

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the consolidated financial statements of Se-Education Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, 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 I have audited the separate financial statements of Se-Education Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2019, and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Se-Education Public Company Limited and its subsidiaries as at December 31, 2019, its consolidated financial performance and cash flows for the year then ended and the separate financial position of Se-Education Public Company Limited as at December 31, 2019, and its 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 and the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 matters that are most significant to my professional judgment in auditing the consolidated and separate financial statements for the current period. I have considered these matters under the context of the overall audit of the consolidated and separate financial statements. In the expression of my opinion, I do not express a separate opinion on these matters.

Revenue recognition from sales

Revenue from sales is a transaction with the significant value in the financial statements and also has a direct effect on the performance that the users of the financial statements pay attention to. I consider that the revenue recognition is a significant risk in the audit. Therefore, I have paid special attention on such revenue recognition regarding the accuracy and completeness of the revenue transactions recorded in the account.

I have audited the revenue recognition from sales by understanding and evaluating the effectiveness of significant internal controls related to sales revenue cycle and randomly testing compliance with the control system designed by the Company by testing from the sales process until the end of the process and evaluating the efficiency of the computer system that the Company uses to retrieve all the information related to sales reports, checking sales revenue recognition to be consistent with the Company's revenue recognition policy, randomly checking of sales documentation that incurred during the year and near the end of the accounting period, reviewing of credit memos issued by the Company after the end of the accounting period and analysing income by comparing historical data and industrial data, and checking potential irregularities that may incur in sales transactions especially the accounting transactions are made through journal vouchers.

Estimation of allowance for declining in value of inventories

As the reduction condition of the print and online media industry get more involved in the business, such change has affected the media and publishing services business. Therefore, the Company has a risk in the value of inventories higher than the net realizable value. However, the consideration of the net realizable value requires the considerable judgment of the management including the related assumptions. Therefore, I have paid special attention on the use of the management judgment regarding such estimation.

I have made the understanding policies and methods used by the management to estimate the net realizable value of inventories, using the methods to assess the net realizable value of inventories, randomly testing transactions in the report to separate age and net realizable value with relevant documents, assessing the reasonableness of the assumptions used by the management in determining sales at a price lower than cost to consider the appropriateness of the declining value of inventories, testing the accuracy of calculating the net realizable value of inventories and considering the appropriateness of the main assumptions the Company used as well as referencing internal and external data, considering the operational plan, including the analysis of past trends and considering the adequacy of disclosure according to Thai Financial Reporting Standards.

Other Matters

The consolidated statement of financial position of Se-Education Public Company Limited and its subsidiaries (the Group) and the statement of financial position of Se-Education Public Company Limited (the Company) as at December 31, 2018 (before adjust), which are included as comparative information, were audited by another auditor who expressed an unqualified opinion thereon in her report dated February 22, 2019.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report 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 will 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 identified above when it becomes available 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, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct 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 consolidated financial statements and separate 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 consolidated financial statements and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company 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 consolidated financial statements and separate 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 consolidated financial statements and separate financial statements.

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

Identify and assess the risks of material misstatement of the consolidated financial statements and separate 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 and the Company'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 and the Company'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 consolidated financial statements and separate 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 and the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements and separate 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 we 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 consolidated financial statements and separate 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is Miss Nannaphat Wannasomboon.

(Miss Nannaphat Wannasomboon)

Certified Public Accountant

Registration No. 7793

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 26, 2020

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

| | | <u>ASSETS</u> | | | | |
|---------------------------|--|-----------------------------------|----------------------|-------------------------------|----------------------|----------------------|
| | | Baht | | | | |
| | | Consolidated financial statements | | Separate financial statements | | |
| | | 2019 | 2018 | 2019 | 2018 | |
| Notes | | (Restated) | | | | |
| Current assets | | | | | | |
| | Cash and cash equivalents | 6 | 111,493,330 | 139,466,326 | 48,092,145 | 85,531,195 |
| | Current investments | 7 | 6,100,034 | - | 100,034 | - |
| | Trade and other receivables | 5, 8 | 57,788,888 | 62,950,818 | 54,698,912 | 57,944,984 |
| | Short-term loan to subsidiary | 5 | - | - | - | 1,800,000 |
| | Inventories | 9 | 327,591,960 | 335,088,836 | 326,305,959 | 330,431,836 |
| | Other current assets | 10 | 60,188,609 | 54,337,972 | 57,737,310 | 51,548,192 |
| | Total current assets | | 563,162,821 | 591,843,952 | 486,934,360 | 527,256,207 |
| Non-current assets | | | | | | |
| | Restricted bank deposits and other investments | 11 | 12,932,664 | 13,413,204 | 12,932,664 | 13,413,204 |
| | Investment in associated company | 12 | 24,365,699 | 25,338,779 | 100,000 | 100,000 |
| | Investment in subsidiary companies | 13 | - | - | 69,482,091 | 70,294,511 |
| | Property, plant and equipment | 14 | 1,721,405,271 | 1,776,901,991 | 1,448,714,369 | 1,510,771,934 |
| | Leasehold rights on land | 15 | 5,524,264 | 5,809,523 | - | - |
| | Leasehold rights on buildings | 16 | 30,318,461 | 40,042,081 | 30,318,461 | 40,042,081 |
| | Intangible assets | 17 | 2,943,182 | 3,616,984 | 2,814,524 | 3,495,072 |
| | Prepaid book copyright and translation fee | | 21,018,667 | 17,599,460 | 21,018,667 | 17,599,460 |
| | Rental guarantee and deposit | | 82,076,781 | 89,950,768 | 82,076,781 | 89,950,768 |
| | Deferred tax assets | 24 | - | 131,341 | - | - |
| | Other non-current assets | | 9,036,382 | 9,501,708 | 8,748,312 | 9,102,305 |
| | Total non-current assets | | 1,909,621,371 | 1,982,305,839 | 1,676,205,869 | 1,754,769,335 |
| | Total assets | | 2,472,784,192 | 2,574,149,791 | 2,163,140,229 | 2,282,025,542 |

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | Baht | | | |
|--|-------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | 2019 | 2018 | 2019 | 2018 |
| | | (Restated) | | | |
| | Notes | | | | |
| Current liabilities | | | | | |
| Overdraft and short-term loan from financial institution | 18 | 63,032,754 | - | 63,032,754 | - |
| Trade and other payables | 19 | 682,463,899 | 826,276,136 | 669,536,070 | 810,979,636 |
| Income received in advance recognisable | | | | | |
| within one year | 20 | 59,377,559 | 64,003,222 | - | - |
| Current portion of long-term loans | 22 | 70,658,000 | 60,408,000 | 60,408,000 | 60,408,000 |
| Income tax payable | | 490,503 | 390,635 | - | - |
| Current portion of long-term | | | | | |
| employee benefits obligations | 23 | 8,663,271 | 5,793,411 | 8,663,271 | 5,793,411 |
| Other current liabilities | 21 | 33,019,447 | 29,242,839 | 31,115,826 | 24,095,474 |
| Total current liabilities | | 917,705,433 | 986,114,243 | 832,755,921 | 901,276,521 |
| Non-current liabilities | | | | | |
| Income received in advance | 20 | 41,584,581 | 35,670,524 | - | - |
| Long-term loans | 22 | 133,984,000 | 204,842,000 | 87,784,000 | 148,192,000 |
| Deferred tax liabilities | 24 | 48,881,557 | 50,622,606 | 44,813,003 | 46,152,480 |
| Long-term employee benefits obligations | 23 | 76,787,568 | 55,326,216 | 68,350,960 | 48,486,491 |
| Other non-current liabilities | | 9,868,240 | 9,057,239 | 7,412,680 | 8,001,240 |
| Total non-current liabilities | | 311,105,946 | 355,518,585 | 208,360,643 | 250,832,211 |
| Total liabilities | | 1,228,811,379 | 1,341,632,828 | 1,041,116,564 | 1,152,108,732 |

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

| | Baht | | | |
|---|-----------------------------------|---------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Notes | (Restated) | | | |
| Shareholders' equity | | | | |
| Share capital | | | | |
| Authorized share capital | | | | |
| | 391,944,529 | 391,944,529 | 391,944,529 | 391,944,529 |
| Issued and paid-up | | | | |
| | 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 to legal reserve | | | | |
| | 39,194,453 | 39,194,453 | 39,194,453 | 39,194,453 |
| | 631,994 | 631,994 | - | - |
| | 199,142,940 | 196,830,800 | 170,864,714 | 178,188,073 |
| Other components of shareholders' equity | | | | |
| | 380,896,491 | 382,025,642 | 370,599,522 | 371,169,308 |
| Total shareholders' equity of parent | | | | |
| | 1,161,230,854 | 1,160,047,865 | 1,122,023,665 | 1,129,916,810 |
| Total non-controlling interests of the subsidiaries | | | | |
| | 82,741,959 | 72,469,098 | - | - |
| Total shareholders' equity | | | | |
| | 1,243,972,813 | 1,232,516,963 | 1,122,023,665 | 1,129,916,810 |
| Total liabilities and shareholders' equity | | | | |
| | 2,472,784,192 | 2,574,149,791 | 2,163,140,229 | 2,282,025,542 |

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

| | | Baht | | | |
|---|--|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | 2019 | 2018 | 2019 | 2018 |
| | | (Restated) | | | |
| Notes | | | | | |
| Revenues | | | | | |
| | Revenues from sales | 2,748,158,649 | 3,117,513,466 | 2,743,678,523 | 3,104,385,137 |
| | Tuition fees income | 198,378,893 | 184,287,434 | - | - |
| | Interest income | 1,108,256 | 1,240,896 | 1,806,982 | 9,419,708 |
| | Other income | 80,157,373 | 76,127,728 | 67,303,142 | 67,530,033 |
| | Total revenues | 3,027,803,171 | 3,379,169,524 | 2,812,788,647 | 3,181,334,878 |
| Expenses | | | | | |
| | Cost of sales | 1,764,009,458 | 2,032,012,451 | 1,757,992,499 | 2,021,492,954 |
| | Cost of tuition fees | 147,003,972 | 140,495,738 | - | - |
| | Selling expenses | 664,452,916 | 759,806,448 | 664,398,126 | 759,674,710 |
| | Administrative expenses | 416,564,598 | 414,331,572 | 376,864,232 | 375,946,691 |
| | Finance costs | 12,170,312 | 14,865,816 | 9,254,618 | 11,869,495 |
| | Total expenses | 3,004,201,256 | 3,361,512,025 | 2,808,509,475 | 3,168,983,850 |
| Profit before share of gain from investments | | | | | |
| | in associates and income tax revenue (expenses) | 23,601,915 | 17,657,499 | 4,279,172 | 12,351,028 |
| | Share of gain from associated company | 26,920 | 1,006,772 | - | - |
| | Profit before income tax revenue (expenses) | 23,628,835 | 18,664,271 | 4,279,172 | 12,351,028 |
| | Income tax revenue (expenses) | (1,363,554) | 1,868,216 | (1,362,886) | 1,534,996 |
| | Profit for the year | 22,265,281 | 20,532,487 | 2,916,286 | 13,886,024 |
| Profit attributable to | | | | | |
| | Equity holders of the parent | 11,992,420 | 13,205,044 | 2,916,286 | 13,886,024 |
| | Non-controlling interests of the subsidiaries | 10,272,861 | 7,327,443 | - | - |
| | | 22,265,281 | 20,532,487 | 2,916,286 | 13,886,024 |
| Basic earnings per share | | | | | |
| | Equity holders of the parent | 0.03 | 0.03 | 0.01 | 0.04 |

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

| | | Baht | | | |
|-------|---|-----------------------------------|------------|-------------------------------|------------|
| | | Consolidated financial statements | | Separate financial statements | |
| | | 2019 | 2018 | 2019 | 2018 |
| | | (Restated) | | | |
| Notes | | | | | |
| | Profit for the year | 22,265,281 | 20,532,487 | 2,916,286 | 13,886,024 |
| | Other comprehensive income: | | | | |
| | Item that will be reclassified to profit or loss | | | | |
| | Gain (loss) on changes in value of | | | | |
| | available-for-sale investments, net from tax expenses | 27 | (5,357) | 27 | (5,357) |
| | Item that will not be reclassified to profit or loss | | | | |
| | Actuarial gain (loss) arising from past-employment benefit, | | | | |
| | net from tax expense | (10,809,458) | 6,230,149 | (10,809,458) | 6,488,289 |
| | Other comprehensive income (loss) for the year | (10,809,431) | 6,224,792 | (10,809,431) | 6,482,932 |
| | Total comprehensive income (loss) for the year | 11,455,850 | 26,757,279 | (7,893,145) | 20,368,956 |
| | Total comprehensive income (loss) attributable to | | | | |
| | Equity holders of the parent | 1,182,989 | 19,561,565 | (7,893,145) | 20,368,956 |
| | Non-controlling interests of subsidiaries | 10,272,861 | 7,195,714 | - | - |
| | | 11,455,850 | 26,757,279 | (7,893,145) | 20,368,956 |

