

SE-EDUCATION PUBLIC COMPANY LIMITED  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2016

## **Independent Auditor's Report**

To the Shareholders of SE-EDUCATION PUBLIC COMPANY LIMITED

### **Opinion**

I have audited the accompanying consolidated financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of SE-EDUCATION PUBLIC COMPANY LIMITED for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries and of SE-EDUCATION PUBLIC COMPANY LIMITED as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

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

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

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

The Group has disclosed its accounting policy relating to recognition of revenue from sales in Note 4.1 to the consolidated financial statements. I identified recognition of revenue from sales to be the most significant account in the statement of income of the Group and it is a key performance indicator in terms of business operation. The management and the users of the financial statements identify the business performance to be important because revenue from sales of the Group recognised in each period is the significant amount compared to the total revenue of the Group. This account is represented 95% of total revenue in the financial statements of the Group for the year ended 31 December 2016. There is therefore a risk of the recognising revenue that respect to actually occurring and timing of revenue recognition.

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

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

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

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

I have assessed and tested the internal controls of the Group relevant to the determination of provision for diminution in the value of inventories. In addition, I also assessed the method and the assumptions applied by management in determining such provision. The procedures that I performed included:

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

### **Other Information**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Miss Sumana Punpongsanon.



Sumana Punpongsanon  
Certified Public Accountant (Thailand) No. 5872

EY Office Limited  
Bangkok: 27 February 2017

## SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

## Statement of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	159,057,119	131,671,472	92,917,443	86,443,582
Current investments	8	97,806,001	189,301,574	72,806,001	157,187,871
Trade and other receivables	6, 9	85,126,477	70,419,465	80,523,058	66,360,726
Short-term loan to subsidiary	6	-	-	3,000,000	-
Inventories	10	403,332,497	368,512,980	397,217,671	365,867,436
Other current assets	11	88,733,827	41,027,668	86,589,629	39,117,693
<b>Total current assets</b>		<b>834,055,921</b>	<b>800,933,159</b>	<b>733,053,802</b>	<b>714,977,308</b>
<b>Non-current assets</b>					
Restricted bank deposits and other investments	12	13,374,284	13,354,771	13,374,284	13,354,771
Investments in subsidiaries	13	-	-	70,294,511	70,305,466
Investments in associate	14	25,949,619	25,651,009	100,000	100,000
Property, plant and equipment	15	1,491,005,126	1,529,225,366	1,295,530,282	1,320,763,401
Leasehold rights on land	6, 16	5,696,125	6,031,724	-	-
Leasehold rights on buildings	17	62,084,360	63,291,797	62,084,360	63,291,797
Intangible assets	18	5,516,060	7,158,278	5,868,724	7,532,933
Prepaid book copyright and translation fee		17,179,293	16,266,072	17,179,293	16,266,072
Rental guarantee and deposit		100,755,353	100,358,323	100,755,353	100,358,323
Deferred tax assets	28	22,754,488	19,685,705	23,830,466	20,912,357
Other non-current assets	19	10,505,577	6,881,092	10,401,859	6,804,839
<b>Total non-current assets</b>		<b>1,754,820,285</b>	<b>1,787,904,137</b>	<b>1,599,419,132</b>	<b>1,619,689,959</b>
<b>Total assets</b>		<b>2,588,876,206</b>	<b>2,588,837,296</b>	<b>2,332,472,934</b>	<b>2,334,667,267</b>

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



SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	6, 20	1,023,589,684	968,861,292	1,014,577,483	961,529,336
Current portion of long-term loans	23	93,090,000	87,920,000	71,520,000	71,520,000
Income received in advance recognisable within one year	21	46,366,891	43,560,954	-	-
Income tax payable		317,577	235,625	-	-
Current portion of provision for long-term employee benefits	24	8,831,735	3,630,000	8,443,275	3,630,000
Other current liabilities	22	71,867,687	25,547,600	69,825,555	23,800,048
<b>Total current liabilities</b>		<b>1,244,063,574</b>	<b>1,129,755,471</b>	<b>1,164,366,313</b>	<b>1,060,479,384</b>
<b>Non-current liabilities</b>					
Income received in advance, net of current portion	21	772,220	1,932,158	-	-
Long-term loans, net of current portion	23	318,250,000	411,890,000	261,600,000	333,120,000
Provision for long-term employee benefits, net of current portion	24	57,390,656	43,495,675	51,399,029	39,079,260
Other non-current liabilities		7,437,961	8,128,482	7,437,961	8,128,482
<b>Total non-current liabilities</b>		<b>383,850,837</b>	<b>465,446,315</b>	<b>320,436,990</b>	<b>380,327,742</b>
<b>Total liabilities</b>		<b>1,627,914,411</b>	<b>1,595,201,786</b>	<b>1,484,803,303</b>	<b>1,440,807,126</b>

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



SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Shareholders' equity</b>					
Share capital					
Registered					
391,944,529 ordinary shares of Baht 1 each		391,944,529	391,944,529	391,944,529	391,944,529
Issued and paid-up					
391,944,418 ordinary shares of Baht 1 each		391,944,418	391,944,418	391,944,418	391,944,418
Share premium		149,420,558	149,420,558	149,420,558	149,420,558
Retained earnings					
Appropriated - statutory reserve	26	39,194,453	39,194,453	39,194,453	39,194,453
Unappropriated		175,114,248	211,567,450	143,938,021	187,765,562
Other components of shareholders' equity		127,531,829	130,330,203	123,172,181	125,535,150
Equity attributable to owners of the Company		883,205,506	922,457,082	847,669,631	893,860,141
Non-controlling interests of the subsidiaries		77,756,289	71,178,428	-	-
<b>Total shareholders' equity</b>		<b>960,961,795</b>	<b>993,635,510</b>	<b>847,669,631</b>	<b>893,860,141</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,588,876,206</b>	<b>2,588,837,296</b>	<b>2,332,472,934</b>	<b>2,334,667,267</b>

