit: Thousand Baht)

| Company's<br>name    | Nature of business   | Country of<br>incorporation | Separate financial statements |             |            |            |   |            |
|----------------------|--|-----------------------------|-------------------------------|-------------|------------|------------|---|------------|
|                      |  |                             | Shareholding<br>percentage    |             | Cost       |            | Carrying amounts<br>based on cost<br>method - net |            |
|                      |  |                             | 2017<br>(%)                   | 2016<br>(%) | 2017       | 2016       | 2017  | 2016       |
| M and E<br>Co., Ltd. | Painting office production<br>of technical magazines<br>and engineering<br>manuals | Thailand                    | 25                            | 25          | 100        | 100        | 100   | 100        |
|                      |  |                             |                               |             | <u>100</u> | <u>100</u> | <u>100</u>  | <u>100</u> |

### 15.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of profit from investments in associate in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

| Company's name    | Consolidated<br>financial statements                               |              | Separate<br>financial statements     |              |
|-------------------|--|--------------|--------------------------------------|--------------|
|                   | Share of profit from<br>investment in associate<br>during the year |              | Dividend received<br>during the year |              |
|                   | 2017   | 2016         | 2017                                 | 2016         |
| M and E Co., Ltd. | 962  | 1,799        | 1,000                                | 1,500        |
|                   | <u>962</u>   | <u>1,799</u> | <u>1,000</u>                         | <u>1,500</u> |



### 15.3 Summarised financial information of associate

Financial information of the associated company is summarised below.

(Unit: Million Baht)

| Company's name    | Paid-up capital |      | Total assets |      | Total liabilities |      | Total revenues for the year ended |      | Profit for the year ended |      |
|-------------------|-----------------|------|--------------|------|-------------------|------|-----------------------------------|------|---------------------------|------|
|                   | as at           |      | as at        |      | as at             |      |                                   |      |                           |      |
|                   | 31 December     |      | 31 December  |      | 31 December       |      | 31 December                       |      | 31 December               |      |
|                   | 2016            | 2015 | 2016         | 2015 | 2016              | 2015 | 2016                              | 2015 | 2016                      | 2015 |
| M and E Co., Ltd. | 0.4             | 0.4  | 101.1        | 99.2 | 3.8               | 3.8  | 15.4                              | 19.9 | 3.8                       | 7.2  |

### 16. Property, plant and equipment

(Unit: Thousand Baht)

|                                  | Consolidated financial statements |                                    |                  |                                   |                  |                |                           |           |
|----------------------------------|-----------------------------------|------------------------------------|------------------|-----------------------------------|------------------|----------------|---------------------------|-----------|
|                                  | Revaluation basis                 |                                    |                  |                                   | Cost basis       |                |                           |           |
|                                  | Land and land improvement         | Buildings and building improvement | Land improvement | Building and building decorations | Office equipment | Motor vehicles | Assets under installation | Total     |
| <b>Cost / Revalued amount:</b>   |                                   |                                    |                  |                                   |                  |                |                           |           |
| 1 January 2016                   | 509,948                           | 262,628                            | 43,495           | 856,368                           | 898,990          | 47,272         | 670                       | 2,619,371 |
| Additions                        | -                                 | 450                                | -                | 10,260                            | 42,883           | 1,766          | 30,066                    | 85,425    |
| Disposals                        | -                                 | -                                  | -                | -                                 | (41,624)         | (2,868)        | -                         | (44,492)  |
| Written off                      | -                                 | -                                  | -                | (29,882)                          | (27,404)         | -              | -                         | (57,286)  |
| Transfer in (out)                | -                                 | (1,402)                            | -                | 30,098                            | 1,215            | -              | (29,911)                  | -         |
| 31 December 2016                 | 509,948                           | 261,676                            | 43,495           | 866,844                           | 874,060          | 46,170         | 825                       | 2,603,018 |
| Additions                        | 69,228                            | 330                                | -                | 5,958                             | 32,506           | 9              | 24,605                    | 132,636   |
| Disposals                        | -                                 | (622)                              | -                | (741)                             | (36,148)         | -              | -                         | (37,511)  |
| Written off                      | -                                 | -                                  | -                | (40,890)                          | (12,743)         | -              | -                         | (53,633)  |
| Transfer in (out)                | -                                 | 397                                | -                | 19,101                            | 1,359            | -              | (20,857)                  | -         |
| Reclassifications                | 1,495                             | 541,439                            | (43,495)         | (379,459)                         | (174,334)        | -              | -                         | (54,354)  |
| Revaluations                     | 346,319                           | 51,359                             | -                | -                                 | -                | -              | -                         | 397,678   |
| 31 December 2017                 | 926,990                           | 854,579                            | -                | 470,813                           | 684,700          | 46,179         | 4,573                     | 2,987,834 |
| <b>Accumulated depreciation:</b> |                                   |                                    |                  |                                   |                  |                |                           |           |
| 1 January 2016                   | 15,494                            | 84,473                             | 1,516            | 389,527                           | 559,539          | 37,888         | -                         | 1,088,437 |
| Depreciation for the year        | 1,377                             | 9,905                              | 891              | 43,076                            | 61,348           | 2,289          | -                         | 118,886   |
| Depreciation on disposals        | -                                 | -                                  | -                | -                                 | (40,459)         | (2,684)        | -                         | (43,143)  |
| Depreciation on written off      | -                                 | -                                  | -                | (26,870)                          | (25,770)         | -              | -                         | (52,640)  |
| 31 December 2016                 | 16,871                            | 94,378                             | 2,407            | 405,733                           | 554,658          | 37,493         | -                         | 1,111,540 |
| Depreciation for the year        | 2,231                             | 17,280                             | -                | 33,621                            | 54,847           | 2,060          | -                         | 110,039   |
| Depreciation on disposals        | -                                 | (174)                              | -                | (741)                             | (36,029)         | -              | -                         | (36,944)  |
| Depreciation on written off      | -                                 | -                                  | -                | (39,027)                          | (11,771)         | -              | -                         | (50,798)  |
| Reclassifications                | 2,407                             | 45,641                             | (2,407)          | (20,963)                          | (28,600)         | -              | -                         | (3,922)   |
| Depreciation on revaluations     | -                                 | 10,868                             | -                | -                                 | -                | -              | -                         | 10,868    |
| 31 December 2017                 | 21,509                            | 167,993                            | -                | 378,623                           | 533,105          | 39,553         | -                         | 1,140,783 |



(Unit: Thousand Baht)