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

| | | Baht | | | | | | | | | | |
|--|-------|--------------------------------------|---------------|-------------------------------|------------|----------------|---|----------------------------------|--|---|--|----------------------------|
| | | Consolidated financial statements | | | | | | | | | | |
| | | Total shareholders' equity of parent | | | | | | | | | | |
| | Notes | Issued and paid-up share capital | Share premium | Other components of equity | | | | | | | Equity attributable to non-controlling interests of the subsidiaries | Total shareholders' equity |
| | | | | Retained earnings | | | Other comprehensive income | | Total other components of shareholders' equity | Total equity attributable to shareholders of the parent | | |
| | | | | Appropriated to legal reserve | | | Surplus on changes in value of available-for-sale investments | Surplus on revaluation of assets | | | | |
| | | | | Company | Subsidiary | Unappropriated | | | | | | |
| Balance as at January 1, 2018 - before adjust | | 391,944,418 | 149,420,558 | 39,194,453 | 631,994 | 145,234,144 | 5,357 | 428,867,985 | 428,873,342 | 1,155,298,909 | 88,492,609 | 1,243,791,518 |
| Cumulative effect of change in accounting policy for income | 4 | - | - | - | - | (14,812,609) | - | - | - | (14,812,609) | (15,435,724) | (30,248,333) |
| Balance as at January 1, 2018 - as restated | | 391,944,418 | 149,420,558 | 39,194,453 | 631,994 | 130,421,535 | 5,357 | 428,867,985 | 428,873,342 | 1,140,486,300 | 73,056,885 | 1,213,543,185 |
| Profit for the year | | - | - | - | - | 13,205,044 | - | - | - | 13,205,044 | 7,327,443 | 20,532,487 |
| Other comprehensive income (loss) for the year | | - | - | - | - | 6,361,878 | (5,357) | - | (5,357) | 6,356,521 | (131,729) | 6,224,792 |
| Total comprehensive income (loss) for the year | | - | - | - | - | 19,566,922 | (5,357) | - | (5,357) | 19,561,565 | 7,195,714 | 26,757,279 |
| Subsidiary paid dividend to non-controlling interest of subsidiary | | - | - | - | - | - | - | - | - | - | (7,783,501) | (7,783,501) |
| Transferred surplus on revaluation of assets to retained earnings | | - | - | - | - | 46,842,343 | - | (46,842,343) | (46,842,343) | - | - | - |
| Balance as at December 31, 2018 | | 391,944,418 | 149,420,558 | 39,194,453 | 631,994 | 196,830,800 | - | 382,025,642 | 382,025,642 | 1,160,047,865 | 72,469,098 | 1,232,516,963 |
| Profit for the year | | - | - | - | - | 11,992,420 | - | - | - | 11,992,420 | 10,272,861 | 22,265,281 |
| Other comprehensive income for the year | | - | - | - | - | (10,809,458) | 27 | - | 27 | (10,809,431) | - | (10,809,431) |
| Total comprehensive income for the year | | - | - | - | - | 1,182,962 | 27 | - | 27 | 1,182,989 | 10,272,861 | 11,455,850 |
| Transferred surplus on revaluation of assets to retained earnings | | - | - | - | - | 1,129,178 | - | (1,129,178) | (1,129,178) | - | - | - |
| Balance as at December 31, 2019 | | 391,944,418 | 149,420,558 | 39,194,453 | 631,994 | 199,142,940 | 27 | 380,896,464 | 380,896,491 | 1,161,230,854 | 82,741,959 | 1,243,972,813 |

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

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

Baht

| | Separate financial statements | | | | | | | |
|---|--|---------------|----------------------------------|----------------|---|--|---|----------------------------------|
| | Issued and paid-up share capital | Share premium | Retained earnings | | Other components of equity | | Total other components of shareholders' equity | Total shareholders' equity |
| | | | Appropriated to legal reserve | Unappropriated | Surplus on changes in value of available-for-sale investments | Surplus on revaluation of assets | | |
| Balance as at January 1, 2018 | 391,944,418 | 149,420,558 | 39,194,453 | 111,524,454 | 5,357 | 417,458,614 | 417,463,971 | 1,109,547,854 |
| Profit for the year | - | - | - | 13,886,024 | - | - | - | 13,886,024 |
| Other comprehensive income (loss) for the year | - | - | - | 6,488,289 | (5,357) | - | (5,357) | 6,482,932 |
| Total comprehensive income (loss) for the year | - | - | - | 20,374,313 | (5,357) | - | (5,357) | 20,368,956 |
| Transferred surplus on revaluation of assets to retained earnings | - | - | - | 46,289,306 | - | (46,289,306) | (46,289,306) | - |
| Balance as at December 31, 2018 | 391,944,418 | 149,420,558 | 39,194,453 | 178,188,073 | - | 371,169,308 | 371,169,308 | 1,129,916,810 |
| Profit for the year | - | - | - | 2,916,286 | - | - | - | 2,916,286 |
| Other comprehensive income (loss) for the year | - | - | - | (10,809,458) | 27 | - | 27 | (10,809,431) |
| Total comprehensive income (loss) for the year | - | - | - | (7,893,172) | 27 | - | 27 | (7,893,145) |
| Transferred surplus on revaluation of assets to retained earnings | - | - | - | 569,813 | - | (569,813) | (569,813) | - |
| Balance as at December 31, 2019 | 391,944,418 | 149,420,558 | 39,194,453 | 170,864,714 | 27 | 370,599,495 | 370,599,522 | 1,122,023,665 |

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Baht | | | |
|---|-----------------------------------|--------------------|-------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 (Restated) | 2019 | 2018 |
| Cash flows from operating activities | | | | |
| Profit before income tax revenue (expenses) | 23,628,835 | 18,664,271 | 4,279,172 | 12,351,028 |
| Adjustments to reconcile profit before income tax revenue (expenses) to net cash provided by (use in) operating activities: | | | | |
| Gain on disposal of temporary investments | (499,004) | (845,344) | (499,004) | (845,344) |
| Share of gain from associated companies | (26,920) | (1,006,772) | - | - |
| Loss from impairment of investment in associated companies | - | 580,000 | - | - |
| Allowance for doubtful accounts and estimated goods return (reversal) | (3,004,469) | (119,834) | (3,003,804) | (562,939) |
| Adjustments from reconcile account receivable | (43,581) | (626,401) | (43,581) | (626,401) |
| Expense from loss of inventories | 5,977,539 | 7,948,912 | 5,977,539 | 7,948,912 |
| Allowance for loss of inventories, dilapidated and slow moving (reversal) | (22,462,865) | (25,326,949) | (22,456,029) | (25,326,949) |
| Expense for donation of goods and equipment | 11,930,655 | 6,568,193 | 11,930,655 | 6,568,193 |
| Expense from donate property | 234,555 | - | 234,555 | - |
| Loss on destroy inventories | 24,169,410 | 7,699,350 | 24,169,410 | 7,699,350 |
| Depreciation and amortization | 88,841,366 | 100,264,918 | 71,815,063 | 84,040,281 |
| Allowance for impairment of assets (reversal) | (1,251,830) | (322,720) | (1,251,830) | (322,720) |
| Loss on sales and written-off equipment | 7,551,149 | 5,181,158 | 6,823,790 | 4,511,909 |
| Gain on sale of land | - | (9,567,949) | - | (9,567,949) |
| Loss from impairment of investment in a subsidiary (reversal) | - | - | (187,510) | - |
| Loss from dissolution of a subsidiary company | - | - | 217,543 | - |
| Amortized leasehold rights on land and buildings | 10,008,879 | 11,031,752 | 9,723,620 | 10,746,494 |
| Adjustment from clearing long outstanding payable | (5,310,181) | (2,749,684) | (5,310,181) | (2,749,684) |
| Long-term employee benefits expenses | 7,154,194 | 3,416,610 | 6,505,687 | 2,661,125 |
| Past service costs | 10,753,924 | - | 9,674,086 | - |
| Interest income | (1,108,257) | (1,240,848) | (806,982) | (949,660) |
| Interest expenses | 12,170,312 | 14,865,816 | 9,254,618 | 11,869,495 |
| Dividend received | - | - | (1,000,000) | (8,470,000) |

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Baht | | | |
|---|-----------------------------------|--------------------|-------------------------------|-------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 (Restated) | 2019 | 2018 |
| Profit from operating activities before changes in operating assets and liabilities | 168,713,711 | 134,414,479 | 126,046,817 | 98,975,141 |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | 8,209,980 | 16,821,936 | 6,293,457 | 16,925,387 |
| Inventories | (12,117,863) | (7,576,629) | (15,495,698) | (8,825,748) |
| Prepaid expense | (355,813) | 1,043,593 | (591,577) | 516,366 |
| Other current assets | 2,392,943 | (3,524,224) | 2,353,763 | (3,718,395) |
| Prepaid book copyright and translation fee | (3,419,207) | (1,908,129) | (3,419,207) | (1,908,129) |
| Rental guarantee and deposit | 7,873,987 | 8,656,825 | 7,873,987 | 8,656,825 |
| Other non-current assets | 465,326 | 164,441 | 353,993 | 342,176 |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | (137,662,944) | (85,879,268) | (134,703,772) | (91,451,083) |
| Deferred unearned income | 1,288,394 | (75,244) | - | - |
| Other current liabilities | 3,776,608 | 3,871,244 | 7,020,352 | 7,633,681 |
| Other non-current liabilities | 811,001 | 711,000 | (588,560) | (345,000) |
| Cash received (paid) from in operating activities | 39,976,123 | 66,720,024 | (4,856,445) | 26,801,221 |
| Cash paid for long-term employee benefit | (7,088,729) | (6,838,430) | (6,957,267) | (6,838,430) |
| Cash received for income tax | - | 6,983,233 | - | 6,859,171 |
| Cash paid for interest expenses | (12,206,650) | (14,908,928) | (9,290,956) | (11,912,607) |
| Cash paid for income tax | (8,058,804) | (6,887,947) | (7,983,975) | (6,705,666) |
| Net cash provided by (used in) operating activities | 12,621,940 | 45,067,952 | (29,088,643) | 8,203,689 |
| Cash flows from investing activities: | | | | |
| (Increase) decrease in current investments | (5,600,996) | 19,721,722 | 399,004 | 19,721,722 |
| Cash received from loans from subsidiary companies | - | - | 1,800,000 | - |
| Cash received from dissolution of subsidiaries | - | - | 782,386 | - |
| (Increase) decrease in restricted bank deposits and other investments | 480,540 | (19,460) | 480,540 | (19,460) |
| Cash paid for purchase of property, plant and equipment | (42,113,375) | (41,040,394) | (17,578,846) | (31,598,204) |

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Baht | | | |
|--|-----------------------------------|---------------------|-------------------------------|---------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| | | (Restated) | | |
| Cash paid for purchase of intangible assets | (52,473) | - | (52,473) | - |
| Cash received from sale of equipment | 2,158,357 | 1,921,832 | 1,354,580 | 1,891,892 |
| Cash received from sale of land | - | 44,000,000 | - | 44,000,000 |
| Dividend received | 1,000,000 | 1,000,000 | 1,000,000 | 8,470,000 |
| Interest income | 1,108,257 | 1,240,848 | 839,648 | 949,660 |
| Net cash flows provided by (used in) investing activities | (43,019,690) | 26,824,548 | (10,975,161) | 43,415,610 |
| <u>Cash flows from financing activities</u> | | | | |
| Increase in bank overdrafts | 23,032,754 | - | 23,032,754 | - |
| Cash received from short-term loans | - | 300,000 | - | - |
| Cash paid for short-term loans | - | (300,000) | - | - |
| Cash received from short-term loans from financial institution | 210,000,000 | 30,000,000 | 210,000,000 | 30,000,000 |
| Cash paid for short-term loans from financial institution | (170,000,000) | (30,000,000) | (170,000,000) | (30,000,000) |
| Cash paid for long-term loans | (60,608,000) | (70,508,000) | (60,408,000) | (60,408,000) |
| Dividend paid | - | (7,782,795) | - | - |
| Net cash flows provided by (used in) financing activities | 2,424,754 | (78,290,795) | 2,624,754 | (60,408,000) |
| Net decrease in cash and cash equivalents | (27,972,996) | (6,398,295) | (37,439,050) | (8,788,701) |
| Cash and cash equivalents at beginning of year | 139,466,326 | 145,864,621 | 85,531,195 | 94,319,896 |
| Cash and cash equivalents at end of year | 111,493,330 | 139,466,326 | 48,092,145 | 85,531,195 |
| Supplemental cash flows information | | | | |
| <u>Non-cash transactions</u> | | | | |
| Recognized (gain) loss in revaluation surplus on changes in value of | | | | |
| available-for-sale investments | (34) | 6,697 | (34) | 6,697 |
| Decrease in purchase fixed assets payables | (802,774) | (2,376,403) | (1,393,275) | (2,181,186) |
| Actuarial (gain) loss | - | 7,852,221 | - | 8,110,361 |
| Decrease in deposit received from sale of land | - | (16,000,000) | - | (16,000,000) |

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

SE-EDUCATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. GENERAL INFORMATION

1.1 Address and legal status

Se-Education Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company listed on the Stock Exchange of Thailand on 29 April 1993.