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



Director



## SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

## Statement of income

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Revenues</b>					
Revenues from sales		4,078,111,569	4,343,305,599	4,075,360,175	4,340,601,204
Tuition fees income	21	164,583,753	153,232,203	-	-
Interest and dividend income	6, 14	1,250,482	914,244	2,425,292	2,806,382
Other income		43,603,104	45,118,215	36,385,468	36,725,225
<b>Total revenues</b>		<b>4,287,548,908</b>	<b>4,542,570,261</b>	<b>4,114,170,935</b>	<b>4,380,132,811</b>
<b>Expenses</b>					
Cost of sales		2,702,466,290	2,838,914,737	2,699,730,927	2,835,085,928
Cost of tuition fees		124,618,919	115,951,838	-	-
Selling expenses		939,201,628	985,252,584	939,142,442	985,252,584
Administrative expenses		477,829,391	482,683,048	449,833,187	457,687,683
<b>Total expenses</b>		<b>4,244,116,228</b>	<b>4,422,802,207</b>	<b>4,088,706,556</b>	<b>4,278,026,195</b>
<b>Profit before share of profit from investments in associate, finance cost and income tax expenses</b>					
		43,432,680	119,768,054	25,464,379	102,106,616
Share of profit from investments in associate	14	1,798,610	1,714,401	-	-
<b>Profit before finance cost and income tax expenses</b>					
		45,231,290	121,482,455	25,464,379	102,106,616
Finance cost		(23,772,994)	(28,343,888)	(18,338,630)	(22,207,818)
<b>Profit before income tax expenses</b>					
		21,458,296	93,138,567	7,125,749	79,898,798
Income tax expenses	28	(2,110,082)	(16,626,539)	(2,087,743)	(16,349,180)
<b>Profit for the year</b>		<b>19,348,214</b>	<b>76,512,028</b>	<b>5,038,006</b>	<b>63,549,618</b>
<b>Profit attributable to</b>					
Equity holders of the Company		12,365,475	70,876,498	5,038,006	63,549,618
Non-controlling interests of the subsidiaries		6,982,739	5,635,530		
		<b>19,348,214</b>	<b>76,512,028</b>		
<b>Earnings per share</b>					
29					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.03	0.18	0.01	0.16

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



SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Profit for the year</b>	19,348,214	76,512,028	5,038,006	63,549,618
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Gain (loss) on changes in value of available-for-sale investments	8 (3,074,985)	1,703,358	(2,619,678)	1,716,044
Less: Income tax effect	28 614,997	(340,672)	523,936	(343,209)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	(2,459,988)	1,362,686	(2,095,742)	1,372,835
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial gain (loss)	24 (2,861,613)	328,853	(2,432,445)	385,757
Less: Income tax effect	28 332,186	77,151	332,185	77,151
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	(2,529,427)	406,004	(2,100,260)	462,908
<b>Other comprehensive income for the year</b>	<b>(4,989,415)</b>	<b>1,768,690</b>	<b>(4,196,002)</b>	<b>1,835,743</b>
<b>Total comprehensive income for the year</b>	<b>14,358,799</b>	<b>78,280,718</b>	<b>842,004</b>	<b>65,385,361</b>
<b>Total comprehensive income attributable to</b>				
Equity holders of the Company	7,780,938	72,679,405	842,004	65,385,361
Non-controlling interests of subsidiaries	6,577,861	5,601,313		
<b>Total comprehensive income for the year</b>	<b>14,358,799</b>	<b>78,280,718</b>		

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



SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

Consolidated financial statements											
Equity attributable to the parent's shareholders											
	Note	Issued and share capital paid-up	Share premium	Retained earnings		Surplus on revaluation of assets	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
				Appropriated	Unappropriated						
<b>Balance as at 1 January 2015</b>		391,944,418	149,420,558	39,194,453	210,280,594	128,524,362	129,485,165	920,325,188	65,577,115	985,902,303	
Profit for the year		-	-	-	70,876,498	-	-	70,876,498	5,635,530	76,512,028	
Other comprehensive income for the year		-	-	-	435,042	-	1,367,865	1,802,907	(34,217)	1,768,690	
Total comprehensive income for the year		-	-	-	71,311,540	-	1,367,865	72,679,405	5,601,313	78,280,718	
Dividend paid	32	-	-	-	(70,547,511)	-	-	(70,547,511)	-	(70,547,511)	
Transferred surplus on revaluation of assets to retained earning	25	-	-	-	522,827	(522,827)	(522,827)	-	-	-	
<b>Balance as at 31 December 2015</b>		391,944,418	149,420,558	39,194,453	211,567,450	128,001,535	130,330,203	922,457,082	71,178,428	993,635,510	
<b>Balance as at 1 January 2016</b>		391,944,418	149,420,558	39,194,453	211,567,450	128,001,535	130,330,203	922,457,082	71,178,428	993,635,510	
Profit for the year		-	-	-	12,365,475	-	-	12,365,475	6,982,739	19,348,214	
Other comprehensive income for the year		-	-	-	(2,310,423)	-	(2,274,114)	(4,584,537)	(404,878)	(4,989,415)	
Total comprehensive income for the year		-	-	-	10,055,052	-	(2,274,114)	7,780,938	6,577,861	14,358,799	
Dividend paid	32	-	-	-	(47,032,514)	-	-	(47,032,514)	-	(47,032,514)	
Transferred surplus on revaluation of assets to retained earning	25	-	-	-	524,260	(524,260)	(524,260)	-	-	-	
<b>Balance as at 31 December 2016</b>		391,944,418	149,420,558	39,194,453	175,114,248	127,477,275	127,531,829	883,205,506	77,766,289	960,961,795	