## Consolidated financial statements

|  | Revaluation basis         |                                    | Cost basis       |                                   |                  |                |                           | Total     |
|--|---------------------------|------------------------------------|------------------|-----------------------------------|------------------|----------------|---------------------------|-----------|
|  | Land and land improvement | Buildings and building improvement | Land improvement | Building and building decorations | Office equipment | Motor vehicles | Assets under installation |           |
| <b>Allowance for impairment:</b>   |                           |                                    |                  |                                   |                  |                |                           |           |
| 1 January 2016   | -                         | -                                  | -                | 1,709                             | -                | -              | -                         | 1,709     |
| Increase during the year   | -                         | -                                  | -                | 4,781                             | -                | -              | -                         | 4,781     |
| Reversal   | -                         | -                                  | -                | (6,017)                           | -                | -              | -                         | (6,017)   |
| 31 December 2016   | -                         | -                                  | -                | 473                               | -                | -              | -                         | 473       |
| Increase during the year   | -                         | -                                  | -                | 2,487                             | -                | -              | -                         | 2,487     |
| Reversal   | -                         | -                                  | -                | (471)                             | -                | -              | -                         | (471)     |
| 31 December 2017   | -                         | -                                  | -                | 2,489                             | -                | -              | -                         | 2,489     |
| <b>Net book value:</b>   |                           |                                    |                  |                                   |                  |                |                           |           |
| 31 December 2016   | 493,077                   | 167,298                            | 41,088           | 460,638                           | 319,402          | 8,677          | 825                       | 1,491,005 |
| 31 December 2017   | 905,481                   | 686,586                            | -                | 89,701                            | 151,595          | 6,626          | 4,573                     | 1,844,562 |
| <b>Depreciation for the year</b>   |                           |                                    |                  |                                   |                  |                |                           |           |
| 2016 (Baht 14.30 million included in cost of services, and the balance in selling and administrative expenses) |                           |                                    |                  |                                   |                  |                |                           | 118,886   |
| 2017 (Baht 13.06 million included in cost of services, and the balance in selling and administrative expenses) |                           |                                    |                  |                                   |                  |                |                           | 110,039   |

(Unit: Thousand Baht)

## Separate financial statements

|                                  | Revaluation basis         |                                    | Cost basis       |                                   |                  |                |                           | Total     |
|----------------------------------|---------------------------|------------------------------------|------------------|-----------------------------------|------------------|----------------|---------------------------|-----------|
|                                  | Land and land improvement | Buildings and building improvement | Land improvement | Building and building decorations | Office equipment | Motor vehicles | Assets under installation |           |
| <b>Cost / Revalued amount:</b>   |                           |                                    |                  |                                   |                  |                |                           |           |
| 1 January 2016                   | 470,658                   | 12,354                             | 43,447           | 856,367                           | 834,401          | 44,580         | 2,207                     | 2,264,014 |
| Additions                        | -                         | -                                  | -                | 9,576                             | 39,279           | 1,766          | 29,816                    | 80,437    |
| Disposals                        | -                         | -                                  | -                | -                                 | (40,043)         | (2,868)        | -                         | (42,911)  |
| Written off                      | -                         | -                                  | -                | (29,882)                          | (27,404)         | -              | -                         | (57,286)  |
| Transfer in (out)                | -                         | -                                  | -                | 30,098                            | 1,125            | -              | (31,223)                  | -         |
| 31 December 2016                 | 470,658                   | 12,354                             | 43,447           | 866,159                           | 807,358          | 43,478         | 800                       | 2,244,254 |
| Additions                        | -                         | -                                  | -                | 5,878                             | 30,171           | 9              | 19,857                    | 55,915    |
| Disposals                        | -                         | -                                  | -                | (741)                             | (35,749)         | -              | -                         | (36,490)  |
| Written off                      | -                         | -                                  | -                | (40,890)                          | (12,743)         | -              | -                         | (53,633)  |
| Transfer in (out)                | -                         | -                                  | -                | 19,101                            | 997              | -              | (20,098)                  | -         |
| Reclassifications                | 1,447                     | 541,439                            | (43,447)         | (379,459)                         | (174,334)        | -              | -                         | (54,354)  |
| Revaluations                     | 345,400                   | 25,749                             | -                | -                                 | -                | -              | -                         | 371,149   |
| 31 December 2017                 | 817,505                   | 579,542                            | -                | 470,048                           | 615,700          | 43,487         | 559                       | 2,526,841 |
| <b>Accumulated depreciation:</b> |                           |                                    |                  |                                   |                  |                |                           |           |
| 1 January 2016                   | 658                       | 3,353                              | 1,516            | 389,526                           | 510,186          | 36,303         | -                         | 941,542   |
| Depreciation for the year        | -                         | 334                                | 891              | 43,058                            | 54,802           | 2,059          | -                         | 101,144   |
| Depreciation on disposals        | -                         | -                                  | -                | -                                 | (39,111)         | (2,684)        | -                         | (41,795)  |
| Depreciation on written off      | -                         | -                                  | -                | (26,870)                          | (25,770)         | -              | -                         | (52,640)  |
| 31 December 2016                 | 658                       | 3,687                              | 2,407            | 405,714                           | 500,107          | 35,678         | -                         | 948,251   |





| Separate financial statements                          |                                    |                  |                                   |                  |                |                           |           |
|--|------------------------------------|------------------|-----------------------------------|------------------|----------------|---------------------------|-----------|
| Revaluation basis                                      |                                    |                  |                                   | Cost basis       |                |                           |           |
| Land and land improvement                              | Buildings and building improvement | Land improvement | Building and building decorations | Office equipment | Motor vehicles | Assets under installation | Total     |
| Depreciation for the year                              | 868                                | 7,861            | -                                 | 33,470           | 49,443         | 1,830                     | 93,472    |
| Depreciation on disposals                              | -                                  | -                | -                                 | (741)            | (35,637)       | -                         | (36,378)  |
| Depreciation on written off                            | -                                  | -                | -                                 | (39,027)         | (11,771)       | -                         | (50,798)  |
| Reclassifications                                      | 2,407                              | 45,641           | (2,407)                           | (20,963)         | (28,600)       | -                         | (3,922)   |
| Depreciation on revaluations                           | -                                  | 2,988            | -                                 | -                | -              | -                         | 2,988     |
| 31 December 2017                                       | 3,933                              | 60,177           | -                                 | 378,453          | 473,542        | 37,508                    | 953,613   |
| <b>Allowance for impairment:</b>                       |                                    |                  |                                   |                  |                |                           |           |
| 1 January 2016   | -                                  | -                | -                                 | 1,709            | -              | -                         | 1,709     |
| Increase during the year                               | -                                  | -                | -                                 | 4,781            | -              | -                         | 4,781     |
| Reversal   | -                                  | -                | -                                 | (6,017)          | -              | -                         | (6,017)   |
| 31 December 2016                                       | -                                  | -                | -                                 | 473              | -              | -                         | 473       |
| Increase during the year                               | -                                  | -                | -                                 | 2,487            | -              | -                         | 2,487     |
| Reversal   | -                                  | -                | -                                 | (471)            | -              | -                         | (471)     |
| 31 December 2017                                       | -                                  | -                | -                                 | 2,489            | -              | -                         | 2,489     |
| <b>Net book value:</b>                                 |                                    |                  |                                   |                  |                |                           |           |
| 31 December 2016                                       | 470,000                            | 8,667            | 41,040                            | 459,972          | 307,251        | 7,800                     | 1,295,530 |
| 31 December 2017                                       | 813,572                            | 519,365          | -                                 | 89,106           | 142,158        | 5,979                     | 1,570,739 |
| <b>Depreciation for the year</b>                       |                                    |                  |                                   |                  |                |                           |           |
| 2016 (Included in selling and administrative expenses) |                                    |                  |                                   |                  |                |                           | 101,144   |
| 2017 (Included in selling and administrative expenses) |                                    |                  |                                   |                  |                |                           | 93,472    |

The Company and a subsidiary company arranged for an independent professional valuer to appraise the value of certain assets in 2017 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land was revalued using the Market approach.
- Buildings were revalued using the Cost approach, which represents the estimated cost to construct a new building at the current replacement cost less depreciation based on useful life.