The address of its registered office is as follows:

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

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

1.2 Nature of the Company’s business and shareholder

The Group operate their businesses in Thailand and are authorised to engage in the following:

1. Operate bookstores which consist of SE-ED Book Center and network stores and various university bookstores in Bangkok and other provinces as well as the network and sales area in various forms.

2. Distribute books for both published by SE-ED and other publishers to bookstores all over the country and to other sales channels.

3. Publish books as well as academic and educational journals and provide services for display advertisements to be published in the Company's monthly magazine.

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

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

2. BASIS FOR PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with Thai Financial Reporting Standards.

The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re: the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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 such financial statements in Thai version.

2.2 Basis of consolidated interim financial statements preparation

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

| Subsidiary companies' name | Nature of business | Country of incorporation | Shareholding percentage | |
|----------------------------|---|--------------------------|-------------------------|-------|
| | | | 2019 | 2018 |
| SE-ED Book Center Co.,Ltd. | Operate bookstores (Completion of liquidation on June 20, 2019) | Thailand | - | 99.99 |
| BaesLab Co., Ltd. | Operates in consulting, provision and distribution of software and hardware business. | Thailand | 60.00 | 60.00 |
| Pleam Patt Co.,Ltd. | Private school | Thailand | 48.97 | 48.97 |

2.2.2 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.

2.2.3 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.

2.2.4 The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

2.2.5 Material balances and transactions between the Group companies have been eliminated from the consolidated financial statements.

2.2.6 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.

2.4 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

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

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

2.5 Financial reporting standards that will become effective in the future

During the year, the Federation of Accounting Professions issued a number of the revised and new financial reporting standards, interpretations and the accounting guidance, which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. Except, the new standard involves changes to key principles, as summarized below.

Financial reporting standards related to financial instruments:

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

Financial Reporting Standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

TFRS 16 Leases

These TFRSs supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value. Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues recognition

- 3.1.1 Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts 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
- 3.1.2 Advertising service revenue is recognized when services have been rendered taking into account the stage of completion.
- 3.1.3 Service income is recognized when services have been rendered taking into account the stage of completion.
- 3.1.4 The original entrance fee income is recognized as total amount of income when the student rights have incurred and from January 1, 2019, the Company has recognized the entrance fee for the period of rights specified by the students' status.
- 3.1.5 Education supporting fees are recognized as income of the school term to which they relate.
- 3.1.6 Interest income is recognized on an accrual basis based on the effective interest rate.
- 3.1.7 Dividends are recognized when the right to receive the dividends is established.

3.2 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.

3.3 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

3.4 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 based on percentage of sales of each branch. The reversal of such allowance incurred when the inventory taking and inventories lost actually at the branch.

3.5 Investments

3.5.1 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.

3.5.2 Investments in debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity

3.5.3 Investment in associate are accounted for in the consolidated financial statements using the equity method.

3.5.4 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.

3.6 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 years to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Equipment 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:

| | <u>Useful lives</u> |
|---------------------------------------|---------------------|
| 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.

3.7 Intangible assets

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

Intangible assets with finite lives are amortized on a systematic basis over the economic useful line and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense are included in determining income.

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 |

3.8 Leasehold rights on land and buildings and 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.

3.9 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.

3.10 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.

3.11 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.

3.12 Impairment of assets

At the end of each reporting period, the Group performs 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 Group estimates 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.

3.13 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 (Defined contribution plans)

The Group 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.

Post-employment benefits (Defined benefit plans)

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Group 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 defined benefit plans are recognised immediately in other comprehensive income. are recognised immediately in other comprehensive income and other long-term benefits are recognised immediately in profit and loss.

3.14 Provisions

Provisions are recognized when the Group 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.

3.15 Income tax

Income tax expenses 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 Group 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 Group reviews and reduces 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

3.16 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 Group 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 Group 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 Group determines 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.

3.17 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 is 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 Group 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 14.

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

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 increases rate and staff turnover rate.

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

As described in Note 2.4 to the financial statements, during the year, the subsidiary has adopted TFRS 15 using the modified retrospective method of adoption. The subsidiary has used this accounting policy in this current year and restated the prior year's financial statements, presented for comparative purposes, as though the subsidiary had initially recognized such effects. The change in accounting policies has been affected as follows:

| | Baht | |
|-----------------------------|-----------------------------------|--------------------------|
| | Consolidated financial statements | |
| | As at December 31, 2018 | As at January 1, 2018 |
| Impact on retained earnings | | |
| Entrance fees income | (33,127,333) | (30,248,333) |

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

| | Baht | | | | | |
|---|-----------------------------------|---------------------|-------------------------------|------------------------|---------------------|--------------------|
| | Consolidated financial statements | | | | | |
| | 2019 | | | 2018 | | |
| Previous accounting policy | Increase (decrease) | TFRS 15 | Previous accounting policy | Increase (decrease) | TFRS 15 | |
| Statements of financial position | | | | | | |
| Liabilities | | | | | | |
| Income received in advance recognizable | | | | | | |
| within one year | 53,205,893 | 6,171,666 | 59,377,559 | 57,248,222 | 6,755,000 | 64,003,222 |
| Income received in advance | 21,383,914 | 20,200,667 | 41,584,581 | 9,298,191 | 26,372,333 | 35,670,524 |
| Shareholders' equity | | | | | | |
| Retained earnings | | | | | | |
| - Company | 212,057,471 | (12,914,531) | 199,142,940 | 213,053,255 | (16,222,455) | 196,830,800 |
| - Non-controlling interests of subsidiaries | 96,199,761 | (13,457,802) | 82,741,959 | 89,373,976 | (16,904,878) | 72,469,098 |
| | <u>308,257,232</u> | <u>(26,372,333)</u> | <u>281,884,899</u> | <u>302,427,231</u> | <u>(33,127,333)</u> | <u>269,299,898</u> |

The amounts of adjustments effecting the transactions in the statements of income and the statements of comprehensive income for the years ended December 31, 2019 and 2018 are as follow:

| | Baht | | | | | |
|--|-----------------------------------|------------------|-------------------------------|------------------------|--------------------|----------------------|
| | Consolidated financial statements | | | | | |
| | 2019 | | | 2018 | | |
| Previous accounting policy | Increase (decrease) | IFRS 15 | Previous accounting policy | Increase (decrease) | IFRS 15 | |
| Statement of income | | | | | | |
| Tuition fees income | 191,623,893 | 6,755,000 | 198,378,893 | 187,166,434 | (2,879,000) | 184,287,434 |
| Total revenues | 3,021,048,171 | 6,755,000 | 3,027,803,171 | 3,382,048,524 | (2,879,000) | 3,379,169,524 |
| Profit before share of gain from investments in | | | | | | |
| associates and income tax revenue (expenses) | 16,846,915 | 6,755,000 | 23,601,915 | 20,536,499 | (2,879,000) | 17,657,499 |
| Profit before income tax revenue (expenses) | 16,873,835 | 6,755,000 | 23,628,835 | 21,543,271 | (2,879,000) | 18,664,271 |
| Profit for the year | 15,510,281 | 6,755,000 | 22,265,281 | 23,411,487 | (2,879,000) | 20,532,487 |
| Profit attributable to | | | | | | |
| Equity holders of the parent | 8,684,496 | 3,307,924 | 11,992,420 | 14,614,890 | (1,409,846) | 13,205,044 |
| Non-controlling interests of the subsidiaries | 6,825,785 | 3,447,076 | 10,272,861 | 8,796,597 | (1,469,154) | 7,327,443 |
| | 15,510,281 | 6,755,000 | 22,265,281 | 23,411,487 | (2,879,000) | 20,532,487 |
| Basic earnings per share | | | | | | |
| Equity holders of the parent | 0.02 | 0.01 | 0.03 | 0.04 | (0.01) | 0.03 |
| Statement of comprehensive income | | | | | | |
| Total comprehensive income for the year | 4,700,850 | 6,755,000 | 11,455,850 | 29,636,279 | (2,879,000) | 26,757,279 |
| Total comprehensive income attributable to | | | | | | |
| Equity holders of the parent | (2,124,935) | 3,307,924 | 1,182,989 | 20,971,411 | (1,409,846) | 19,561,565 |
| Non-controlling interests of subsidiaries | 6,825,785 | 3,447,076 | 10,272,861 | 8,664,868 | (1,469,154) | 7,195,714 |
| | 4,700,850 | 6,755,000 | 11,455,850 | 29,636,279 | (2,879,000) | 26,757,279 |

5. TRANSACTIONS WITH RELATED PARTIES

The Company had significant business transactions with related parties. These parties are directly or indirectly related through common shareholding and/or directorship. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiaries and those related parties.

The related companies include the following:

| Company | Relationship |
|----------------------------|---|
| SE-ED Book Center Co.,Ltd. | Subsidiary company by direct shareholders (Completion of liquidation on June 20, 2019) |
| Plearn Patt Co.,Ltd. | Subsidiary company by direct shareholders |
| BaesLab Co., Ltd. | Subsidiary company by direct shareholders |
| M AND E Co., Ltd. | Associated company by direct shareholders |

The significant transactions with related parties for the years ended December 31, 2019 and 2018, can be summarized as follows:

| | | Baht | | | |
|---|---------------------------|----------------------|-----------|----------------------|-----------|
| | | Consolidated | | Separate | |
| | | financial statements | | financial statements | |
| Transfer Pricing Policy | | 2019 | 2018 | 2019 | 2018 |
| <u>Transactions in the statements of income</u> | | | | | |
| <u>Subsidiary companies</u> | | | | | |
| Sales of goods | Market price | - | - | 141,933 | 608,976 |
| Service expenses | Mutually agreed agreement | - | - | 117,196 | 422,784 |
| Interest income | MOR per annum | - | - | 86,282 | 129,600 |
| Service revenue | Mutually agreed agreement | - | - | 76,682 | 224,299 |
| Dividend income | As declared | - | - | - | 7,470,000 |
| <u>Transactions in associate company</u> | | | | | |
| Dividend income | As declared | - | - | 1,000,000 | 1,000,000 |
| <u>Related companies</u> | | | | | |
| Service revenue | Mutually agreed agreement | 4,260,950 | 201,869 | 4,260,950 | 201,869 |
| Purchases of goods | Market price | 3,056,024 | 484,753 | 3,056,024 | 484,753 |
| <u>Shareholder and directors of subsidiary companies</u> | | | | | |
| Lease land | Mutually agreed agreement | 1,116,555 | 1,015,050 | - | - |
| Amortised leasehold rights on land | Mutually agreed agreement | 285,259 | 285,258 | - | - |
| Interest expenses | 5% - 6% per annum | 60,000 | 60,000 | - | - |

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

| | | Baht | | | |
|--|--|----------------------|-----------|----------------------|-----------|
| | | Consolidated | | Separate | |
| | | financial statements | | financial statements | |
| | | 2019 | 2018 | 2019 | 2018 |
| <u>Outstanding balances at the statements of financial position</u> | | | | | |
| <u>Subsidiary companies</u> | | | | | |
| Trade and other receivables | | - | - | 14,925 | 25,846 |
| Short-term loans | | - | - | - | 1,800,000 |
| Interest receivable | | - | - | - | 32,666 |
| Prepaid expenses | | - | - | - | 436,257 |
| <u>Related companies</u> | | | | | |
| Trade and other receivables | | 1,495,068 | 3,353,197 | 1,495,068 | 3,353,197 |
| Trade payable | | 1,137,794 | 1,508,183 | 1,137,794 | 1,508,183 |
| <u>Shareholder and directors of subsidiary companies</u> | | | | | |
| Leasehold rights on land | | 5,524,264 | 5,809,523 | - | - |