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



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SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries  
Statement of changes in shareholders' equity (continued)  
For the year ended 31 December 2016

	Note	Separate financial statements										(Unit: Baht)
		Other components of equity										
		Other comprehensive income										
		Surplus (deficit)										
Issued and share capital paid-up	Share premium	Retained earnings		on changes in value of available-for-sale investments		Surplus on revaluation of assets	Total other components of shareholders' equity	Total shareholders' equity				
Appropriated	Unappropriated	Share premium	Appropriated	Unappropriated	Investments	Revaluation	Shareholders' equity	Shareholders' equity				
<b>Balance as at 1 January 2015</b>		391,944,418	149,420,558	39,194,453	194,034,051	777,461	123,651,350	124,428,811	899,022,291			
Profit for the year		-	-	-	63,549,618	-	-	-	63,549,618			
Other comprehensive income for the year		-	-	-	462,908	1,372,835	-	1,372,835	1,835,743			
Total comprehensive income for the year		-	-	-	64,012,526	1,372,835	-	1,372,835	65,385,361			
Dividend paid	32	-	-	-	(70,547,511)	-	-	-	(70,547,511)			
Transferred surplus on revaluation of assets to retained earning	25	-	-	-	266,496	-	(266,496)	(266,496)	-			
<b>Balance as at 31 December 2015</b>		391,944,418	149,420,558	39,194,453	187,765,562	2,150,296	123,384,854	125,535,150	893,860,141			
<b>Balance as at 1 January 2016</b>		391,944,418	149,420,558	39,194,453	187,765,562	2,150,296	123,384,854	125,535,150	893,860,141			
Profit for the year		-	-	-	5,038,006	-	-	-	5,038,006			
Other comprehensive income for the year		-	-	-	(2,100,260)	(2,095,742)	-	(2,095,742)	(4,196,002)			
Total comprehensive income for the year		-	-	-	2,937,746	(2,095,742)	-	(2,095,742)	842,004			
Dividend paid	32	-	-	-	(47,032,514)	-	-	-	(47,032,514)			
Transferred surplus on revaluation of assets to retained earning	25	-	-	-	267,227	-	(267,227)	(267,227)	-			
<b>Balance as at 31 December 2016</b>		391,944,418	149,420,558	39,194,453	143,938,021	54,554	123,117,627	123,172,181	847,669,631			

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



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SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

Cash flow statement

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit before tax	21,458,296	93,138,567	7,125,749	79,898,798
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	120,694,204	124,173,308	102,974,728	106,560,193
Allowance for doubtful accounts and estimated goods return (reversal)	(4,229,747)	3,114,268	(4,308,868)	2,850,711
Adjustment from reconciliation accounts receivable	(105,063)	(5,743)	(105,063)	(5,743)
Reversal of allowance for impairment of assets	(1,234,998)	(718,718)	(1,234,998)	(718,718)
Expense from loss of inventories	11,088,101	8,853,400	11,088,101	8,853,400
Allowance for dilapidated, slow moving and loss of inventories	2,343,258	2,971,256	2,343,258	2,971,256
Share of profit from investment in associate	(1,798,610)	(1,714,401)	-	-
Gain on disposal of current investments	(4,640,072)	(3,046,911)	(4,230,315)	(2,121,822)
Expense for donation of goods and equipment	8,804,732	6,095,993	8,804,732	6,095,992
Loss from stock destruction	10,023,668	2,362,913	10,023,668	2,362,913
Provision for long-term employee benefits	19,707,103	8,462,448	18,172,599	6,861,798
Loss on sales and written-off equipment	4,272,706	2,657,224	4,052,016	2,655,156
Loss on impairment of investment	-	-	10,955	11,950
Amortisation of leasehold rights on land and buildings	11,563,036	11,638,851	11,227,437	11,304,010
Adjustment from clearing coupon payable	-	(7,741,600)	-	(7,741,600)
Adjustment from clearing long outstanding payable	(3,573,313)	-	(3,573,313)	-
Interest expenses	23,772,994	28,343,887	18,338,630	22,207,818
Interest income	(1,250,482)	(914,245)	(925,292)	(806,382)
Dividend income	-	-	(1,500,000)	(2,000,000)
Profit from operating activities before changes in operating assets and liabilities	216,895,813	277,670,497	178,284,024	239,239,730
Operating assets (increase) decrease				
Trade and other receivables	(10,372,202)	8,764,358	(9,748,401)	9,343,822
Inventories	(67,079,276)	(11,624,354)	(63,609,994)	(9,942,583)
Prepaid expenses	(1,267,708)	(988,213)	(1,105,569)	555,407
Advance payment for purchasing books	(37,400,000)	-	(37,400,000)	-
Compensation receivable from the insurance claim	-	3,108,130	-	3,108,130
Other current assets	(8,996,411)	1,027,055	(8,920,185)	977,703
Prepaid book copyright and translation fee	(913,221)	2,029,032	(913,221)	2,029,032
Rental guarantee and deposit	(397,030)	949,866	(397,030)	949,866
Other non-current assets	(3,624,485)	1,125,535	(3,597,020)	1,156,709