Key assumptions used in the valuation are summarised below:

|  | Consolidated<br>financial statements | Separate<br>financial statements | Result to fair value where<br>as an increase in<br>assumption value |
|--|--------------------------------------|----------------------------------|---|
| Buildings - price per square<br>metre (Baht) | 1,000 - 22,000                       | 1,000 - 22,000                   | Increase in fair value  |
| Land - price per square wah<br>(Baht)        | 27,000 - 65,000                      | 27,000 - 56,000                  | Increase in fair value  |



Had the land and buildings been carried in the financial statements based on historical cost, their net book values as of 31 December 2017 and 2016 would have been as follows:

|                                    | (Unit: Thousand Baht) |         |                      |         |
|------------------------------------|-----------------------|---------|----------------------|---------|
|                                    | Consolidated          |         | Separate             |         |
|                                    | financial statements  |         | financial statements |         |
|                                    | 2017                  | 2016    | 2017                 | 2016    |
| Land and land improvement          | 451,219               | 347,896 | 360,228              | 324,770 |
| Buildings and building improvement | 641,734               | 154,431 | 496,604              | -       |

The Company has pledged its property and constructions amounting to approximately Baht 1,232 million as collateral against credit facilities received from financial institution as discussed in Note 24.

As at 31 December 2017, certain building and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 699.1 million (2016: Baht 674.8 million) (the Company only: Baht 648.1 million, 2016: Baht 641.3 million).

#### 17. Leasehold rights on land

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

Movement of the leasehold rights on land during the year ended 31 December 2017 is summarised below:

|   | (Unit: Thousand Baht)                |
|---|--------------------------------------|
|   | Consolidated<br>financial statements |
| Net book value at beginning of year                                     | 5,696                                |
| Acquisitions during the year  | 3,499                                |
| Written - off during the year - net book value<br>at written - off date | (2,818)                              |
| Amortisation for the year   | (282)                                |
| Net book value at ending of year  | 6,095                                |



## 18. Leasehold rights on buildings

The whole amount of the leasehold on buildings represented leased areas in leading shopping centers in order to open SE-ED Book Center. The terms of these leaseholds range between 10 to 30 years.

The net book value of leasehold rights on buildings as at 31 December 2017 and 2016 are presented below.

(Unit: Thousand Baht)

Consolidated/Separate  
financial statements

As at 31 December 2017:

|                                |           |
|--------------------------------|-----------|
| Cost                           | 235,511   |
| Less: Accumulated amortisation | (184,723) |
| Net book value                 | 50,788    |

As at 31 December 2016:

|                                |           |
|--------------------------------|-----------|
| Cost                           | 235,511   |
| Less: Accumulated amortisation | (173,427) |
| Net book value                 | 62,084    |

A reconciliation of the net book value of leasehold rights on buildings for the years 2017 and 2016 are presented below.

(Unit: Thousand Baht)

Consolidated/Separate  
financial statements

|                                     | 2017     | 2016     |
|-------------------------------------|----------|----------|
| Net book value at beginning of year | 62,084   | 63,292   |
| Addition                            | -        | 10,020   |
| Amortisation                        | (11,296) | (11,228) |
| Net book value at ending of year    | 50,788   | 62,084   |





## 19. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 are presented below.

(Unit: Thousand Baht)

|                                | Consolidated<br>financial statements<br>Computer software | Separate<br>financial statements<br>Computer software |
|--------------------------------|---|---|
| As at 31 December 2017:        |   |   |
| Cost                           | 48,179  | 48,213  |
| Less: Accumulated amortisation | (44,269)  | (43,981)  |
| Net book value                 | 3,910   | 4,232   |
| As at 31 December 2016:        |   |   |
| Cost                           | 48,192  | 48,227  |
| Less: Accumulated amortisation | (42,676)  | (42,358)  |
| Net book value                 | 5,516   | 5,869   |

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 are presented below.

(Unit: Thousand Baht)

|  | Consolidated<br>financial statements |         | Separate<br>financial statements |         |
|--|--------------------------------------|---------|----------------------------------|---------|
|  | 2017                                 | 2016    | 2017                             | 2016    |
| Net book value at beginning of year                              | 5,516                                | 7,158   | 5,869                            | 7,533   |
| Acquisition of computer software                                 | 5                                    | 167     | 5                                | 167     |
| Written-off during the year - net book value at written-off date | (11)                                 | -       | (11)                             | -       |
| Amortisation   | (1,600)                              | (1,809) | (1,631)                          | (1,831) |
| Net book value at ending of year                                 | 3,910                                | 5,516   | 4,232                            | 5,869   |



## 20. Other non-current assets

(Unit: Thousand Baht)

|   | Consolidated         |        | Separate             |        |
|---|----------------------|--------|----------------------|--------|
|   | financial statements |        | financial statements |        |
|   | 2017                 | 2016   | 2017                 | 2016   |
| Long-term prepaid rental and service expenses | 9,444                | 10,402 | 9,444                | 10,402 |
| Others  | 222                  | 104    | -                    | -      |
| Total   | 9,666                | 10,506 | 9,444                | 10,402 |

## 21. Trade and other payables

(Unit: Thousand Baht)

|   | Consolidated         |           | Separate             |           |
|---|----------------------|-----------|----------------------|-----------|
|   | financial statements |           | financial statements |           |
|   | 2017                 | 2016      | 2017                 | 2016      |
| Trade accounts payable - related parties    | 1,141                | 2,234     | 1,141                | 2,234     |
| Trade accounts payable - unrelated parties  | 801,881              | 903,320   | 801,317              | 902,704   |
| Accrued expenses                            | 71,832               | 69,320    | 62,946               | 61,158    |
| Other payables for purchase of fixed assets | 5,375                | 5,130     | 5,001                | 4,918     |
| Notes payable                               | 4,231                | 6,583     | 4,214                | 6,566     |
| Other payables                              | 30,115               | 37,003    | 30,036               | 36,997    |
| Total                                       | 914,575              | 1,023,590 | 904,655              | 1,014,577 |

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

(Unit: Thousand Baht)

|   | Consolidated financial statements |          |
|---|-----------------------------------|----------|
|   | 2017                              | 2016     |
| Income received in advance - not yet recognised               | 69,501                            | 47,139   |
| Less: Income received in advance recognisable within one year | (53,644)                          | (46,367) |
| Net   | 15,857                            | 772      |



During the years ended 31 December 2017 and 2016, movements of income received in advance are as follows:

(Unit: Thousand Baht)

|   | Consolidated financial statements |                                |           |
|---|-----------------------------------|--------------------------------|-----------|
|   | The initial<br>entrance fee       | Education<br>supporting<br>fee | Total     |
| Balance as at 1 January 2016                  | 5,220                             | 40,273                         | 45,493    |
| Add: Increase during the year                 | 11,718                            | 155,884                        | 167,602   |
| Less: Income recognition during the year      | (10,565)                          | (154,019)                      | (164,584) |
| Less: Returned due to resignation of students | (325)                             | (1,047)                        | (1,372)   |
| Balance as at 31 December 2016                | 6,048                             | 41,091                         | 47,139    |
| Add: Increase during the year                 | 11,373                            | 186,335                        | 197,708   |
| Less: Income recognition during the year      | (10,378)                          | (162,759)                      | (173,137) |
| Less: Returned due to resignation of students | (120)                             | (2,089)                        | (2,209)   |
| Balance as at 31 December 2017                | 6,923                             | 62,578                         | 69,501    |

## 23. Other current liabilities

(Unit: Thousand Baht)

|  | Consolidated<br>financial statements |        | Separate<br>financial statements |        |
|--|--------------------------------------|--------|----------------------------------|--------|
|  | 2017                                 | 2016   | 2017                             | 2016   |
| Coupon payable                           | 11,351                               | 17,239 | 11,351                           | 17,239 |
| Accrued withholding tax                  | 2,182                                | 2,359  | 1,801                            | 2,061  |
| Unearned income                          | 9,717                                | 3,355  | 2,178                            | 2,373  |
| Advance received for purchasing<br>books | 996                                  | 44,291 | 996                              | 44,291 |
| Advanced deposit                         | 16,000                               | -      | 16,000                           | -      |
| Others                                   | 3,875                                | 4,624  | 2,885                            | 3,862  |
| Total                                    | 44,121                               | 71,868 | 35,211                           | 69,826 |





## 24. Long-term loans

(Unit: Thousand Baht)

| Loan                                    | Interest rate<br>(%) | Repayment schedule   | Consolidated         |          | Separate             |          |
|---|----------------------|--|----------------------|----------|----------------------|----------|
|   |                      |  | financial statements |          | financial statements |          |
|   |                      |  | 2017                 | 2016     | 2017                 | 2016     |
| 1                                       | THBFD 3M + 3.85*     | Monthly installment as from 31 July 2014 with the last installment in 30 June 2021         | 124,840              | 160,600  | 124,840              | 160,600  |
| 2                                       | MLR-1.5              | Monthly installment as from 30 November 2014 with the last installment in 31 December 2023 | 144,168              | 172,520  | 144,168              | 172,520  |
| 3                                       | 6.00 - 7.50          | Settlement at maturity date of the contracts   | 66,750               | 78,220   | -                    | -        |
| Total                                   |                      |  | 335,758              | 411,340  | 269,008              | 333,120  |
| Less: Current portion                   |                      |  | (279,008)            | (93,090) | (269,008)            | (71,520) |
| Long-term loans, net of current portion |                      |  | 56,750               | 318,250  | -                    | 261,600  |

\* Interest expense rate in swap transaction agreement

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

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

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

The Company had entered into an Interest Rate Swap Transaction Agreement with the a bank covering these loan amounts, whereby a rate stipulated in the agreement is to be swapped at a floating rate plus stipulated rate as discussed in Note 36.1.



On 31 December 2017, the Company was unable to maintain certain financial ratios covenanted under the loan agreement (unrelated to principal and interest payment). The Company have yet to receive waivers of the breach of covenant from the lender as at the financial reporting date. The Company therefore presented the balance of this loan as at 31 December 2017 as current liability to comply with the generally accepted accounting standards. Subsequently on 19 February 2018, the Company received an approval of waiver on non-compliance for the 2017 operations. The Company will reclassify the loan to be a non-current liabilities in the statement of financial position of the first quarter of 2018.

## 25. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2017 and 2016 were as follows:

|   | Consolidated         |        | (Unit: Thousand Baht) |        |
|---|----------------------|--------|-----------------------|--------|
|   | financial statements |        | Separate              |        |
|   | 2017                 | 2016   | 2017                  | 2016   |
| Provision for compensation on employees' retirement | 44,606               | 44,210 | 38,920                | 37,960 |
| Provision for long service awards                   | 27,788               | 22,012 | 27,647                | 21,882 |
| Total   | 72,394               | 66,222 | 66,567                | 59,842 |

Provision for long-term employee benefits, which represents compensation payable to employees after they retire and other long-term employee benefits, was as follows:

|   | Consolidated         |         | (Unit: Thousand Baht) |         |
|---|----------------------|---------|-----------------------|---------|
|   | financial statements |         | Separate              |         |
|   | 2017                 | 2016    | 2017                  | 2016    |
| Provision for long-term employee benefits at beginning of year        | 66,222               | 47,126  | 59,842                | 42,709  |
| Included in profit or loss:   |                      |         |                       |         |
| Current service cost  | 14,235               | 11,894  | 14,467                | 10,537  |
| Interest cost   | 1,834                | 1,539   | 1,577                 | 1,362   |
| Actuarial loss of other long-term benefits recognised during the year | -                    | 6,274   | -                     | 6,274   |
| Included in other comprehensive income:                               |                      |         |                       |         |
| Actuarial (gain) loss arising from                                    |                      |         |                       |         |
| Demographic assumptions changes                                       | 69                   | (4,385) | -                     | (5,692) |
| Financial assumptions changes   | -                    | 2,141   | -                     | 2,141   |
| Experience adjustments  | 75                   | 5,105   | -                     | 5,983   |
| Benefits paid during the year   | (10,041)             | (3,472) | (9,319)               | (3,472) |
| Provision for long-term employee benefits at ending of year           | 72,394               | 66,222  | 66,567                | 59,842  |



Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

|  | (Unit: Thousand Baht) |               |                      |               |
|--|-----------------------|---------------|----------------------|---------------|
|  | Consolidated          |               | Separate             |               |
|  | financial statements  |               | financial statements |               |
|  | 2017                  | 2016          | 2017                 | 2016          |
| Cost of sales                                      | 1,691                 | 3,012         | 1,901                | 1,809         |
| Selling and administrative expenses                | 14,378                | 16,695        | 14,143               | 16,364        |
| <b>Total expenses recognised in profit or loss</b> | <b>16,069</b>         | <b>19,707</b> | <b>16,044</b>        | <b>18,173</b> |

The Company and its subsidiaries expect to pay Baht 8.6 million of long-term employee benefits during the next year (Separate financial statements: Baht 8.6 million) (2016: Baht 8.8 million, separate financial statements: Baht 8.4 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 11 years (Separate financial statements: 11 years) (2016: 11 years, separate financial statements: 11 years).

Significant actuarial assumptions are summarised below:

|                      | (Unit: % p.a.)       |            |                      |            |
|----------------------|----------------------|------------|----------------------|------------|
|                      | Consolidated         |            | Separate             |            |
|                      | financial statements |            | financial statements |            |
|                      | 2017                 | 2016       | 2017                 | 2016       |
| Discount rate        | 2.8 - 4.1            | 2.8 - 4.1  | 2.8                  | 2.8        |
| Salary increase rate | 4.5 - 5.0            | 4.5 - 5.0  | 4.5 - 5.0            | 4.5 - 5.0  |
| Staff turnover rate* | 0.0 - 35.8           | 0.0 - 35.3 | 0.0 - 33.0           | 0.0 - 33.0 |

\*Percentage change in the number of employees with high turnover rates are only part of the branches employees which rate is as well as the retail sector with an average turnover rate of approximately 30% to 60% per year.