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

Directors and management's benefits

For the years ended December 31, 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

| | Baht | | | |
|------------------------------|-----------------------------------|-------------------|-------------------------------|-------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Short-term employee benefits | 22,982,402 | 18,703,382 | 19,737,210 | 15,846,113 |
| Post-employment benefits | 2,332,510 | 231,676 | 2,166,378 | 85,386 |
| Total | <u>25,314,912</u> | <u>18,935,058</u> | <u>21,903,588</u> | <u>15,931,499</u> |

6. CASH AND CASH EQUIVALENTS

This account consisted of:

| | Baht | | | |
|----------------------------------|-----------------------------------|--------------------|-------------------------------|-------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Cash | 16,302,807 | 18,179,870 | 16,132,211 | 18,007,367 |
| Bank deposits - current accounts | 5,017,520 | 13,856,298 | 4,876,810 | 12,131,789 |
| Bank deposits - saving accounts | 90,173,003 | 107,430,158 | 27,083,124 | 55,392,039 |
| Total | <u>111,493,330</u> | <u>139,466,326</u> | <u>48,092,145</u> | <u>85,531,195</u> |

7. CURRENT INVESTMENTS

This account consisted of:

| | Baht | | | |
|---|-----------------------------------|----------|-------------------------------|----------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Investment in available-for-sale securities in unit trust - at cost | 100,000 | - | 100,000 | - |
| <u>Add</u> : Unrealized gain on changes in the value of investments | 34 | - | 34 | - |
| Investment in available-for-sale securities - at fair value | 100,034 | - | 100,034 | - |
| Fixed deposits - 7 Months | 6,000,000 | - | - | - |
| Current investments | <u>6,100,034</u> | <u>-</u> | <u>100,034</u> | <u>-</u> |

8. TRADE AND OTHER RECEIVABLES

This account consisted of:

| | Baht | | | |
|--|-----------------------------------|-------------|-------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| <u>Trade receivables - Related parties</u> | | | | |
| Classified by aging | | | | |
| Not yet due | 1,495,068 | 3,352,859 | 1,509,993 | 3,378,706 |
| Total | 1,495,068 | 3,352,859 | 1,509,993 | 3,378,706 |
| <u>Trade receivables - Other companies</u> | | | | |
| Classified by aging | | | | |
| Not yet due | 35,893,833 | 34,867,399 | 35,893,833 | 34,867,399 |
| 0 - 6 months | 18,451,668 | 24,526,288 | 16,505,498 | 20,439,867 |
| 6 - 12 months | 3,754,317 | 2,704,842 | 2,802,632 | 1,738,143 |
| Over 12 months | 3,462,611 | 4,784,850 | 2,170,816 | 3,510,504 |
| Total | 61,562,429 | 66,883,379 | 57,372,779 | 60,555,913 |
| <u>Less</u> Allowance for doubtful debts | (6,149,513) | (8,024,787) | (4,405,426) | (6,280,035) |
| Allowance for goods return | (2,760,638) | (3,889,833) | (2,760,638) | (3,889,833) |
| Total | 52,652,278 | 54,968,759 | 50,206,715 | 50,386,045 |
| Total trade receivable | 54,147,346 | 58,321,618 | 51,716,708 | 53,764,751 |
| <u>Other receivables</u> | | | | |
| Advances | 535,952 | 752,817 | 508,965 | 710,080 |
| Others | 3,105,590 | 3,876,383 | 2,473,239 | 3,470,153 |
| Total other receivables | 3,641,542 | 4,629,200 | 2,982,204 | 4,180,233 |
| Total trade and other receivables - net | 57,788,888 | 62,950,818 | 54,698,912 | 57,944,984 |

The movements in transactions of allowance for doubtful accounts and allowance for goods return for the year ended December 31, 2019, as follows:

| | Baht | | | |
|--|-----------------------------------|----------------------------|-------------------------------|----------------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | Allowance for doubtful debts | Allowance for goods return | Allowance for doubtful debts | Allowance for goods return |
| Beginning balance | 8,024,787 | 3,889,833 | 6,280,035 | 3,889,833 |
| <u>Add</u> Allowance doubtful debts and goods return during the year | 506,220 | - | - | - |
| <u>Less</u> Allowance doubtful debts and goods return reversed during the year | (2,381,494) | (1,129,195) | (1,874,609) | (1,129,195) |
| Ending balance | 6,149,513 | 2,760,638 | 4,405,426 | 2,760,638 |

9. INVENTORIES

This account consisted of:

| | Baht | | | |
|---|-----------------------------------|---------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Raw material | 1,073,796 | 1,217,152 | 1,073,796 | 1,217,152 |
| Work in process | 7,195,136 | 10,167,249 | 7,043,776 | 8,470,057 |
| Finished goods | 487,878,038 | 514,722,310 | 486,643,812 | 511,656,081 |
| Total | 496,146,970 | 526,106,711 | 494,761,384 | 521,343,290 |
| <u>Less</u> Allowance for loss of inventories | (2,766,575) | (4,952,841) | (2,766,575) | (4,952,841) |
| Allowance for dilapidated and slow moving | (165,788,435) | (186,065,034) | (165,688,850) | (185,958,613) |
| Inventories - net | 327,591,960 | 335,088,836 | 326,305,959 | 330,431,836 |

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

| | Baht | | | |
|-------------------|-----------------------------------|--------------|-------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Beginning balance | 191,017,875 | 216,344,823 | 190,911,454 | 216,238,403 |
| Increase | 8,791,589 | 2,306,187 | 8,791,590 | 1,071,680 |
| Decrease | (31,254,454) | (27,633,135) | (31,247,619) | (26,398,629) |
| Ending balance | 168,555,010 | 191,017,875 | 168,455,425 | 190,911,454 |

10. OTHER CURRENT ASSETS

This account consisted of:

| | Baht | | | |
|----------------------|-----------------------------------|------------|-------------------------------|------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Supplies | 18,616,162 | 20,392,222 | 17,895,191 | 19,640,421 |
| Prepaid expenses | 14,056,602 | 13,700,789 | 12,448,651 | 11,857,074 |
| Other current assets | 27,515,845 | 20,244,961 | 27,393,468 | 20,050,697 |
| Total | 60,188,609 | 54,337,972 | 57,737,310 | 51,548,192 |

11. RESTRICTED BANK DEPOSITS AND OTHER INVESTMENTS

This account consisted of:

| | Baht | |
|--|--|------------|
| | Consolidated/Separate financial statements | |
| | 2019 | 2018 |
| Fixed deposits with 12 months maturity | 8,000,000 | 8,000,000 |
| Saving bonds with 7 years maturity | 4,932,664 | 5,413,204 |
| Total | 12,932,664 | 13,413,204 |

As at December 31, 2019 and 2018, the fixed deposits with 12 months maturity, with the bearing of 1.85 % and 0.80% - 1.85%, respectively and savings bonds with 7 years maturity, face value Baht 5.50 million and in the amount of Baht 5.00 million, respectively, with the bearing of 3.625% and 3.625%, respectively, has been used to guarantee electricity use, rental of space and dealers (Note 32.2 to financial statements).

12. INVESTMENTS IN AN ASSOCIATE

12.1 This account consisted of:

| | | Baht | | | | | | | | |
|-------------------|---|-----------------------------------|------------------|------------|---|-------------------------------|------------------------|------------|----------------|---------|
| | | Consolidated financial statements | | | | Separate financial statements | | | | |
| Company's name | Nature of business | Shareholding percentage (%) | At equity method | | Allowance for impairment of investments | | At equity method - Net | | At cost method | |
| | | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| M AND E Co., Ltd. | Painting office production of technical | 25 | 24,365,699 | 25,918,779 | - | (580,000) | 24,365,699 | 25,338,779 | 100,000 | 100,000 |
| Total | magazines and engineering manuals | | 24,365,699 | 25,918,779 | - | (580,000) | 24,365,699 | 25,338,779 | 100,000 | 100,000 |

12.2 Share of comprehensive income and dividend received

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

| | | Baht | | | |
|-------------------|--|-----------------------------------|-----------|-------------------------------|--|
| | | Consolidated financial statements | | Separate financial statements | |
| Company's name | Share of gain from investment in associate | Dividend received | | | |
| | 2019 | 2018 | 2019 | 2018 | |
| M and E Co., Ltd. | 26,920 | 1,006,772 | 1,000,000 | 1,000,000 | |
| | 26,920 | 1,006,772 | 1,000,000 | 1,000,000 | |

12.3 Summarized financial information of associate

Financial information of the associated company is summarized below.

| | | Baht | | | | | | | | | |
|-------------------|--|-----------------|---------|--------------|-------------|-------------------|---------|----------------|-----------|---------------------------|-----------|
| | | Paid-up capital | | Total assets | | Total liabilities | | Total revenues | | Profit for the year ended | |
| Company's name | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| M and E Co., Ltd. | | 400,000 | 400,000 | 88,912,373 | 100,553,175 | 1,035,232 | 949,812 | 735,054 | 7,178,773 | 107,680 | 4,027,087 |

13. INVESTMENTS IN SUBSIDIARIES

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

| | | Baht | | | | | | | | | | | |
|----------------------------|--|-----------------|-----------------|-------------------------|-------|------------|------------|---|--------------|---|------------|-----------------------------------|-----------|
| | | Paid-up capita | | Shareholding percentage | | Cost | | Allowance for impairment of investments | | Carrying amounts based on cost method - net | | Dividend received during the year | |
| Company's name | | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | | (Thousand Baht) | (Thousand Baht) | (%) | (%) | | | | | | | | |
| SE-ED Book Center Co.,Ltd. | | - | 1,000 | - | 99.99 | - | 1,000,000 | - | (187,580) | - | 812,420 | - | - |
| BaesLab Co., Ltd. | | 250 | 250 | 60.00 | 60.00 | 150,000 | 150,000 | - | - | 150,000 | 150,000 | - | - |
| Pleam Patt Co.,Ltd. | | 151,850 | 151,850 | 48.97 | 48.97 | 83,000,000 | 83,000,000 | (13,667,909) | (13,667,909) | 69,332,091 | 69,332,091 | - | 7,470,000 |
| Total | | | | | | 83,150,000 | 84,150,000 | (13,667,909) | (13,855,489) | 69,482,091 | 70,294,511 | - | 7,470,000 |

SE-ED Book Center Co.,Ltd.

According to the Extraordinary Shareholders' Meeting No. 1/2018 dated December 7, 2018, SE-ED Book Center Co.,Ltd. had a special resolution to dissolve the company and the company had registered for the dissolution with Ministry of Commerce on December 21, 2018. The liquidation had been completed on June 20, 2019. And on July 31, 2019, such subsidiary had repaid the investment to the Company amounted Baht 0.78 million.