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



## SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

## Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Operating liabilities increase (decrease)				
Trade and other payables	50,598,864	(109,892,366)	48,806,864	(108,165,604)
Income received in advance	1,645,999	(1,288,698)	-	-
Advance received for purchasing books	44,225,829	(81,488)	44,225,829	(81,488)
Other current liabilities	5,667,571	(2,740,472)	5,372,991	(3,430,090)
Cash paid for long-term employee benefits	(3,472,000)	(4,614,866)	(3,472,000)	(4,309,000)
Other non-current liabilities	(690,521)	(396,519)	(690,521)	(396,519)
Cash flows from operating activities	184,821,222	163,047,497	146,835,767	131,035,115
Cash paid for interest expenses	(23,794,511)	(28,371,352)	(18,360,147)	(22,235,283)
Cash paid for income tax	(4,149,730)	(34,469,195)	(4,149,730)	(34,356,350)
<b>Net cash flows from operating activities</b>	<b>156,876,981</b>	<b>100,206,950</b>	<b>124,325,890</b>	<b>74,443,482</b>
<b>Cash flows from investing activities</b>				
Decrease in current investments	93,060,660	141,621,822	85,992,507	112,121,822
Increase in short-term loan to subsidiary	-	-	(3,000,000)	-
Dividend received from associated company	1,500,000	2,000,000	-	-
Interest income	1,208,441	874,625	879,110	853,557
Dividends income	-	-	1,500,000	2,000,000
Increase in restricted bank deposit and other investment	(19,513)	(44,411)	(19,513)	(44,411)
Acquisition of equipment	(81,274,813)	(63,810,483)	(76,175,025)	(59,506,615)
Proceeds from sales of equipment	1,722,839	215,291	1,709,840	208,487
Acquisition of intangible assets	(166,434)	(45,046)	(166,434)	(45,046)
Increase in leasehold rights on buildings	(10,020,000)	-	(10,020,000)	-
<b>Net cash flows from investing activities</b>	<b>6,011,180</b>	<b>80,811,798</b>	<b>700,485</b>	<b>55,587,794</b>
<b>Cash flows from financing activities</b>				
Repayment of short-term loans from financial institutions	(100,000,000)	-	(100,000,000)	-
Cash receipt from short-term loans	100,000,000	-	100,000,000	-
Repayment of long-term loans	(88,470,000)	(81,430,000)	(71,520,000)	(71,520,000)
Dividend paid	(47,032,514)	(70,547,511)	(47,032,514)	(70,547,511)
<b>Net cash flows used in financing activities</b>	<b>(135,502,514)</b>	<b>(151,977,511)</b>	<b>(118,552,514)</b>	<b>(142,067,511)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>27,385,647</b>	<b>29,041,237</b>	<b>6,473,861</b>	<b>(12,036,235)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>131,671,472</b>	<b>102,630,235</b>	<b>86,443,582</b>	<b>98,479,817</b>
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>159,057,119</b>	<b>131,671,472</b>	<b>92,917,443</b>	<b>86,443,582</b>
<b>Supplemental cash flows information</b>				
Non-cash transactions				
Increase (decrease) in revaluation surplus on changes in value of available-for-sale investments	(3,074,985)	1,703,358	(2,619,678)	1,716,044
Purchase of fixed assets for which cash has not been paid	4,151,046	10,493,609	4,262,799	10,640,949
Actuarial gain (loss)	(2,861,613)	328,852	(2,432,445)	385,757
Transfer asset under installation to prepaid leasehold right	-	5,940,000	-	5,940,000

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



## SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2016

#### 1. General information

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

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

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

#### 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standard enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.



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

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

## 2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016 (%)	2015 (%)
SE-ED Book Center Co., Ltd.	Business consultant	Thailand	99.99	99.99
Pleam Patt Co., Ltd.	Private school	Thailand	48.97	48.97
BaesLab Co., Ltd.	Technology consultant	Thailand	60.00	60.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

- 2.3 The separate financial statements present investments in subsidiaries and associate under the cost method.



### 3. New financial reporting standards

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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting interpretation guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

##### **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.



A handwritten signature in blue ink, consisting of a stylized cursive script.

## 4. Significant accounting policies

### 4.1 Revenues recognition

- a) Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances, except for consignment where the revenue from consignment is recognized when the event of either the sales report is received or the payment is received first.
- b) Advertising service revenue is recognised when services have been rendered taking into account the stage of completion.
- c) Service income is recognised when services have been rendered taking into account the stage of completion.
- d) School entrance fees are recognised as income at the time of acceptance of the students by the subsidiary.
- e) Education supporting fees are recognised as income of the school term to which they relate.
- f) Interest income is recognised on an accrual basis based on the effective interest rate.
- g) Dividends are recognised when the right to receive the dividends is established.

### 4.2 Cash and cash equivalents

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

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

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

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



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

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

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

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

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

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

#### **4.5 Investments**

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

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

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

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

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

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



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

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

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

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

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

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

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

#### 4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.



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#### 4.8 Intangible assets

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

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

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

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

#### 4.9 Leasehold rights on land and buildings/Amortisation

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

The amortisation expense are included in determining income.

#### 4.10 Related party transactions

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

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

#### 4.11 Long-term leases

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



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

#### **4.12 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

#### **4.13 Impairment of assets**

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

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



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

#### **4.14 Employee benefits**

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

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

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

###### *Defined contribution plans*

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

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

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

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

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



#### 4.15 Provisions

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

#### 4.16 Income tax

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

##### **Current tax**

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

##### **Deferred tax**

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

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

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

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



#### 4.17 Fair value measurement

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

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

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

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

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

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

#### 5. Significant accounting judgements and estimates

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



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

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

### **Allowance for doubtful accounts**

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

### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

### **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.

### **Impairment of investments in securities**

The Company and its subsidiaries treats available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.