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

|                      | (Unit: Million Baht)              |             |                               |             |
|----------------------|-----------------------------------|-------------|-------------------------------|-------------|
|                      | As at 31 December 2017            |             |                               |             |
|                      | Consolidated financial statements |             | Separate financial statements |             |
|                      | Increase 1%                       | Decrease 1% | Increase 1%                   | Decrease 1% |
| Discount rate        | (5.8)                             | 6.2         | (5.2)                         | 6.1         |
| Salary increase rate | 6.4                               | (5.1)       | 5.3                           | (4.6)       |
| Staff turnover rate  | (6.3)                             | 4.1         | (5.8)                         | 3.8         |





(Unit: Million Baht)

As at 31 December 2016

|                      | Consolidated financial statements |             | Separate financial statements |             |
|----------------------|-----------------------------------|-------------|-------------------------------|-------------|
|                      | Increase 1%                       | Decrease 1% | Increase 1%                   | Decrease 1% |
| Discount rate        | (4.8)                             | 5.5         | (4.6)                         | 5.3         |
| Salary increase rate | 4.9                               | (4.2)       | 4.3                           | (3.7)       |
| Staff turnover rate  | (5.6)                             | 3.9         | (5.1)                         | 3.3         |

**26. Revaluation surplus**

This represents surplus arising from revaluation of land and buildings. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

(Unit: Thousand Baht)

|                             | Consolidated<br>financial statements |         | Separate<br>financial statements |         |
|-----------------------------|--------------------------------------|---------|----------------------------------|---------|
|                             | 2017                                 | 2016    | 2017                             | 2016    |
| Balance - beginning of year | 127,478                              | 128,002 | 123,117                          | 123,384 |
| Revaluations                | 309,448                              | -       | 294,529                          | -       |
| Less: Amortisation          | (444)                                | (524)   | (188)                            | (267)   |
| Balance - ending of year    | 436,482                              | 127,478 | 417,458                          | 123,117 |

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

**27. Statutory reserve**The Company

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

Subsidiary

According to the Thai Civil and Commercial Code, the subsidiary is required to set aside to a statutory reserve an amount equal to at least 5% of its net profit each time the Company pay out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve cannot be used for dividend payment.



## 28. Expenses by nature

Significant expenses by nature are as follows:

|  | (Unit: Thousand Baht) |                      |              |           |
|--|-----------------------|----------------------|--------------|-----------|
|  |                       |                      | Consolidated | Separate  |
|  | financial statements  | financial statements | 2017         | 2016      |
| Salary and wages and other employee benefits                     | 648,342               | 688,009              | 545,147      | 586,171   |
| Depreciation and amortisation                                    | 123,217               | 132,256              | 106,399      | 114,201   |
| Rental, service and utilities expenses                           | 388,763               | 429,274              | 383,698      | 423,329   |
| Provision for diminution in value of receivables and inventories | 35,050                | 15,665               | 34,856       | 15,586    |
| Purchase of goods and raw materials used                         | 2,292,782             | 2,548,043            | 2,259,666    | 2,522,480 |
| Changes in inventories of finished goods and work in process     | (68,634)              | 43,467               | (68,802)     | 39,961    |
| Variable expense based on sale volume                            | 81,903                | 98,048               | 81,870       | 98,048    |

## 29. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

|  | (Unit: Thousand Baht) |                      |                |              |
|--|-----------------------|----------------------|----------------|--------------|
|  |                       |                      | Consolidated   | Separate     |
|  | financial statements  | financial statements | 2017           | 2016         |
| <b>Current income tax:</b>   |                       |                      |                |              |
| Current income tax charge  | 10                    | 4,232                | -              | 4,150        |
| Adjustment in respect of income tax of previous year                     | 80                    | -                    | 116            | -            |
| <b>Deferred tax:</b>   |                       |                      |                |              |
| Relating to origination and reversal of temporary differences            | (3,792)               | (2,122)              | (3,727)        | (2,062)      |
| <b>Income tax expense (revenues) reported in the statement of income</b> | <b>(3,702)</b>        | <b>2,110</b>         | <b>(3,611)</b> | <b>2,088</b> |



The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

|   | (Unit: Thousand Baht) |            |                      |            |
|---|-----------------------|------------|----------------------|------------|
|   | Consolidated          |            | Separate             |            |
|   | financial statements  |            | financial statements |            |
|   | 2017                  | 2016       | 2017                 | 2016       |
| Deferred tax on gain or loss from the change in value of available-for-sale investments | 12                    | 615        | 12                   | 524        |
| Deferred tax on actuarial gain or loss  | -                     | 332        | -                    | 332        |
| Deferred tax on gain from revaluation of land and buildings                             | (77,362)              | -          | (73,632)             | -          |
|   | <u>(77,350)</u>       | <u>947</u> | <u>(73,620)</u>      | <u>856</u> |

The reconciliation between accounting profit and income tax expense is shown below.

|  | (Unit: Thousand Baht) |               |                      |              |
|--|-----------------------|---------------|----------------------|--------------|
|  | Consolidated          |               | Separate             |              |
|  | financial statements  |               | financial statements |              |
|  | 2017                  | 2016          | 2017                 | 2016         |
| Accounting profit (loss) before tax  | <u>(22,489)</u>       | <u>21,458</u> | <u>(32,293)</u>      | <u>7,126</u> |
| Applicable tax rate  | 0%, 20%               | 0%, 20%       | 20%                  | 20%          |
| Accounting profit (loss) before tax multiplied by income tax rate          | (4,413)               | 1,507         | (6,459)              | 1,425        |
| Temporary differences and taxable loss not recorded as deferred tax assets | 5,118                 | -             | 5,039                | -            |
| Adjustment in respect of income tax of previous year                       | 80                    | -             | 116                  | -            |
| Effects of:  |                       |               |                      |              |
| Income not subject to tax  | (2,884)               | -             | (914)                | (300)        |
| Non-deductible expenses  | 2,811                 | 4,344         | 2,800                | 4,381        |
| Additional expense deductions allowed                                      | (4,193)               | (3,282)       | (4,193)              | (3,282)      |
| Change in value of investment accounted for the equity method              | (192)                 | (360)         | -                    | -            |
| Others   | (29)                  | (99)          | -                    | (136)        |
| Total  | <u>711</u>            | <u>603</u>    | <u>2,848</u>         | <u>663</u>   |
| Income tax expenses (revenues) reported in the statement of income         | <u>(3,702)</u>        | <u>2,110</u>  | <u>(3,611)</u>       | <u>2,088</u> |