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

| Company's name | Proportion of equity interest held by non-controlling interests | | Baht | | | | | |
|-----------------------|---|-------|--|------------|---|-----------|--|-----------|
| | | | Accumulated balance of non-controlling interests | | Profit allocated to non-controlling interests during the year | | Dividend paid to non-controlling interests during the year | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | (%) | (%) | | | | | | |
| Plearn Patt Co., Ltd. | 51.03 | 51.03 | 82,741,962 | 72,469,098 | 10,209,833 | 8,654,661 | - | 7,470,000 |

13.3 Summarized financial information that based on amounts before inter-company elimination about Plearn Patt Co., Ltd. that have material non-controlling

| | Baht | |
|---|--------------|--------------------|
| | 2019 | 2018 (Restated) |
| Current assets | 75,700,678 | 60,802,186 |
| Non-current assets | 279,892,961 | 273,031,687 |
| Current liabilities | 84,609,298 | 82,313,545 |
| Non-current liabilities | 102,877,750 | 104,484,378 |
| Revenue | 212,243,278 | 196,834,602 |
| Profit | 20,849,159 | 14,794,393 |
| Other comprehensive income (loss) | 221,482 | (36,658) |
| Total comprehensive income | 21,070,641 | 14,757,735 |
| Cash flow from operating activities | 40,995,135 | 38,636,391 |
| Cash flow used in investing activities | (29,987,557) | (9,350,166) |
| Cash flow used in financing activities | (200,000) | (25,352,795) |
| Increase in cash and cash equivalents - net | 10,807,578 | 3,933,430 |

14. PROPERTY, PLANT AND EQUIPMENT

This account consisted of:

| | Baht | | | | | |
|--|-----------------------------------|-----------------------------|----------------------|-------------------|-----------------------------|----------------------|
| | Consolidated financial statements | | | | | |
| | Balance as at | Transaction during the year | | | | Balance as at |
| | December 31, 2018 | Additions | Deduction | Transfer In (out) | | December 31, 2019 |
| Cost | | | | | | |
| Land and land improvement | 478,320,312 | 313,200 | - | 373,800 | 479,007,312 | |
| Building and building improvement | 807,294,249 | 1,457,288 | (1,302,087) | 13,196,972 | 820,646,422 | |
| Building and building decorations | 439,708,135 | 984,873 | (46,547,915) | 3,757,875 | 397,902,968 | |
| Office equipment | 658,979,090 | 15,164,006 | (99,729,779) | 1,511,320 | 575,924,637 | |
| Motor Vehicles | 38,238,496 | 389,762 | (4,246,753) | 1,301,783 | 35,683,288 | |
| Construction in progress | 3,035,955 | 23,001,472 | - | (20,141,750) | 5,895,677 | |
| Total | <u>2,425,576,237</u> | <u>41,310,601</u> | <u>(151,826,534)</u> | <u>-</u> | <u>2,315,060,304</u> | |
| Less Accumulated depreciation | | | | | | |
| Land and land improvement | 24,157,109 | 2,731,804 | - | - | 26,888,913 | |
| Building and building improvement | 188,669,890 | 22,802,832 | (459,239) | - | 211,013,483 | |
| Building and building decorations | 369,636,964 | 22,289,770 | (43,251,639) | - | 348,675,095 | |
| Office equipment | 527,444,471 | 37,063,902 | (94,092,799) | - | 470,415,574 | |
| Motor Vehicles | 34,340,736 | 1,086,692 | (4,078,797) | - | 31,348,631 | |
| Total | <u>1,144,249,170</u> | <u>85,975,000</u> | <u>(141,882,474)</u> | <u>-</u> | <u>1,088,341,696</u> | |
| Allowance for impairment | | | | | | |
| Building and building decorations | 2,166,821 | 57,328 | (1,309,158) | - | 914,991 | |
| Total | <u>2,166,821</u> | <u>57,328</u> | <u>(1,309,158)</u> | <u>-</u> | <u>914,991</u> | |
| Appraised value - net | | | | | | |
| Land and land improvement | 454,263,154 | - | - | - | 454,263,154 | |
| Building and building improvement | 43,478,591 | - | (2,140,091) | - | 41,338,500 | |
| Property, plant and equipment appraised value - net | <u>497,741,745</u> | <u>-</u> | <u>(2,140,091)</u> | <u>-</u> | <u>495,601,654</u> | |
| Property, plant and equipment - net | <u><u>1,776,901,991</u></u> | | | | <u><u>1,721,405,271</u></u> | |

| Baht | | | | | |
|--|-----------------------------|-----------------------------|---------------------|-------------------|-----------------------------|
| Consolidated financial statements | | | | | |
| | Balance as at | Transaction during the year | | | Balance as at |
| | December 31, 2017 | Additions | Deduction | Transfer In (out) | December 31, 2018 |
| <u>Cost</u> | | | | | |
| Land and land improvement | 472,727,608 | 1,499,429 | - | 4,093,275 | 478,320,312 |
| Building and building improvement | 807,399,330 | 309,462 | (414,543) | - | 807,294,249 |
| Building and building decorations | 470,815,422 | 3,561,159 | (41,968,462) | 7,300,016 | 439,708,135 |
| Office equipment | 684,697,762 | 22,257,405 | (48,675,936) | 699,859 | 658,979,090 |
| Motor Vehicles | 46,178,502 | - | (7,940,006) | - | 38,238,496 |
| Construction in progress | 4,571,066 | 10,558,039 | - | (12,093,150) | 3,035,955 |
| Total | <u>2,486,389,690</u> | <u>38,185,494</u> | <u>(98,998,947)</u> | <u>-</u> | <u>2,425,576,237</u> |
| <u>Less Accumulated depreciation</u> | | | | | |
| Land and land improvement | 21,508,792 | 2,648,317 | - | - | 24,157,109 |
| Building and building improvement | 166,433,353 | 22,377,641 | (141,104) | - | 188,669,890 |
| Building and building decorations | 378,622,697 | 29,552,538 | (38,538,271) | - | 369,636,964 |
| Office equipment | 533,105,282 | 41,374,140 | (47,034,951) | - | 527,444,471 |
| Motor Vehicles | 39,552,258 | 1,449,151 | (6,660,673) | - | 34,340,736 |
| Total | <u>1,139,222,382</u> | <u>97,401,787</u> | <u>(92,374,999)</u> | <u>-</u> | <u>1,144,249,170</u> |
| <u>Allowance for impairment</u> | | | | | |
| Building and building decorations | 2,489,041 | 1,882,422 | (2,204,642) | - | 2,166,821 |
| Total | <u>2,489,041</u> | <u>1,882,422</u> | <u>(2,204,642)</u> | <u>-</u> | <u>2,166,821</u> |
| <u>Appraised value - net</u> | | | | | |
| Land and land improvement | 454,263,154 | - | - | - | 454,263,154 |
| Building and building improvement | 45,620,642 | - | (2,142,051) | - | 43,478,591 |
| Property, plant and equipment appraised value - net | <u>499,883,796</u> | <u>-</u> | <u>(2,142,051)</u> | <u>-</u> | <u>497,741,745</u> |
| Property, plant and equipment - net | <u><u>1,844,562,063</u></u> | | | | <u><u>1,776,901,991</u></u> |

| | Baht | | | | |
|--------------------------------------|-------------------------------|-----------------------------|----------------------|-------------------|-----------------------------|
| | Separate financial statements | | | | |
| | Balance as at | Transaction during the year | | | Balance as at |
| | December | Additions | Deduction | Transfer In (out) | December |
| | 31, 2018 | | | | 31, 2019 |
| <u>Cost</u> | | | | | |
| Land and land improvement | 364,160,894 | - | - | - | 364,160,894 |
| Building and building improvement | 553,793,229 | - | - | - | 553,793,229 |
| Building and building decorations | 438,924,135 | 984,873 | (45,762,409) | 3,757,875 | 397,904,474 |
| Office equipment | 587,411,869 | 7,179,531 | (95,971,048) | - | 498,620,352 |
| Motor Vehicles | 35,547,231 | 389,762 | (3,252,588) | 1,301,783 | 33,986,188 |
| Construction in progress | - | 7,631,406 | - | (5,059,658) | 2,571,748 |
| Total | <u>1,979,837,358</u> | <u>16,185,572</u> | <u>(144,986,045)</u> | <u>-</u> | <u>1,851,036,885</u> |
| <u>Less Accumulated depreciation</u> | | | | | |
| Land and land improvement | 4,800,641 | 868,049 | - | - | 5,668,690 |
| Building and building improvement | 70,436,804 | 13,247,802 | - | - | 83,684,606 |
| Building and building decorations | 369,313,138 | 22,185,243 | (42,823,835) | - | 348,674,546 |
| Office equipment | 465,671,809 | 33,211,339 | (90,664,652) | - | 408,218,496 |
| Motor Vehicles | 32,067,328 | 857,343 | (3,084,633) | - | 29,840,038 |
| Total | <u>942,289,720</u> | <u>70,369,776</u> | <u>(136,573,120)</u> | <u>-</u> | <u>876,086,376</u> |
| <u>Allowance for impairment</u> | | | | | |
| Building and building decorations | 2,166,821 | 57,328 | (1,309,158) | - | 914,991 |
| Total | <u>2,166,821</u> | <u>57,328</u> | <u>(1,309,158)</u> | <u>-</u> | <u>914,991</u> |
| <u>Appraised value - net</u> | | | | | |
| Land and land improvement | 453,344,554 | - | - | - | 453,344,554 |
| Building and building improvement | 22,046,563 | - | (712,266) | - | 21,334,297 |
| Property, plant and equipment | | | | | |
| appraised value - net | <u>475,391,117</u> | <u>-</u> | <u>(712,266)</u> | <u>-</u> | <u>474,678,851</u> |
| Property, plant and equipment - net | <u><u>1,510,771,934</u></u> | | | | <u><u>1,448,714,369</u></u> |

| | Baht | | | | | |
|--------------------------------------|-------------------------------|-----------------------------|---------------------|-------------------|-----------------------------|----------------------|
| | Separate financial statements | | | | | |
| | Balance as at | Transaction during the year | | | | Balance as at |
| | December 31, 2017 | Additions | Deduction | Transfer In (out) | | December 31, 2018 |
| <u>Cost</u> | | | | | | |
| Land and land improvement | 364,160,894 | - | - | - | 364,160,894 | |
| Building and building improvement | 553,793,229 | - | - | - | 553,793,229 | |
| Building and building decorations | 470,051,916 | 3,540,665 | (41,968,462) | 7,300,016 | 438,924,135 | |
| Office equipment | 615,697,999 | 18,151,795 | (46,942,467) | 504,542 | 587,411,869 | |
| Motor Vehicles | 43,487,237 | - | (7,940,006) | - | 35,547,231 | |
| Construction in progress | 559,043 | 7,245,515 | - | (7,804,558) | - | |
| Total | <u>2,047,750,318</u> | <u>28,937,975</u> | <u>(96,850,935)</u> | <u>-</u> | <u>1,979,837,358</u> | |
| <u>Less Accumulated depreciation</u> | | | | | | |
| Land and land improvement | 3,932,592 | 868,049 | - | - | 4,800,641 | |
| Building and building improvement | 57,189,002 | 13,247,802 | - | - | 70,436,804 | |
| Building and building decorations | 378,453,872 | 29,397,537 | (38,538,271) | - | 369,313,138 | |
| Office equipment | 473,543,458 | 37,855,581 | (45,727,230) | - | 465,671,809 | |
| Motor Vehicles | 37,508,198 | 1,219,806 | (6,660,676) | - | 32,067,328 | |
| Total | <u>950,627,122</u> | <u>82,588,775</u> | <u>(90,926,177)</u> | <u>-</u> | <u>942,289,720</u> | |
| <u>Allowance for impairment</u> | | | | | | |
| Building and building decorations | 2,489,041 | 1,882,422 | (2,204,642) | - | 2,166,821 | |
| Total | <u>2,489,041</u> | <u>1,882,422</u> | <u>(2,204,642)</u> | <u>-</u> | <u>2,166,821</u> | |
| <u>Appraised value - net</u> | | | | | | |
| Land and land improvement | 453,344,554 | - | - | - | 453,344,554 | |
| Building and building improvement | 22,760,789 | - | (714,226) | - | 22,046,563 | |
| Property, plant and equipment | | | | | | |
| Appraised value - net | <u>476,105,343</u> | <u>-</u> | <u>(714,226)</u> | <u>-</u> | <u>475,391,117</u> | |
| Property, plant and equipment - net | <u><u>1,570,739,498</u></u> | | | | <u><u>1,510,771,934</u></u> | |

The Group arranged for an independent professional value to appraise the value of certain assets in 2017 on an asset-by-asset basis (Level 3).

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.

As at December 31, 2019 and 2018, certain building and equipment were fully depreciated but are still in use of the Group. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted Baht 574.68 million and Baht 748.40 million respectively, (Separate financial statements Baht 518.41 million and Baht 695.30 million, respectively).

The Company mortgaged the land and constructions thereon where the distribution centre is situated to secure against credit facilities granted by a commercial bank (Notes 18, 22 and 33 to the financial statements).