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

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

The Company and its subsidiaries measures land and buildings at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the cost approach for buildings. The valuation involves certain assumptions and estimates as described in Note 15.

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

### **Deferred tax assets**

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

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

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

## **6. Related party transactions**

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



(Unit: Thousand Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements	financial statements	financial statements	financial statements	
	2016	2015	2016	2015	
<u>Transactions with subsidiary companies</u>					
(being eliminated in the consolidated financial statements)					
Sales of goods	-	-	653	923	Market price
Service expenses	-	-	3,542	3,400	Mutually agreed agreement
Interest income	-	-	114	-	MOR per annum
Service revenue	-	-	168	135	Mutually agreed agreement
<u>Transactions with associate company</u>					
Dividend income	-	-	1,500	2,000	As declared
<u>Transactions with shareholders and directors of subsidiary</u>					
Lease land	1,211	1,101	-	-	Mutually agreed agreement
Amortised leasehold rights on land	336	335	-	-	Mutually agreed agreement
Interest expenses	30	30	-	-	5% - 6% per annum
<u>Transactions with related companies</u>					
Purchases of goods	622	1,474	622	1,474	Market price
Sales of goods	28,394	-	28,394	-	Market price

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related parties and companies are as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
<u>Short-term loan to subsidiary</u>				
Subsidiary	-	-	3,000	-
<u>Interest receivable</u>				
Subsidiary	-	-	46	-
<u>Leasehold rights on land</u>				
Shareholder/director of subsidiary	5,696	6,032	-	-
<u>Trade accounts receivable (Note 9)</u>				
Related companies of shareholders	13,432	1,083	13,432	1,083
<u>Trade accounts payable (Note 20)</u>				
Associate	-	1,279	-	1,279
Related companies of shareholders	2,234	1,906	2,234	1,906
Total	2,234	3,185	2,234	3,185

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



### Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term employee benefits	25.43	27.58	22.28	24.48
Post-employment benefits	0.77	0.83	0.46	0.46
Total	26.20	28.41	22.74	24.94

### **7. Cash and cash equivalents**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cash	24,171	26,848	23,974	26,650
Bank deposits with maturity not over 3 months	134,886	104,824	68,943	59,793
Total	159,057	131,672	92,917	86,443

As at 31 December 2016, bank deposit in saving accounts, fixed deposits and government bonds carried interest between 0.10% and 3.50% per annum (2015: between 0.10% and 3.625% per annum).

### **8. Current investments**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Investments in open-end fund - Cost	72,738	186,158	72,738	154,500
Add: Unrealised gain on changes in value of investments	68	3,143	68	2,688
Investments in open-end fund - Fair value	72,806	189,301	72,806	157,188
Fixed deposit 3 months	25,000	-	-	-
Total current investments	97,806	189,301	72,806	157,188



## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade accounts receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	13,432	1,083	13,432	1,083
Total trade accounts receivables - related parties, net	13,432	1,083	13,432	1,083
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	43,333	63,341	43,261	63,341
Past due				
Up to 6 months	26,857	14,988	23,048	11,683
6 - 12 months	5,385	3,967	4,729	3,392
Over 12 months	3,985	890	3,193	149
Total	79,560	83,186	74,231	78,565
Less: Allowance for doubtful debts	(8,017)	(9,569)	(6,910)	(8,541)
Allowance for goods return	(4,326)	(7,004)	(4,326)	(7,004)
Total trade accounts receivables - unrelated parties, net	67,217	66,613	62,995	63,020
<u>Other receivables</u>				
Advances	839	518	803	502
Others	3,638	2,206	3,293	1,756
Total other receivables	4,477	2,724	4,096	2,258
Trade and other receivables - net	85,126	70,420	80,523	66,361

## 10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2016	2015	2016	2015	2016	2015
Raw materials	4,628	10,806	-	-	4,628	10,806
Work in process	10,979	8,104	(292)	(382)	10,687	7,722
Finished goods	596,094	555,628	(208,077)	(205,643)	388,017	349,985
Total	611,701	574,538	(208,369)	(206,025)	403,332	368,513



(Unit: Thousand Baht)

## Separate financial statements

	Cost		Reduce cost to net realisable value		Inventories-net	
	2016	2015	2016	2015	2016	2015
	Raw materials	4,628	10,806	-	-	4,628
Work in process	7,063	6,362	(292)	(382)	6,771	5,980
Finished goods	593,796	554,624	(207,977)	(205,543)	385,819	349,081
<b>Total</b>	<b>605,487</b>	<b>571,792</b>	<b>(208,269)</b>	<b>(205,925)</b>	<b>397,218</b>	<b>365,867</b>

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 10 million (2015: Baht 19 million) (The Company only: Baht 10 million and 2015: Baht 19 million), to reflect the net realisable value. This was included in administrative expenses. In addition, the Company reversed the write-down of cost of inventories by Baht 8 million (2015: Baht 16 million) (The Company only: Baht 8 million and 2015: Baht 16 million), and reduced the amount of inventories recognised as expenses during the year.

**11. Other current assets**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Supplies	17,647	14,512	17,025
Prepaid expenses	15,941	14,673	14,699	13,594
Advance payment for purchasing books	37,400	-	37,400	-
Other current assets	17,746	11,843	17,466	11,632
<b>Total</b>	<b>88,734</b>	<b>41,028</b>	<b>86,590</b>	<b>39,118</b>

**12. Restricted bank deposits and other investments**

(Unit: Thousand Baht)

	Consolidated/Separated financial statements		Interest rate (% p.a.)
	2016	2015	
	Fixed deposits with 12 months maturity	8,000	8,000
Government bonds with 7 years maturity	5,374	5,355	3.625
<b>Total</b>	<b>13,374</b>	<b>13,355</b>	



The Company pledged such fixed deposits and other investments to guarantee electricity use, area rental and distributor as discussed in Note 33.2.