The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

|   | Statements of financial position |               |                      |               |
|---|----------------------------------|---------------|----------------------|---------------|
|   | Consolidated                     |               | Separate             |               |
|   | financial statements             |               | financial statements |               |
|   | 2017                             | 2016          | 2017                 | 2016          |
| <b>Deferred tax assets</b>                                |                                  |               |                      |               |
| Allowance for doubtful accounts                           | 2,146                            | 2,247         | 2,146                | 2,247         |
| Allowance for diminution in<br>value of inventories       | 42,346                           | 40,313        | 42,346               | 40,313        |
| Allowance for asset impairment                            | 498                              | 95            | 498                  | 95            |
| Provision for long-term<br>employee benefits              | 13,329                           | 11,982        | 13,314               | 11,968        |
| <b>Total</b>  | <b>58,319</b>                    | <b>54,637</b> | <b>58,304</b>        | <b>54,623</b> |
| <b>Deferred tax liabilities</b>                           |                                  |               |                      |               |
| Gain on re-measuring available-<br>for-sale investments   | -                                | 14            | 1                    | 14            |
| Unrealised gain from revaluation<br>of land and buildings | 109,121                          | 31,869        | 104,365              | 30,779        |
| <b>Total</b>  | <b>109,121</b>                   | <b>31,883</b> | <b>104,366</b>       | <b>30,793</b> |
| <b>Deferred tax assets (liabilities) - net</b>            | <b>(50,802)</b>                  | <b>22,754</b> | <b>(46,062)</b>      | <b>23,830</b> |

As at 31 December 2017, the Company's subsidiary has unused tax losses totalling Baht 26 million (2016: Nil), on which deferred tax assets have not been recognised as the Company's subsidiary cannot utilise the temporary differences and unused tax losses.

The unused tax losses will expire by 2022.

### 30. Earnings per share

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



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

|  | Consolidated         |         | Separate             |         |
|--|----------------------|---------|----------------------|---------|
|  | financial statements |         | financial statements |         |
|  | 2017                 | 2016    | 2017                 | 2016    |
| Profit (loss) for the year (Thousand Baht)                   | (25,702)             | 12,365  | (28,682)             | 5,038   |
| Weighted average number of ordinary shares (Thousand shares) | 391,944              | 391,944 | 391,944              | 391,444 |
| Earnings (loss) per share (Baht/share)                       | (0.07)               | 0.03    | (0.07)               | 0.01    |

### 31. Segment information

Operating segment information is reported in a manner consistent with the internal reporting the chief operating decision maker has received and regularly reviewed to make decisions about resources to be allocated to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on the sales channels of products and services and have three reportable segments (1) retail business (2) other distribution channels and (3) institution of private education business.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. However, the Company and its subsidiaries financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Inter-segment revenues are eliminated on consolidation.

The following table present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2017 and 2016, respectively.



(Unit: Thousand Baht)

| Year ended 31 December 2017                  | Retail<br>business | Other<br>distribution<br>channels | Institution of<br>private<br>education<br>business | Total<br>reportable<br>segments | Adjustments<br>and<br>eliminations | Consolidated    |
|--|--------------------|-----------------------------------|--|---------------------------------|------------------------------------|-----------------|
| Revenue from external customers              | 2,706,452          | 814,548                           | 176,165  | 3,697,165                       | -                                  | 3,697,165       |
| Inter-segment revenue                        | -                  | 3,158                             | -  | 3,158                           | (3,158)                            | -               |
| Gain (loss) on sales of assets               | 251                | -                                 | (442)  | (191)                           | -                                  | (191)           |
| Depreciation and amortisation                | (69,543)           | (25,410)                          | (16,686)   | (111,639)                       | -                                  | (111,639)       |
| Loss on written-off assets                   | (2,846)            | -                                 | -  | (2,846)                         | -                                  | (2,846)         |
| <b>Segment profit (loss) from operations</b> | <b>(48,823)</b>    | <b>25,417</b>                     | <b>18,130</b>                                      | <b>(5,276)</b>                  | <b>-</b>                           | <b>(5,276)</b>  |
| Share of profit from investment in associate |                    |                                   |  |                                 |                                    | 962             |
| Interest and dividend revenues               |                    |                                   |  |                                 |                                    | 1,281           |
| Interest expenses                            |                    |                                   |  |                                 |                                    | (19,456)        |
| <b>Loss before income tax expenses</b>       |                    |                                   |  |                                 |                                    | <b>(22,489)</b> |
| Income tax revenues                          |                    |                                   |  |                                 |                                    | 3,702           |
| <b>Loss for the year</b>                     |                    |                                   |  |                                 |                                    | <b>(18,787)</b> |

(Unit: Thousand Baht)

| Year ended 31 December 2016                  | Retail<br>business | Other<br>distribution<br>channels | Institution of<br>private<br>education<br>business | Total<br>reportable<br>segments | Adjustments<br>and<br>eliminations | Consolidated  |
|--|--------------------|-----------------------------------|--|---------------------------------|------------------------------------|---------------|
| Revenue from external customers              | 3,163,977          | 911,358                           | 167,360  | 4,242,695                       | -                                  | 4,242,695     |
| Inter-segment revenue                        | -                  | 4,184                             | -  | 4,184                           | (4,184)                            | -             |
| Gain (loss) on sales of assets               | 594                | -                                 | (221)  | 373                             | -                                  | 373           |
| Depreciation and amortisation                | (75,419)           | (27,474)                          | (17,801)   | (120,694)                       | -                                  | (120,694)     |
| Loss on written-off assets                   | (4,646)            | -                                 | -  | (4,646)                         | -                                  | (4,646)       |
| <b>Segment profit (loss) from operations</b> | <b>(41,921)</b>    | <b>66,133</b>                     | <b>17,970</b>                                      | <b>42,182</b>                   | <b>-</b>                           | <b>42,182</b> |
| Share of profit from investment in associate |                    |                                   |  |                                 |                                    | 1,799         |
| Interest and dividend revenues               |                    |                                   |  |                                 |                                    | 1,250         |
| Interest expenses                            |                    |                                   |  |                                 |                                    | (23,773)      |
| <b>Profit before income tax expenses</b>     |                    |                                   |  |                                 |                                    | <b>21,458</b> |
| Income tax expenses                          |                    |                                   |  |                                 |                                    | (2,110)       |
| <b>Profit for the year</b>                   |                    |                                   |  |                                 |                                    | <b>19,348</b> |

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

#### *Geographic information*

The Company and its subsidiaries operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

#### *Major customers*

For the years 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.





### 32. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5% of basic salary. The fund, which is managed by CIMB - Principal Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2017, the Company contributed Baht 15.3 million (2016: Baht 16.8 million) to the fund.

### 33. Dividends

| Dividends  | Approved by  | Total dividends<br>(Million Baht) | Dividend<br>per share<br>(Baht) |
|--|--|-----------------------------------|---------------------------------|
| Dividend from the<br>operating results<br>of the year 2015 | Annual General Meeting of the<br>shareholders on 21 April 2016 | 47.03                             | 0.12                            |
| Total dividend paid during the year ended 31 December 2016 |  | 47.03                             | 0.12                            |
| Dividend from the<br>operating results<br>of the year 2016 | Annual General Meeting of the<br>shareholders on 20 April 2017 | 3.92                              | 0.01                            |
| Total dividend paid during the year ended 31 December 2017 |  | 3.92                              | 0.01                            |

### 34. Commitments and contingent liabilities

#### 34.1 Operating lease commitments

- As 31 December 2017, the Company has also entered into space rental agreements for use as branch offices, totaling 392 branches (2016: 414 branches.) The lease periods ranged from 1 to 20 years. For the year ended 31 December 2017, the total rental and utility fees were approximately Baht 364.6 million. (2016: Baht 404.6 million) Some of rental fees were calculated from the percentage of sales, while others were fixed rate.
- The Company and its subsidiaries has entered into several lease agreements in respect of the lease of office building space, land, warehouses and motor vehicles. The terms of the agreements are generally between 1 and 30 years.