15. LEASEHOLD RIGHTS ON LAND

This account consisted of:

| | Baht | | | | |
|--------------------------------------|--|-----------------------------|-----------|------------------|---------------|
| | Consolidated/Separate financial statements | | | | |
| | Balance as at | Transaction during the year | | | Balance as at |
| | December | Additions | Deduction | | December |
| | 31, 2018 | | | 31, 2019 | |
| <u>Cost</u> | | | | | |
| Leasehold rights on land | 10,030,858 | - | - | 10,030,858 | |
| <u>Less</u> Accumulated amortization | 4,221,335 | 285,259 | - | 4,506,594 | |
| Leasehold rights on land - net | <u>5,809,523</u> | | | <u>5,524,264</u> | |

| | Baht | | | | |
|--------------------------------------|--|-----------------------------|-----------|------------------|---------------|
| | Consolidated/Separate financial statements | | | | |
| | Balance as at | Transaction during the year | | | Balance as at |
| | December | Additions | Deduction | | December |
| | 31, 2017 | | | 31, 2018 | |
| <u>Cost</u> | | | | | |
| Leasehold rights on land | 10,030,858 | - | - | 10,030,858 | |
| <u>Less</u> Accumulated amortization | 3,936,077 | 285,258 | - | 4,221,335 | |
| Leasehold rights on land - net | <u>6,094,781</u> | | | <u>5,809,523</u> | |

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

16. LEASEHOLD RIGHTS ON BUILDINGS

This account consisted of:

| | Baht | | | | |
|--------------------------------------|--|-----------------------------|-----------|-------------------|---------------|
| | Consolidated/Separate financial statements | | | | |
| | Balance as at | Transaction during the year | | | Balance as at |
| | December | Additions | Deduction | | December |
| | 31, 2018 | | | 31, 2019 | |
| <u>Cost</u> | | | | | |
| Leasehold rights on buildings | 214,870,600 | - | - | 214,870,600 | |
| <u>Less</u> Accumulated amortization | 174,828,519 | 9,723,620 | - | 184,552,139 | |
| Leasehold rights on buildings - net | <u>40,042,081</u> | | | <u>30,318,461</u> | |

| | Baht | | | | |
|--------------------------------------|--|-----------------------------|-----------|-------------------|---------------|
| | Consolidated/Separate financial statements | | | | |
| | Balance as at | Transaction during the year | | | Balance as at |
| | December | Additions | Deduction | | December |
| | 31, 2017 | | | 31, 2018 | |
| <u>Cost</u> | | | | | |
| Leasehold rights on buildings | 214,870,600 | - | - | 214,870,600 | |
| <u>Less</u> Accumulated amortization | 164,082,025 | 10,746,494 | - | 174,828,519 | |
| Leasehold rights on buildings - net | <u>50,788,575</u> | | | <u>40,042,081</u> | |

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

17. INTANGIBLE ASSETS

This account consisted of:

| | Baht | | | | |
|--------------------------------------|-----------------------------------|-----------------------------|-----------|------------------|---------------|
| | Consolidated financial statements | | | | |
| | Balance as at | Transaction during the year | | | Balance as at |
| | December | Additions | Deduction | | December |
| | 31, 2018 | | | 31, 2019 | |
| <u>Cost</u> | | | | | |
| Computer program | 48,606,624 | 52,473 | - | 48,659,097 | |
| <u>Less</u> Accumulated amortization | 44,989,640 | 726,275 | - | 45,715,915 | |
| Intangible assets - net | <u>3,616,984</u> | | | <u>2,943,182</u> | |

| | Baht | | | | |
|--------------------------------------|-----------------------------------|-----------------------------|-----------|------------------|---------------|
| | Consolidated financial statements | | | | |
| | Balance as at | Transaction during the year | | | Balance as at |
| | December | Additions | Deduction | | December |
| | 31, 2017 | | | 31, 2018 | |
| <u>Cost</u> | | | | | |
| Computer program | 48,178,624 | 428,000 | - | 48,606,624 | |
| <u>Less</u> Accumulated amortization | 44,268,563 | 721,077 | - | 44,989,640 | |
| Intangible assets - net | <u>3,910,061</u> | | | <u>3,616,984</u> | |

| | Baht | | | Balance as at December 31, 2019 |
|--------------------------------------|-------------------------------|-----------------------------|-----------|---------------------------------------|
| | Separate financial statements | | | |
| | Balance as at | Transaction during the year | | |
| | December 31, 2018 | Additions | Deduction | |
| <u>Cost</u> | | | | |
| Computer program | 48,213,192 | 52,473 | - | 48,265,665 |
| <u>Less</u> Accumulated amortization | 44,718,120 | 733,021 | - | 45,451,141 |
| Intangible assets - net | <u>3,495,072</u> | | | <u>2,814,524</u> |

| | Baht | | | Balance as at December 31, 2018 |
|--------------------------------------|-------------------------------|-----------------------------|-----------|---------------------------------------|
| | Separate financial statements | | | |
| | Balance as at | Transaction during the year | | |
| | December 31, 2017 | Additions | Deduction | |
| <u>Cost</u> | | | | |
| Computer program | 48,213,192 | - | - | 48,213,192 |
| <u>Less</u> Accumulated amortization | 43,981,390 | 736,730 | - | 44,718,120 |
| Intangible assets - net | <u>4,231,802</u> | | | <u>3,495,072</u> |

18. OVERDREFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2019, the Company had the overdrafts amounted Baht 23.03 million with carried MOR% per annum and the short-term loans are in the form of promissory notes in the amount of Baht 250.00 million not over 3 months in the amount of Baht 40.00 million with interest rate of 3% per annum and guaranteed by mortgaging the land with buildings (Note 33 to the financial statements).

19. TRADE AND OTHER PAYABLES

This account consisted of:

| | Baht | | | |
|---------------------------------------|-----------------------------------|--------------------|-------------------------------|--------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Trade payable - related parties | 1,137,794 | 1,508,183 | 1,137,794 | 1,508,183 |
| Trade payable - other companies | 594,559,079 | 703,433,609 | 593,935,758 | 702,428,336 |
| Accrued expenses | 66,101,878 | 86,100,114 | 54,567,349 | 72,005,277 |
| Other payables for purchase of assets | 2,196,330 | 2,999,104 | 1,426,351 | 2,819,626 |
| Notes payable | 3,077,511 | 6,030,063 | 3,077,511 | 6,013,151 |
| Other payables | 15,391,307 | 26,205,063 | 15,391,307 | 26,205,063 |
| Total | <u>682,463,899</u> | <u>826,276,136</u> | <u>669,536,070</u> | <u>810,979,636</u> |

20. INCOME RECEIVED IN ADVANCE

This account consisted of:

| | Baht | |
|---|-----------------------------------|---------------------|
| | Consolidated financial statements | |
| | 2019 | 2018 (Restated) |
| Income received in advance - not yet recognized | 100,962,140 | 99,673,746 |
| <u>Less</u> Income received in advance recognizable within one year | <u>(59,377,559)</u> | <u>(64,003,222)</u> |
| Net | <u>41,584,581</u> | <u>35,670,524</u> |

Movements of income received in advance for the years ended December 31, 2019 and 2018, as follows:

| | Baht | | |
|---|-----------------------------------|-----------------------------|----------------------|
| | Consolidated financial statements | | |
| | Initial entrance fee | Education supporting fee | Total |
| Balance as at January 1, 2018 - before adjust | 37,171,333 | 62,577,657 | 99,748,990 |
| <u>Add</u> Increase during the year | <u>9,162,000</u> | <u>176,398,826</u> | <u>185,560,826</u> |
| <u>Less</u> Income recognition during the year | <u>(7,084,500)</u> | <u>(177,182,934)</u> | <u>(184,267,434)</u> |
| <u>Less</u> Returned due to resignation of students | <u>(70,500)</u> | <u>(1,298,136)</u> | <u>(1,368,636)</u> |
| Balance as at December 31, 2018 | 39,178,333 | 60,495,413 | 99,673,746 |
| <u>Add</u> Increase during the year | <u>14,726,000</u> | <u>186,970,301</u> | <u>201,696,301</u> |
| <u>Less</u> Income recognition during the year | <u>(7,816,375)</u> | <u>(190,562,518)</u> | <u>(198,378,893)</u> |
| <u>Less</u> Returned due to resignation of students | <u>(187,000)</u> | <u>(1,842,014)</u> | <u>(2,029,014)</u> |
| Balance as at December 31, 2019 | <u>45,900,958</u> | <u>55,061,182</u> | <u>100,962,140</u> |

21. OTHER CURRENT LIABILITIES

This account consisted of:

| | Baht | | | |
|---------------------------------------|-----------------------------------|-------------------|-------------------------------|-------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Coupon and prepaid card payable | 19,849,706 | 15,315,568 | 19,849,706 | 15,315,568 |
| Accrued withholding tax | 1,592,519 | 3,349,353 | 1,425,793 | 1,603,499 |
| Unearned income | 3,175,014 | 4,134,137 | 2,174,517 | 1,540,768 |
| Advance received for purchasing books | 5,418,593 | 2,783,869 | 5,418,593 | 2,783,869 |
| Others | 2,983,615 | 3,659,912 | 2,247,217 | 2,851,770 |
| Total | <u>33,019,447</u> | <u>29,242,839</u> | <u>31,115,826</u> | <u>24,095,474</u> |

22. LONG-TERM LOANS

This account consisted of:

| Loans | Interest rate (%) | Repayment schedule | Baht | | | |
|---|-------------------|---|-----------------------------------|---------------------|-------------------------------|---------------------|
| | | | Consolidated financial statements | | Separate financial statements | |
| | | | 2019 | 2018 | 2019 | 2018 |
| 1 | THBFD 3M+3.85* | Monthly instalment as from July 31, 2014 with the last instalment in September 30, 2021 | 53,320,000 | 89,080,000 | 53,320,000 | 89,080,000 |
| 2 | MLR-1.5 | Monthly instalment as from November 30, 2014 with the last instalment in December 31, 2023 | 94,872,000 | 119,520,000 | 94,872,000 | 119,520,000 |
| 3 | 6.00 - 7.50 ** | Settlement at maturity date of the contracts | 56,450,000 | 56,650,000 | - | - |
| Total | | | 204,642,000 | 265,250,000 | 148,192,000 | 208,600,000 |
| <u>Less</u> Current portion due within one year | | | <u>(70,658,000)</u> | <u>(60,408,000)</u> | <u>(60,408,000)</u> | <u>(60,408,000)</u> |
| Long-term loans - net | | | <u>133,984,000</u> | <u>204,842,000</u> | <u>87,784,000</u> | <u>148,192,000</u> |

* Interest expense rate in swap transaction agreements

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

The long-term loans were guaranteed with the land and buildings that was the location of the distribution center to guarantee any liabilities or obligations either already exist at the moment or will be held under such agreement (Note 33.3 to the financial statements).

Under such long agreement, the Company had to comply with some certain financial conditions specified in the agreement such as to maintain the debt ratio with interest to equity and leverage ratio, etc.

The Company had entered into the interest rate swap agreement of the credit limit loan No. 1 with the lender bank to exchange interest rate as specified in the loan agreement as floating interest rate plus the specified rate (Note 32.4 to the financial statements).

23. LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS

This account consisted of:

| | Baht | | | |
|--|-----------------------------------|-------------------|-------------------------------|-------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Provision for compensation on employees' | 60,467,986 | 37,422,468 | 52,031,378 | 30,698,647 |
| Provision for long service awards | 24,982,853 | 23,697,159 | 24,982,853 | 23,581,255 |
| Total | <u>85,450,839</u> | <u>61,119,627</u> | <u>77,014,231</u> | <u>54,279,902</u> |

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

| | Baht | | | |
|---|-----------------------------------|-------------|-------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Long-term employee benefit obligations | | | | |
| at beginning of the year | 61,119,627 | 72,393,669 | 54,279,902 | 66,567,569 |
| Included in profit or loss : | | | | |
| Past service cost recognition | 10,753,924 | - | 9,674,086 | - |
| Current service cost recognition | 5,271,998 | 5,168,716 | 4,817,198 | 4,564,041 |
| Cost of interest | 1,882,196 | 1,565,380 | 1,688,489 | 1,414,570 |
| Actuarial (gain) loss of other long-term benefits | | | | |
| recognized - other long - term benefits | 2,666,923 | (3,317,486) | 2,666,923 | (3,317,486) |
| Included in other comprehensive income : | | | | |
| Experience adjustment | 4,392,762 | (7,699,393) | 4,392,762 | (7,957,533) |
| Demographic assumption change | - | 1,989,230 | - | 1,989,230 |
| Financial assumption changes | 6,452,138 | (2,142,059) | 6,452,138 | (2,142,059) |
| Benefit paid during year | (7,088,729) | (6,838,430) | (6,957,267) | (6,838,430) |
| Net long-term employee benefit obligations | | | | |
| at the end of the year | 85,450,839 | 61,119,627 | 77,014,231 | 54,279,902 |

Long-term employee benefit expenses are recognised in profit or loss are as follows.

| | Baht | | | |
|---|-----------------------------------|-----------|-------------------------------|-----------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Cost of sales | 2,091,859 | 888,278 | 1,299,602 | 543,089 |
| Selling and administrative expenses | 15,816,259 | 2,528,332 | 14,880,171 | 2,118,036 |
| Total expenses recognised in profit or loss | 17,908,118 | 3,416,610 | 16,179,773 | 2,661,125 |

As at December 31, 2019 and 2018, the Group expects to pay Baht 8.66 million and Baht 5.80 million, respectively of long-term employee benefits during the next year, (Separate financial statements Baht 8.66 million and Baht 5.80 million, respectively.)