### 13. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
			(%)	(%)						
SE-ED Book Center Co.,Ltd.	1,000	1,000	99.99	99.99	1,000	1,000	(187)	(177)	813	823
BaesLab Co., Ltd.	250	250	60.00	60.00	150	150	-	-	150	150
Plearn Patt Co.,Ltd.	169,476	169,476	48.97	48.97	83,000	83,000	(13,668)	(13,668)	69,332	69,332
					<u>84,150</u>	<u>84,150</u>	<u>(13,855)</u>	<u>(13,845)</u>	<u>70,295</u>	<u>70,305</u>

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		Accumulated balance of non-controlling interests		Profit allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2016	2015	2016	2015	2016	2015	2016	2015
	(%)	(%)						
Plearn Patt Co., Ltd.	51.03	51.03	76.8	70.6	6.6	5.3	-	-

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

Summarised information about financial position

	(Unit: Million Baht)	
	Plearn Patt Co., Ltd.	
	As at 31 December	
	2016	2015
Current assets	97.6	83.1
Non-current assets	201.5	215.9
Current liabilities	78.2	68.8
Non-current liabilities	64.7	86.2



## Summarised information about comprehensive income

(Unit: Million Baht)

	Plearn Patt Co., Ltd.	
	For the year ended	
	31 December	
	2016	2015
Revenue	175.2	165.3
Profit	12.9	10.4
Other comprehensive income	(0.8)	(0.1)
Total comprehensive income	12.1	10.3

## Summarised information about cash flow

(Unit: Million Baht)

	Plearn Patt Co., Ltd.	
	For the year ended	
	31 December	
	2016	2015
Cash flow from operating activities	34.7	25.8
Cash flow from investing activities	3.3	25.3
Cash flow used in financing activities	(16.9)	(9.9)
Net increase in cash and cash equivalents	21.1	41.2

## 14. Investments in associate

### 14.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2016	2015	2016	2015	2016	2015
			(%)	(%)				
M and E Co., Ltd.	Printing office production of technical magazines and engineering manuals	Thailand	25	25	100	100	25,950	25,651
					100	100	25,950	25,651



(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholding percentage		Cost		Carrying amounts based on cost method - net	
			2016	2015	2016	2015	2016	2015
			(%)	(%)				
M and E Co., Ltd.	Printing office production of technical magazines and engineering manuals	Thailand	25	25	100	100	100	100
					100	100	100	100

#### 14.2 Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investment in associate during the year		Dividend received during the year	
	2016	2015	2016	2015
M and E Co., Ltd.	1,799	1,714	1,500	2,000
	1,799	1,714	1,500	2,000

#### 14.3 Summarised financial information of associate

Financial information of the associated company is summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the year ended		Profit for the year ended	
	31 December		31 December		31 December		31 December		31 December	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
M and E Co., Ltd.	0.4	0.4	99.2	106.7	3.8	5.2	19.9	24.3	7.2	6.9



## 15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							
	Revaluation basis			Cost basis				
	Land and land improvement	Buildings and building improvement	Land improvement	Building and building decorations	Office equipment and air conditioners	Motor vehicles	Assets under installation	Total
<b>Cost / Revalued amount:</b>								
1 January 2015	509,948	261,606	43,495	860,630	893,045	45,239	7,086	2,621,049
Additions	-	997	-	8,117	28,036	2,033	14,134	53,317
Disposals	-	-	-	(5,565)	(19,312)	-	-	(24,877)
Written off	-	-	-	(20,996)	(3,182)	-	-	(24,178)
Adjust	-	-	-	-	-	-	(5,940)	(5,940)
Transfer in (out)	-	25	-	14,182	403	-	(14,610)	-
31 December 2015	509,948	262,628	43,495	856,368	898,990	47,272	670	2,619,371
Additions	-	450	-	10,260	42,883	1,766	30,066	85,425
Disposals	-	-	-	-	(41,624)	(2,868)	-	(44,492)
Written off	-	-	-	(29,882)	(27,404)	-	-	(57,286)
Transfer in (out)	-	(1,402)	-	30,098	1,215	-	(29,911)	-
31 December 2016	509,948	261,676	43,495	866,844	874,060	46,170	825	2,603,018
<b>Accumulated depreciation:</b>								
1 January 2015	14,120	74,757	669	370,333	516,367	36,228	-	1,012,474
Depreciation for the year	1,374	9,716	847	43,408	65,140	1,660	-	122,145
Depreciation on disposals	-	-	-	(5,527)	(19,264)	-	-	(24,791)
Depreciation on written off	-	-	-	(18,687)	(2,704)	-	-	(21,391)
31 December 2015	15,494	84,473	1,516	389,527	559,539	37,888	-	1,088,437
Depreciation for the year	1,377	9,905	891	43,076	61,348	2,289	-	118,886
Depreciation on disposals	-	-	-	-	(40,459)	(2,684)	-	(43,143)
Depreciation on written off	-	-	-	(26,870)	(25,770)	-	-	(52,640)
31 December 2016	16,871	94,378	2,407	405,733	554,658	37,493	-	1,111,540
<b>Allowance for impairment:</b>								
1 January 2015	-	-	-	2,427	-	-	-	2,427
Increase during the year	-	-	-	1,825	-	-	-	1,825
Reversal	-	-	-	(2,543)	-	-	-	(2,543)
31 December 2015	-	-	-	1,709	-	-	-	1,709
Increase during the year	-	-	-	4,781	-	-	-	4,781
Reversal	-	-	-	(6,017)	-	-	-	(6,017)
31 December 2016	-	-	-	473	-	-	-	473
<b>Net book value:</b>								
31 December 2015	494,454	178,155	41,979	465,132	339,451	9,384	670	1,529,225
31 December 2016	493,077	167,298	41,088	460,638	319,402	8,677	825	1,491,005
<b>Depreciation for the year</b>								
2015 (Baht 14.57 million included in cost of services, and the balance in selling and administrative expenses)								122,145
2016 (Baht 14.30 million included in cost of services, and the balance in selling and administrative expenses)								118,886