Future minimum lease payments required under operating leases contracts were as follows.

|                             | (Unit: Million Baht) |      |                      |      |
|-----------------------------|----------------------|------|----------------------|------|
|                             | Consolidated         |      | Separate             |      |
|                             | financial statements |      | financial statements |      |
|                             | 2017                 | 2016 | 2017                 | 2016 |
| Payable:                    |                      |      |                      |      |
| In up to 1 year             | 21.4                 | 22.9 | 20.1                 | 21.7 |
| In over 1 and up to 5 years | 30.3                 | 54.6 | 25.7                 | 49.3 |
| In over 5 years             | 31.7                 | 29.1 | 8.2                  | 8.7  |

During the year ended 31 December 2017, the Company and subsidiaries recognised rental expenses in the income statement of Baht 13.5 million (2016: Baht 13.6 million).

### 34.2 Guarantees

As at 31 December 2017, there were outstanding bank guarantee of approximately Baht 4.2 million (2016: Baht 4.6 million) issued by banks on behalf of the Company in respect of certain contractual performance and guarantee rental. In addition, other investments of Baht 1.1 million (2016: Baht 0.9 million) were pledged to guarantee the electricity usage.

### 34.3 Long-term service commitments

- The Company entered into agent appointment agreement with a foreign company for the contractual period of 3 year commencing from 1 June 2016 to 31 May 2019. Upon expiration of the term, the Agreement shall be automatically renewed for successive one year unless either party notifies the other of its intention in writing to terminate the Agreement.
- The Company entered into three-year contracts allowing the use of copyrights with various authors which can be automatically extended for another three years and agreed to pay, remuneration at the percentage of the number of books published or sold.



### 35. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

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

(Unit: Million Baht)

| Consolidated financial statements                     |         |         |         |       |
|---|---------|---------|---------|-------|
| As at 31 December 2016                                |         |         |         |       |
|   | Level 1 | Level 2 | Level 3 | Total |
| <b>Assets measured at fair value</b>                  |         |         |         |       |
| Available-for-sale investments                        |         |         |         |       |
| Equity instruments                                    | -       | 72.8    | -       | 72.8  |
| Property plant and equipment                          | -       | -       | 660.4   | 660.4 |
| <b>Liabilities for which fair value are disclosed</b> |         |         |         |       |
| Derivatives   |         |         |         |       |
| Interest rate swap agreement                          | -       | 6.7     | -       | 6.7   |
| Foreign exchange forward contracts                    | -       | 0.1     | -       | 0.1   |





(Unit: Million Baht)

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

(Unit: Million Baht)

| Separate financial statements                         |         |         |         |       |
|---|---------|---------|---------|-------|
| As at 31 December 2016                                |         |         |         |       |
|   | Level 1 | Level 2 | Level 3 | Total |
| <b>Assets measured at fair value</b>                  |         |         |         |       |
| Available-for-sale investments                        |         |         |         |       |
| Equity instruments                                    | -       | 72.8    | -       | 72.8  |
| Property plant and equipment                          | -       | -       | 478.7   | 478.7 |
| <b>Liabilities for which fair value are disclosed</b> |         |         |         |       |
| Derivatives   |         |         |         |       |
| Interest rate swap agreement                          | -       | 6.7     | -       | 6.7   |
| Foreign exchange forward contracts                    | -       | 0.1     | -       | 0.1   |

### 36. Financial instruments

#### 36.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.



### **Credit risk**

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans, notes and other receivable. The Company and its subsidiaries manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, other receivables and notes receivable as stated in the statement of financial position.

### **Interest rate risk**

The Company and its subsidiaries' exposure to interest rate risk relate primarily to its cash at banks, bank overdrafts, and long-term borrowings. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

| Consolidate financial statements |                      |              |                 |                           |                          |       |   |
|----------------------------------|----------------------|--------------|-----------------|---------------------------|--------------------------|-------|---|
| As at 31 December 2017           |                      |              |                 |                           |                          |       |   |
|                                  | Fixed interest rates |              |                 | Floating<br>interest rate | Non- interest<br>bearing | Total | Effective<br>interest rate<br>(% per annum) |
|                                  | Within<br>1 year     | 1-5<br>years | Over<br>5 years |                           |                          |       |   |
| <u>Financial Assets</u>          |                      |              |                 |                           |                          |       |   |
| Cash and cash equivalents        | 127                  | -            | -               | -                         | 19                       | 146   | 0.10  |
| Current investments              | -                    | -            | -               | -                         | 19                       | 19    | -   |
| Trade and other receivables      | -                    | -            | -               | -                         | 79                       | 79    | -   |
| Restricted bank deposits         | -                    | 13           | -               | -                         | -                        | 13    | 0.80 - 3.625                                |
|                                  | 127                  | 13           | -               | -                         | 117                      | 257   |   |



(Unit: Million Baht)

## Consolidate financial statements

As at 31 December 2017

|                              | Fixed interest rates |              |                 | Floating<br>interest rate | Non- interest<br>bearing | Total | Effective<br>interest rate<br>(% per annum) |
|------------------------------|----------------------|--------------|-----------------|---------------------------|--------------------------|-------|---|
|                              | Within<br>1 year     | 1-5<br>years | Over<br>5 years |                           |                          |       |   |
| <u>Financial liabilities</u> |                      |              |                 |                           |                          |       |   |
| Trade and other payables     | -                    | -            | -               | -                         | 915                      | 915   | -   |
| Long-term loans              | 10                   | 56           | -               | 269                       | -                        | 335   | 4.75 - 7.00                                 |
|                              | 10                   | 56           | -               | 269                       | 915                      | 1,250 |   |

(Unit: Million Baht)

## Consolidate financial statements

As at 31 December 2016

|                             | Fixed interest rates |              |                 | Floating<br>interest rate | Non- interest<br>bearing | Total | Effective<br>interest rate<br>(% per annum) |
|-----------------------------|----------------------|--------------|-----------------|---------------------------|--------------------------|-------|---|
|                             | Within<br>1 year     | 1-5<br>years | Over<br>5 years |                           |                          |       |   |
| <u>Financial Assets</u>     |                      |              |                 |                           |                          |       |   |
| Cash and cash equivalents   | 135                  | -            | -               | -                         | 24                       | 159   | 0.10 - 3.50                                 |
| Current investments         | 25                   | -            | -               | -                         | 73                       | 98    | -   |
| Trade and other receivables | -                    | -            | -               | -                         | 85                       | 85    | -   |
| Restricted bank deposits    | -                    | 13           | -               | -                         | -                        | 13    | 0.80 - 3.625                                |
|                             | 160                  | 13           | -               | -                         | 182                      | 355   |   |