As at 31 December 2019 and 2018, the weighted average duration of the liabilities for long-term employee benefit is 7 - 10 years and 8 - 14 years (Separate financial statements 7 - 14 years and 8 - 14 years, respectively.)

Significant actuarial assumptions are summarised below.

| | Percent | | | |
|----------------------|-----------------------------------|--------------|-------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Discount rate | 1.71 - 2.65 | 2.30 - 3.30 | 1.71 | 2.30 - 3.00 |
| Salary increase rate | 4.00 | 4.00 - 5.00 | 4.00 | 4.00 |
| Staff turnover rate* | 0.00 - 45.84 | 0.00 - 45.84 | 3.82 - 45.84 | 3.82 - 45.84 |

* 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 2019 and 2018 are summarised below.

| | Baht | | | |
|---------------------------|-----------------------------------|-------------|-------------------------------|-------------|
| | 2019 | | | |
| | Consolidated financial statements | | Separate financial statements | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (0.5%) | (3,728,858) | 4,013,567 | (3,447,560) | 3,716,106 |
| Salary increase rate (1%) | 6,680,307 | (5,849,920) | 5,935,279 | (5,178,034) |
| Staff turnover rate (20%) | (9,836,193) | 12,678,778 | (9,072,072) | 11,555,396 |
| | Baht | | | |
| | 2018 | | | |
| | Consolidated financial statements | | Separate financial statements | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (0.5%) | (2,574,763) | 2,764,110 | (2,328,721) | 2,502,322 |
| Salary increase rate (1%) | 4,583,697 | (3,986,524) | 4,016,381 | (3,477,574) |
| Staff turnover rate (20%) | (8,427,716) | 11,048,327 | (7,856,842) | 10,222,224 |

In 2019, the obligation under the defined benefit plan is calculated by a qualified independent actuary. The effect resulted in actuarial loss arising from post-employment benefit-net income tax expense in the amount of Baht 10.81 million, the Company are recognized in other comprehensive income.

On April 5, 2019, the Labour Protection Act has been enacted in the Royal Gazette. The Labour Protection Act includes a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. This Act shall come into force after the expiration of thirty days from the enacted date in the Royal Gazette onwards.

This change is considered a post-employment benefits plan amendment and the Group has additional liabilities for long-term employee benefits. The Group has recorded the effect of the change by recognising past service costs as expenses in the income statement for the year 2019.

24. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are as follows:-

| | Baht | | | |
|--|-----------------------------------|--------------|-------------------------------|--------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Deferred tax assets | 50,238,773 | 49,057,085 | 50,122,773 | 48,925,743 |
| Deferred tax liabilities | (99,120,330) | (99,548,350) | (94,935,776) | (95,078,223) |
| Deferred tax asset (liabilities) - net | (48,881,557) | (50,491,265) | (44,813,003) | (46,152,480) |

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

| | Baht | | | | |
|---|-----------------------------------|------------------------------------|-------------------------------------|----------------------|----------------------|
| | Consolidated financial statements | | | | |
| | Balance as at | Revenue (expenses) during the year | | | Balance as at |
| | December 31, 2018 | In profit or loss | In other comprehensive income | | December 31, 2019 |
| Deferred tax assets: | | | | | |
| Allowance for doubtful accounts | 2,033,973 | (600,758) | - | 1,433,215 | |
| Allowance for dilapidated and slow moving | 35,602,426 | (2,498,713) | - | 33,103,713 | |
| Allowance for assets impairment | 433,364 | (250,365) | - | 182,999 | |
| Provision for impairment of investment in associate | 116,000 | - | - | 116,000 | |
| Employee benefits obligations | 10,871,322 | 4,531,524 | - | 15,402,846 | |
| Total | <u>49,057,085</u> | <u>1,181,688</u> | <u>-</u> | <u>50,238,773</u> | |
| Deferred tax liabilities: | | | | | |
| Unrealized gains from changes in investment values | - | - | 7 | 7 | |
| Surplus on revaluation of assets | 99,548,350 | - | (428,027) | 99,120,323 | |
| Total | <u>99,548,350</u> | <u>-</u> | <u>(428,020)</u> | <u>99,120,330</u> | |
| Baht | | | | | |
| Consolidated financial statements | | | | | |
| | Balance as at | Revenue (expenses) during the year | | Balance as at | |
| | December 31, 2017 | In profit or loss | In other comprehensive income | December 31, 2018 | |
| Deferred tax assets: | | | | | |
| Allowance for doubtful accounts | 2,146,561 | (112,588) | - | 2,033,973 | |
| Allowance for dilapidated and slow moving | 42,345,708 | (6,743,282) | - | 35,602,426 | |
| Allowance for assets impairment | 497,908 | (64,544) | - | 433,364 | |
| Provision for impairment of investment in associate | - | 116,000 | - | 116,000 | |
| Employee benefits obligations | 13,327,497 | (2,456,175) | - | 10,871,322 | |
| Total | <u>58,317,674</u> | <u>(9,260,589)</u> | <u>-</u> | <u>49,057,085</u> | |
| Deferred tax liabilities: | | | | | |
| Unrealized gains from changes in investment values | - | - | - | - | |
| Surplus on revaluation of assets | 109,120,345 | - | (9,571,995) | 99,548,350 | |
| Total | <u>109,120,345</u> | <u>-</u> | <u>(9,571,995)</u> | <u>99,548,350</u> | |

| | Baht | | | Balance as at December 31, 2019 |
|--|---------------------------------------|------------------------------------|-------------------------------------|---------------------------------------|
| | Separate financial statements | | | |
| | Balance as at December 31, 2018 | Revenue (expenses) during the year | | |
| | | In profit or loss | In other comprehensive income | |
| Deferred tax assets: | | | | |
| Allowance for doubtful accounts | 2,033,973 | (600,758) | - | 1,433,215 |
| Allowance for dilapidated and slow moving | 35,602,426 | (2,498,713) | - | 33,103,713 |
| Allowance for assets impairment | 433,364 | (250,365) | - | 182,999 |
| Employee benefits obligations | 10,855,980 | 4,546,866 | - | 15,402,846 |
| Total | <u>48,925,743</u> | <u>1,197,030</u> | <u>-</u> | <u>50,122,773</u> |
| Deferred tax liabilities: | | | | |
| Unrealized gains from changes in investment values | - | - | 7 | 7 |
| Surplus on revaluation of assets | 95,078,223 | - | (142,454) | 94,935,769 |
| Total | <u>95,078,223</u> | <u>-</u> | <u>(142,447)</u> | <u>94,935,776</u> |

| | Baht | | | Balance as at December 31, 2018 |
|--|---------------------------------------|------------------------------------|-------------------------------------|---------------------------------------|
| | Separate financial statements | | | |
| | Balance as at December 31, 2017 | Revenue (expenses) during the year | | |
| | | In profit or loss | In other comprehensive income | |
| Deferred tax assets: | | | | |
| Allowance for doubtful accounts | 2,146,561 | (112,588) | - | 2,033,973 |
| Allowance for dilapidated and slow moving | 42,345,708 | (6,743,282) | - | 35,602,426 |
| Allowance for assets impairment | 497,908 | (64,544) | - | 433,364 |
| Employee benefits obligations | 13,313,514 | (2,457,534) | - | 10,855,980 |
| Total | <u>58,303,691</u> | <u>(9,377,948)</u> | <u>-</u> | <u>48,925,743</u> |
| Deferred tax liabilities: | | | | |
| Unrealized gains from changes in investment values | 1,339 | - | (1,339) | - |
| Surplus on revaluation of assets | 104,364,654 | - | (9,286,431) | 95,078,223 |
| Total | <u>104,365,993</u> | <u>-</u> | <u>(9,287,770)</u> | <u>95,078,223</u> |

25. SURPLUS ON REVALUATION OF ASSETS

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

| | Baht | | | |
|---------------------------------|--------------------------------------|--------------------|-------------------------------|--------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Beginning balance of the year | 382,025,642 | 428,867,985 | 371,169,308 | 417,458,614 |
| Revaluations for the year | - | - | - | - |
| Less: Amortization for the year | (1,129,178) | (46,842,343) | (569,813) | (46,289,306) |
| Ending balance of the year | <u>380,896,464</u> | <u>382,025,642</u> | <u>370,599,495</u> | <u>371,169,308</u> |

Surplus on revaluation of assets can neither be offset against deficit nor used for dividend payment.

26. SATATUTORY 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

27. EXPENSES BY NATURE

Significant expenses by nature are as follows:

| | Baht | | | |
|---|-----------------------------------|---------------|-------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Salary and wages and other employee benefits | 540,038,062 | 578,221,142 | 416,313,912 | 457,732,893 |
| Depreciation and amortization | 103,230,244 | 111,838,225 | 85,994,383 | 95,328,328 |
| Rental, service and utilities expenses | 315,929,047 | 344,379,370 | 310,150,644 | 338,793,563 |
| Provision for diminution in value of receivables and inventories (reversal) | 2,322,159 | (2,271,772) | 2,322,159 | (2,271,772) |
| Purchase of goods and raw materials used | 1,681,684,762 | 1,910,988,081 | 1,646,270,770 | 1,878,266,015 |
| Changes in inventories of finished goods and work in process | (26,892,089) | (14,091,149) | (26,344,344) | (12,216,522) |
| Expense variable by sales | 63,728,761 | 77,377,009 | 63,673,971 | 77,257,328 |

28. INCOME TAX

This account consisted of :-

| | Baht | | | |
|--|-----------------------------------|-------------|-------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Income tax expense shown in profit or loss : | | | | |
| Current income tax : | | | | |
| Current income tax for the year | 99,869 | 67,946 | - | - |
| Adjustment in respect of income tax of previous year | - | (225,139) | - | (4,441) |
| Deferred tax: | | | | |
| Changes in temporary differences relating to the original recognition and reversal | 1,263,685 | (1,711,023) | 1,362,886 | (1,530,555) |
| Total | 1,363,554 | (1,868,216) | 1,362,886 | (1,534,996) |

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

| | Baht | | | |
|---|-----------------------------------|-------------|-------------------------------|-------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2019 | 2018 | 2019 | 2018 |
| Accounting profit (loss) before income tax | 23,628,835 | 18,664,271 | 4,279,172 | 12,351,028 |
| Applicable tax rate | 0%, 20% | 0%, 20% | 20% | 20% |
| Accounting profit (loss) before tax multiplied by income tax rate | 885,854 | 2,347,786 | 855,834 | 2,470,206 |
| Temporary differences and taxable loss not recorded as deferred tax assets | (478,135) | 366,404 | (437,253) | 366,404 |
| Adjustment in respect of income tax of previous year | - | (4,441) | - | (4,441) |
| Effects of: | | | | |
| Income not subject to tax | (200,000) | (1,694,000) | (200,000) | (1,694,000) |
| Non-deductible expenses | 5,224,869 | 6,270,954 | 5,211,339 | 6,269,454 |
| Additional expense deductions allowed | (4,085,482) | (4,151,939) | (4,085,482) | (4,151,939) |
| Taxable loss deductible by law | - | (5,404,344) | - | (5,404,344) |
| Others | 16,448 | 401,364 | 18,448 | 613,664 |
| Total | 477,700 | (4,216,002) | 507,052 | (4,005,202) |
| Income tax (revenues) expense reported in the statement of income | 1,363,554 | (1,868,216) | 1,362,886 | (1,534,996) |

29. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit 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.