(Unit: Thousand Baht)

## Separate financial statements

	Revaluation basis		Cost basis					Total
	Land and land improvement	Buildings and building improvement	Land improvement	Building and building decorations	Office equipment and air conditioners	Motor vehicles	Assets under installation	
<b>Cost / Revalued amount:</b>								
1 January 2015	470,658	12,354	43,447	860,629	830,321	43,695	8,639	2,269,743
Additions	-	-	-	8,122	25,799	885	14,059	48,865
Disposals	-	-	-	(5,565)	(18,911)	-	-	(24,476)
Written off	-	-	-	(20,996)	(3,182)	-	-	(24,178)
Adjust	-	-	-	-	-	-	(5,940)	(5,940)
Transfer in (out)	-	-	-	14,177	374	-	(14,551)	-
31 December 2015	470,658	12,354	43,447	856,367	834,401	44,580	2,207	2,264,014
Additions	-	-	-	9,576	39,279	1,766	29,816	80,437
Disposals	-	-	-	-	(40,043)	(2,868)	-	(42,911)
Written off	-	-	-	(29,882)	(27,404)	-	-	(57,286)
Transfer in (out)	-	-	-	30,098	1,125	-	(31,223)	-
31 December 2016	470,658	12,354	43,447	866,159	807,358	43,478	800	2,244,254
<b>Accumulated depreciation:</b>								
1 January 2015	658	3,020	669	370,332	473,458	34,685	-	882,822
Depreciation for the year	-	333	847	43,408	58,304	1,618	-	104,510
Depreciation on disposals	-	-	-	(5,527)	(18,872)	-	-	(24,399)
Depreciation on written off	-	-	-	(18,687)	(2,704)	-	-	(21,391)
31 December 2015	658	3,353	1,516	389,526	510,186	36,303	-	941,542
Depreciation for the year	-	334	891	43,058	54,802	2,059	-	101,144
Depreciation on disposals	-	-	-	-	(39,111)	(2,684)	-	(41,795)
Depreciation on written off	-	-	-	(26,870)	(25,770)	-	-	(52,640)
31 December 2016	658	3,687	2,407	405,714	500,107	35,678	-	948,251
<b>Allowance for impairment:</b>								
1 January 2015	-	-	-	2,427	-	-	-	2,427
Increase during the year	-	-	-	1,825	-	-	-	1,825
Reversal	-	-	-	(2,543)	-	-	-	(2,543)
31 December 2015	-	-	-	1,709	-	-	-	1,709
Increase during the year	-	-	-	4,781	-	-	-	4,781
Reversal	-	-	-	(6,017)	-	-	-	(6,017)
31 December 2016	-	-	-	473	-	-	-	473
<b>Net book value:</b>								
31 December 2015	470,000	9,001	41,931	465,132	324,215	8,277	2,207	1,320,763
31 December 2016	470,000	8,667	41,040	459,972	307,251	7,800	800	1,295,530
<b>Depreciation for the year</b>								
2015 (Included in selling and administrative expenses)								104,510
2016 (Included in selling and administrative expenses)								101,144



The Company and a subsidiary company arranged for an independent professional valuer to appraise the value of certain assets in 2012 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land was revalued using the Market approach.
- Land and 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 and plus the market value of the land.

Key assumptions used in the valuation are summarized below:

	Consolidated financial statements	Separate financial statements	Result to fair value where as an increase in assumption value
Buildings - price per square metre (Baht)	800 - 12,000	5,551	Increase in fair value
Land - price per square wah (Baht)	18,000 - 120,000	18,000 - 120,000	Increase in fair value
Leasehold right on land - price per square wah (Baht)	4,100	-	Increase in fair value

Had the land and buildings been carried in the financial statements based on historical cost, their net book values as of 31 December 2016 and 2015 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
Land and land improvement	347,896	349,273	324,770	324,770
Buildings and building improvement	154,431	163,131	-	-

As at 31 December 2016, certain building and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 674.8 million (2015: Baht 658.0 million) (the Company only: Baht 641.3 million, 2015: Baht 628.1 million).



## 16. Leasehold rights on land

The whole amount of the leasehold rights consisted of two land lease agreements which the subsidiary entered into with its shareholders totalling Baht 10 million. It is related to the lease of land area of approximately 20 rais for the period of 30 years for the purpose of operating an education institute. The contracts stipulate that, during the contractual period, the lessor agreed not to sell the leased land to anyone without obtaining prior consent from the subsidiary and, if the lessor has the utmost need and could not find any other alternative, the lessor promises to offer the land for sale to the subsidiary first at an arm's-length price. If the subsidiary does not respond to the offer within 60 days, the lessor is entitled to sell the leased land to a third party who will be obliged to bind himself or herself to the conditions stipulated in these lease contracts.

During the year ended 31 December 2016, the subsidiary amortised leasehold rights as expense totalling Baht 0.33 million (2015: Baht 0.33 million).

## 17. Leasehold rights on buildings

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

The net book value of leasehold rights on buildings as at 31 December 2016 and 2015 are presented below.