Financial liabilities

|                          |    |    |   |     |       |       |             |
|--------------------------|----|----|---|-----|-------|-------|-------------|
| Trade and other payables | -  | -  | - | -   | 1,024 | 1,024 | -           |
| Long-term loans          | 21 | 57 | - | 333 | -     | 411   | 4.75 - 7.00 |
|                          | 21 | 57 | - | 333 | 1,024 | 1,435 |             |

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2017

|                               | Fixed interest rates |              |                 | Floating<br>interest rate | Non- interest<br>bearing | Total | Effective<br>interest rate<br>(% per annum) |
|-------------------------------|----------------------|--------------|-----------------|---------------------------|--------------------------|-------|---|
|                               | Within<br>1 year     | 1-5<br>years | Over<br>5 years |                           |                          |       |   |
| <u>Financial Assets</u>       |                      |              |                 |                           |                          |       |   |
| Cash and cash equivalents     | 75                   | -            | -               | -                         | 19                       | 94    | 0.10  |
| Current investments           | -                    | -            | -               | -                         | 19                       | 19    | -   |
| Trade and other receivables   | -                    | -            | -               | -                         | 74                       | 74    | -   |
| Short-term loan to subsidiary | 2                    | -            | -               | -                         | -                        | 2     | 7.25  |
| Restricted bank deposits      | -                    | 13           | -               | -                         | -                        | 13    | 0.80  |
|                               | 77                   | 13           | -               | -                         | 112                      | 202   |   |





(Unit: Million Baht)

## Separate financial statements

As at 31 December 2017

|                              | Fixed interest rates |           |              | Floating interest rate | Non- interest bearing | Total | Effective interest rate<br>(% per annum) |
|------------------------------|----------------------|-----------|--------------|------------------------|-----------------------|-------|--|
|                              | Within 1 year        | 1-5 years | Over 5 years |                        |                       |       |  |
| <u>Financial liabilities</u> |                      |           |              |                        |                       |       |  |
| Trade and other payables     | -                    | -         | -            | -                      | 905                   | 905   | -  |
| Long-term loans              | -                    | -         | -            | 269                    | -                     | 269   | 4.75 - 4.78                              |
|                              | -                    | -         | -            | 269                    | 905                   | 1,174 |  |

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2016

|                               | Fixed interest rates |           |              | Floating interest rate | Non- interest bearing | Total | Effective interest rate<br>(% per annum) |
|-------------------------------|----------------------|-----------|--------------|------------------------|-----------------------|-------|--|
|                               | Within 1 year        | 1-5 years | Over 5 years |                        |                       |       |  |
| <u>Financial Assets</u>       |                      |           |              |                        |                       |       |  |
| Cash and cash equivalents     | 69                   | -         | -            | -                      | 24                    | 93    | 0.10 - 3.50                              |
| Current investments           | -                    | -         | -            | -                      | 73                    | 73    | -  |
| Trade and other receivables   | -                    | -         | -            | -                      | 81                    | 81    | -  |
| Short-term loan to subsidiary | 3                    | -         | -            | -                      | -                     | 3     | 7.25                                     |
| Restricted bank deposits      | -                    | 13        | -            | -                      | -                     | 13    | 0.80 - 3.625                             |
|                               | 72                   | 13        | -            | -                      | 178                   | 263   |  |
| <u>Financial liabilities</u>  |                      |           |              |                        |                       |       |  |
| Trade and other payables      | -                    | -         | -            | -                      | 1,015                 | 1,015 | -  |
| Long-term loans               | -                    | -         | -            | 333                    | -                     | 333   | 4.75 - 5.00                              |
|                               | -                    | -         | -            | 333                    | 1,015                 | 1,348 |  |

Interest Rate Swap Transaction agreements

The Company has the detail of the interest rate swap agreements outstanding as at 31 December 2017 as follow:

As at 31 December 2017

| Principal amount   | Interest Revenue Rate | Interest Expenses Rate | Termination date |
|--------------------|-----------------------|------------------------|------------------|
|                    | Swap Agreement        | Swap Agreement         |                  |
| Baht 124.8 million | THBFIX 1M + 1.74%     | THBFD 3M + 3.85%       | June 2021        |



### Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

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

| Consolidated / Separate financial statements |                   |            |                       |            |                                    |         |
|--|-------------------|------------|-----------------------|------------|------------------------------------|---------|
| Foreign currency                             | Financial assets  |            | Financial liabilities |            | Average exchange rate              |         |
|  | as at 31 December |            | as at 31 December     |            | as at 31 December                  |         |
|  | 2017              | 2016       | 2017                  | 2016       | 2017                               | 2016    |
|  | (Thousand)        | (Thousand) | (Thousand)            | (Thousand) | (Baht per 1 foreign currency unit) |         |
| USD  | -                 | -          | 66                    | 18         | 32.8472                            | 36.0025 |
| SGD  | -                 | -          | 8                     | 4          | 24.7294                            | 25.0755 |
| GBP  | -                 | -          | 743                   | 685        | 44.4531                            | 44.4775 |

Foreign exchange contracts outstanding are summarised below.

| Consolidated / Separate financial statements |               |             |                                    |      |                           |
|--|---------------|-------------|------------------------------------|------|---------------------------|
| As at 31 December 2017                       |               |             |                                    |      |                           |
| Foreign currency                             | Bought amount | Sold amount | Contractual exchange rate          |      | Contractual maturity date |
|  |               |             | Bought                             | Sold |                           |
|  | (Million)     | (Million)   | (Baht per 1 foreign currency unit) |      |                           |
| GBP  | 0.2           | -           | 43.29 - 43.75                      | -    | January - May 2018        |

| Consolidated / Separate financial statements |               |             |                                    |      |                           |
|--|---------------|-------------|------------------------------------|------|---------------------------|
| As at 31 December 2016                       |               |             |                                    |      |                           |
| Foreign currency                             | Bought amount | Sold amount | Contractual exchange rate          |      | Contractual maturity date |
|  |               |             | Bought                             | Sold |                           |
|  | (Million)     | (Million)   | (Baht per 1 foreign currency unit) |      |                           |
| GBP  | 0.1           | -           | 44.25 - 45.29                      | -    | April - June 2017         |



### 36.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in statements of financial position.

The estimated fair value of the derivatives is as follows:

|                                    | (Unit: Million Baht)                         |       |
|------------------------------------|--|-------|
|                                    | Consolidated / Separate financial statements |       |
|                                    | As at 31 December                            |       |
|                                    | 2017   | 2016  |
| <b>Derivatives gain (loss)</b>     |  |       |
| Interest rate swap agreements      | (4.6)  | (6.7) |
| Foreign exchange forward contracts | 0.1  | (0.1) |

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivables and accounts payables, their carrying amounts in the statements of financial position approximate their fair values.
- For loans to and loans from carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair values.
- For equity securities, their fair value is generally derived from quoted market prices.
- For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The Company had considered to counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.





### **37. Capital management**

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholders value. As at 31 December 2017, the Group's debt-to-equity ratio was 1.20:1 (2016: 1.69:1) and the Company's was 1.20:1 (2016: 1.75:1).

### **38. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2018.