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|-------------|-------------------------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| | | (Restated) | | |
| Profit for the year | | | | |
| Equity holders of the parent (Baht) | 11,992,420 | 13,205,044 | 2,916,286 | 13,886,024 |
| Weighted average number of ordinary shares (shares) | 391,944,418 | 391,944,418 | 391,944,418 | 391,944,418 |
| Basic earnings per share (Baht/share) | 0.03 | 0.03 | 0.01 | 0.04 |

30. OPERATION SEGMENT

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

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

The Group's revenue and gross profit information for the years ended December 31, 2019 and 2018 by segments are as follows:

| | Million Baht | | | | | | | |
|--|-------------------------|----------|-----------------------------|--------|-------------------------|--------------------|----------|--------------------|
| | Retail business segment | | Other distribution channels | | School business segment | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 (Restated) | 2019 | 2018 (Restated) |
| External revenue | 1,975.81 | 2,292.98 | 772.35 | 824.59 | 198.38 | 184.28 | 2,946.54 | 3,301.85 |
| Total revenues | 1,975.81 | 2,292.98 | 772.35 | 824.59 | 198.38 | 184.28 | 2,946.54 | 3,301.85 |
| Gross profit from operating according to the segment | 739.82 | 828.20 | 246.10 | 253.28 | 49.60 | 47.81 | 1,035.52 | 1,129.29 |
| Unallocated income and expenses: | | | | | | | | |
| Other income | | | | | | | 81.27 | 77.37 |
| Selling expenses | | | | | | | (664.45) | (759.81) |
| Administrative expenses | | | | | | | (416.57) | (414.33) |
| Finance costs | | | | | | | (12.17) | (14.87) |
| Share of gain from associated companies | | | | | | | 0.03 | 1.01 |
| Income tax revenue (expenses) | | | | | | | (1.36) | 1.87 |
| Profit for the year | | | | | | | 22.27 | 20.53 |
| As at December 31, | | | | | | | | |
| Property, plant and equipment | | | | | | | 1,721.41 | 1,776.90 |
| Intangible assets | | | | | | | 2.94 | 3.62 |
| Leasehold rights on land and buildings | | | | | | | 35.84 | 45.85 |
| Rental guarantee and deposit | | | | | | | 82.08 | 89.95 |
| Other assets | | | | | | | 630.51 | 657.83 |
| Total assets | | | | | | | 2,472.78 | 2,574.15 |

The basis of pricing between the Group is consistent with that for third party transactions.

31. 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.

The Group has contributed to the fund for the years, ended December 31, 2019 and 2018 in the amount of Baht 14.37 million and Baht 14.50 million, respectively (The Separate amount of Baht 13.99 million and 14.50 million, respectively).

32. COMMITMENTS AND CONTINGENT LIABILITIES

32.1 Operating lease commitments

32.1.1 As at December 31, 2019, the Company has entered into space rental agreements for use as branch offices, totalling 310 branches. The lease periods ranged from 1 to 20 years. For the year ended December 31, 2019 the total rental and utility fees were approximately Baht 289.70 million per annum. Some of rental fees were calculated from the percentage of sales amounts of that branch, while others were fixed rate.

32.1.2 As at December 31, 2019, the Group have entered into several lease agreements in respect of the lease of land, office building, warehouses, vehicles and costs service related with the operations. The terms of the agreements are generally between 1 and 30 years.

As at December 31, 2019 the Group, future minimum lease payments required under operating leases contracts as follow:

| | Baht | |
|--------------------------|--------------------------------------|----------------------------------|
| | Consolidated financial statements | Separate financial statements |
| Payable: | | |
| Up to 1 year | 88,299,339 | 86,917,425 |
| Over 1 and up to 5 years | 92,252,970 | 86,467,784 |
| Over 5 years | 28,081,485 | 6,159,390 |
| Total | <u>208,633,794</u> | <u>179,544,599</u> |

32.2 Guarantees

As at December 31, 2019, the Company has pledged the bank deposit of Baht 4.10 million to guarantee contractual performance and guarantee rental. In addition, other investments of Baht 1.10 million were pledged to guarantee the electricity usage and rental of head office.

32.3 Long-term service commitments

32.3.1 The Company entered into agent appointment agreement with a foreign company for the contractual period of three years commencing from May 31, 2019 to October 31, 2022. 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.

32.3.2 The Company entered into three-year contracts allowing the use of copyrights with various authors which can be automatically renewed for successive three years, and agreed to pay remuneration at the percentage of the number of books published or sold.

33. CREDIT LIMITS

As at December 31, 2019, the Company had the credit limits with the local financial institutions as follows:

- 33.1 The Company had 3 overdrafts limit amounted Baht 60 million by entering into the agreement with 3 financial institutions, carried MOR% per annum that consisted of:
 - 33.1.1 Two credit limits without guarantee amounted Baht 20 million and Baht 20 million.
 - 33.1.2 One credit limit with guarantee amounted Baht 20 million and guaranteed by mortgaging the land with buildings.

- 33.2 The Company had 2 short-term loan limits amounted Baht 250 million by entering into the agreement with two financial institutions in the form of promissory notes with maturity date not over 3 months and carried the interest rate of 3.30% per annum that consisted of:
 - 33.2.1 One credit limit without guarantee amounted Baht 50 million.
 - 33.2.2 One credit limit with guarantee amounted Baht 200 million and guaranteed by mortgaging the land with buildings.

- 33.3 The Company had the long-term loan limits with a financial institution with the limit amounted Baht 700 million and guaranteed by mortgaging the land with buildings that consisted of:
 - 33.3.1 Credit limit amounted Baht 250 million carried THBFD 3M+3.85% per annum.
 - 33.3.2 Credit limit amounted Baht 250 million carried MLR-1.5% per annum.
 - 33.3.3 Credit limit amounted Baht 200 million and not withdrawn.

34. FINANCIAL INSTRUMENTS

34.1 Financial risk management

The Group's 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 Group is exposed to credit risk primarily with respect to trade accounts receivable, loans, notes and other receivable. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does 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 Group exposures 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 December 31,2019 and 2018, 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.

| | 2019 (Baht) | | | | |
|--|----------------------------------|-----------------------|------------------------|----------------------|---------------|
| | Consolidated financial statement | | | | |
| | Fixed interest rates | | Floating interest rate | Non-interest bearing | Total |
| | Within 1 year | More than 1 - 5 years | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 95,190,523 | - | - | 16,302,807 | 111,493,330 |
| Current investments | 6,000,000 | - | 100,034 | - | 6,100,034 |
| Trade and other receivables | - | - | - | 57,788,888 | 57,788,888 |
| Restricted bank deposits and other investments | - | 12,932,664 | - | - | 12,932,664 |
| Total | 101,190,523 | 12,932,664 | 100,034 | 74,091,695 | 188,314,916 |
| Financial liabilities | | | | | |
| Overdraft and Short-term loan from financial institution | 63,032,754 | - | - | - | 63,032,754 |
| Trade and other payables | - | - | - | 682,463,899 | 682,463,899 |
| Long-term loans | - | 56,450,000 | 148,192,000 | - | 204,642,000 |
| Total | 63,032,754 | 56,450,000 | 148,192,000 | 682,463,899 | 950,138,653 |
| | | | | | |
| | 2018 (Baht) | | | | |
| | Consolidated financial statement | | | | |
| | Fixed interest rates | | Floating interest rate | Non-interest bearing | Total |
| | Within 1 year | More than 1 - 5 years | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 121,286,456 | - | - | 18,179,870 | 139,466,326 |
| Trade and other receivables | - | - | - | 62,950,818 | 62,950,818 |
| Restricted bank deposits and other investments | - | 13,413,204 | - | - | 13,413,204 |
| Total | 121,286,456 | 13,413,204 | - | 81,130,688 | 215,830,348 |
| Financial liabilities | | | | | |
| Trade and other payables | - | - | - | 826,276,136 | 826,276,136 |
| Long-term loans | - | 56,650,000 | 208,600,000 | - | 265,250,000 |
| Total | - | 56,650,000 | 208,600,000 | 826,276,136 | 1,091,526,136 |

| | 2019 (Baht) | | | | |
|---|------------------------------|---------------------------|---------------------------|-------------------------|---------------|
| | Separate financial statement | | | | |
| | Fixed interest rates | | Floating interest rate | Non-interest bearing | Total |
| | Within 1 year | More than 1 - 5 years | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 31,959,934 | - | - | 16,132,211 | 48,092,145 |
| Current investments | 100,034 | - | - | - | 100,034 |
| Trade and other receivables | - | - | - | 54,698,912 | 54,698,912 |
| Restricted bank deposits and other investments | - | 12,932,664 | - | - | 12,932,664 |
| Total | 32,059,968 | 12,932,664 | - | 70,831,123 | 115,823,755 |
| Financial liabilities | | | | | |
| Overdraft and Short-term loan from financial institution | 63,032,754 | - | - | - | 63,032,754 |
| Trade and other payables | - | - | - | 669,536,070 | 669,536,070 |
| Long-term loans | - | - | 148,192,000 | - | 148,192,000 |
| Total | 63,032,754 | - | 148,192,000 | 669,536,070 | 880,760,824 |
| 2018 (Baht) | | | | | |
| Separate financial statement | | | | | |
| Fixed interest rates | | Floating interest rate | Non-interest bearing | Total | |
| Within 1 year | More than 1 - 5 years | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 67,523,828 | - | - | 18,007,367 | 85,531,195 |
| Trade and other receivables | - | - | - | 57,944,984 | 57,944,984 |
| Restricted bank deposits and other investments | - | 13,413,204 | - | - | 13,413,204 |
| Total | 67,523,828 | 13,413,204 | - | 75,952,351 | 156,889,383 |
| Financial liabilities | | | | | |
| Trade and other payables | - | - | - | 810,979,636 | 810,979,636 |
| Long-term loans | - | - | 208,600,000 | - | 208,600,000 |
| Total | - | - | 208,600,000 | 810,979,636 | 1,019,579,636 |

Interest Rate Swap Transaction Agreement

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

| Principal amount | Interest revenue rate swap agreement (%) | Interest expenses rate swap agreement (%) | Termination date |
|---------------------|---|--|------------------|
| Baht 106.64 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.

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

| Foreign currency | Consolidated/Separate financial statements | | | | | |
|------------------|--|--------------------|-----------------------|--------------------|--|---------|
| | Financial assets | | Financial liabilities | | Average exchange rate (Baht per foreign currency) | |
| | 2019 (Thousand) | 2018 (Thousand) | 2019 (Thousand) | 2018 (Thousand) | 2019 | 2018 |
| USD | - | - | 13 | 32 | 30.3313 | 32.6148 |
| SGD | - | - | - | 5 | 22.5935 | 23.9720 |
| GBP | - | - | 988 | 695 | 39.9523 | 41.5216 |

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

| Foreign currency | Consolidated/Separate financial statements | | | | |
|------------------|--|---------------------------|--|------|-----------------------------|
| | Bought amount (Thousand) | Sold amount (Thousand) | Contractual exchange rate (Baht per foreign currency) | | Maturity date |
| | | | Bought | Sold | |
| GBP | 774 | - | 37.505 - 39.560 | - | October 2019 - January 2020 |

35. 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 December 31, 2019 and 2018, the Group's debt-to-equity ratio was 0.97 and 1.09, respectively and the Company's debt-to-equity ratio was 0.91 and 1.02, respectively.

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in the liabilities arising from financing activities for the years ended December 31, 2019 and 2018 are as follows:

| | Baht | | | |
|--|------------------------------------|------------------------------------|----------------------------------|------------------------------------|
| | Consolidated financial statements | | | |
| | Balance as at December 31, 2018 | Cash flows Increase (decrease)* | Non-cash transaction Increase | Balance as at December 31, 2019 |
| Overdraft | - | 23,032,754 | - | 23,032,754 |
| Short-term loan from financial institution | - | 40,000,000 | - | 40,000,000 |
| Long-term loans from financial institution | 265,250,000 | (60,608,000) | - | 204,642,000 |
| Total | 265,250,000 | 2,424,754 | - | 267,674,754 |

| | Baht | | | |
|--|------------------------------------|------------------------------------|----------------------------------|------------------------------------|
| | Consolidated financial statements | | | |
| | Balance as at December 31, 2017 | Cash flows Increase (decrease)* | Non-cash transaction Increase | Balance as at December 31, 2018 |
| Long-term loans from financial institution | 335,758,000 | (70,508,000) | - | 265,250,000 |
| Total | 335,758,000 | (70,508,000) | - | 265,250,000 |

| | Baht | | | |
|--|-------------------------------|----------------------|----------------------|-------------------|
| | Separate financial statements | | | |
| | Balance as at | Cash flows | Non-cash transaction | Balance as at |
| | December 31, 2018 | Increase (decrease)* | Increase | December 31, 2019 |
| Overdraft | - | 23,032,754 | - | 23,032,754 |
| Short-term loan from financial institution | - | 40,000,000 | - | 40,000,000 |
| Long-term loans from financial institution | 208,600,000 | (60,408,000) | - | 148,192,000 |
| Total | 208,600,000 | 2,624,754 | - | 211,224,754 |

| | Baht | | | |
|--|-------------------------------|----------------------|----------------------|-------------------|
| | Separate financial statements | | | |
| | Balance as at | Cash flows | Non-cash transaction | Balance as at |
| | December 31, 2017 | Increase (decrease)* | Increase | December 31, 2018 |
| Long-term loans from financial institution | 269,008,000 | (60,408,000) | - | 208,600,000 |
| Total | 269,008,000 | (60,408,000) | - | 208,600,000 |

* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on February 26, 2020.