	(Unit: Thousand Baht)
	<u>Consolidated/Separate financial statements</u>
As at 31 December 2016:	
Cost	235,511
Less: Accumulated amortisation	<u>(173,427)</u>
Net book value	<u>62,084</u>
As at 31 December 2015:	
Cost	225,491
Less: Accumulated amortisation	<u>(162,199)</u>
Net book value	<u>63,292</u>



A reconciliation of the net book value of leasehold rights on buildings for the years 2016 and 2015 are presented below.

	(Unit: Thousand Baht)	
	Consolidated/Separate	
	financial statements	
	2016	2015
Net book value at beginning of year	63,292	74,596
Addition	10,020	-
Amortisation	(11,228)	(11,304)
Net book value at ending of year	<u>62,084</u>	<u>63,292</u>

### 18. Intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 are presented below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	Computer software	Computer software
As at 31 December 2016:		
Cost	48,192	48,227
Less: Accumulated amortisation	(42,676)	(42,358)
Net book value	<u>5,516</u>	<u>5,869</u>
As at 31 December 2015:		
Cost	48,025	48,060
Less: Accumulated amortisation	(40,867)	(40,527)
Net book value	<u>7,158</u>	<u>7,533</u>

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	7,158	9,141	7,533	9,537
Acquisition of computer software	167	45	167	45
Amortisation	(1,809)	(2,028)	(1,831)	(2,049)
Net book value at ending of year	<u>5,516</u>	<u>7,158</u>	<u>5,869</u>	<u>7,533</u>



## 19. Other non-current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Long-term prepaid rental and service expenses	10,402	6,805	10,402	6,805
Others	104	76	-	-
<b>Total</b>	<b>10,506</b>	<b>6,881</b>	<b>10,402</b>	<b>6,805</b>

## 20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trade accounts payable - related parties	2,234	3,185	2,234	3,185
Trade accounts payable - unrelated parties	903,320	853,793	902,704	853,492
Accrued expenses	69,320	71,491	61,158	64,792
Other payables for purchase of fixed assets	5,130	979	4,918	656
Notes payable	6,583	4,581	6,566	4,581
Other payables	37,003	34,832	36,997	34,823
<b>Total</b>	<b>1,023,590</b>	<b>968,861</b>	<b>1,014,577</b>	<b>961,529</b>

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

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	2015
Income received in advance - not yet recognised	47,139	45,493
Less: Income received in advance recognisable within one year	(46,367)	(43,561)
<b>Net</b>	<b>772</b>	<b>1,932</b>



During the years ended 31 December 2016 and 2015, movements of income received in advance are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	The initial entrance fee	Education	Total
		supporting fee	
Balance as at 1 January 2015	4,753	42,029	46,782
Add: Increase during the year	10,414	142,324	152,738
Less: Income recognition during the year	(9,947)	(143,285)	(153,232)
Less: Returned due to resignation of students	-	(795)	(795)
Balance as at 31 December 2015	5,220	40,273	45,493
Add: Increase during the year	11,718	155,884	167,602
Less: Income recognition during the year	(10,565)	(154,019)	(164,584)
Less: Returned due to resignation of students	(325)	(1,047)	(1,372)
Balance as at 31 December 2016	6,048	41,091	47,139

## 22. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Coupon payable	17,239	16,829	17,239	16,829
Accrued withholding tax	2,359	2,384	2,061	2,080
Unearned income	3,355	2,644	2,373	2,173
Advance received for purchasing books	44,291	66	44,291	66
Others	4,624	3,625	3,862	2,652
Total	71,868	25,548	69,826	23,800



## 23. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated		Separate	
			financial statements	financial statements	financial statements	financial statements
			2016	2015	2016	2015
1	THBFD 3M + 3.85*	Monthly installment as from 31 July 2014 with the last installment in 30 June 2021	160,600	196,360	160,600	196,360
2	MLR-1.5	Monthly installment as from 30 November 2014 with the last installment in 31 October 2021	172,520	208,280	172,520	208,280
3	6.00 - 7.50	Settlement at maturity date of the contracts	78,220	95,170	-	-
Total			411,340	499,810	333,120	404,640
Less: Current portion			(93,090)	(87,920)	(71,520)	(71,520)
Long-term loans, net of current portion			318,250	411,890	261,600	333,120

\* Interest expense rate in swap transaction agreement

The loan is secured by a negative pledge of assets of the Company and the loan agreement contains covenants that, among other things, require the Company to maintain certain gearing and debt service coverage ratios specified in the agreements.

The Company had entered into an Interest Rate Swap Transaction Agreement with the lender bank covering this loan amount, whereby a rate stipulated in the agreement is to be swapped for a floating rate plus stipulate rate as discussed in Note 35.1.

## 24. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2016 and 2015 were as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
Provision for compensation on employees' retirement	44,210	34,191	37,960	29,890
Provision for long service awards	22,012	12,935	21,882	12,819
Total	66,222	47,126	59,842	42,709



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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	47,126	43,607	42,709	40,542
Included in profit or loss:				
Current service cost	11,894	6,798	10,537	5,321
Interest cost	1,539	1,665	1,362	1,540
Actuarial loss of other long-term benefits				
recognised during the year	6,274	-	6,274	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(4,385)	(2,162)	(5,692)	(2,636)
Financial assumptions changes	2,141	119	2,141	119
Experience adjustments	5,105	1,714	5,983	2,132
Benefits paid during the year	(3,472)	(4,615)	(3,472)	(4,309)
<b>Provision for long-term employee benefits</b>				
<b>at ending of year</b>	<u>66,222</u>	<u>47,126</u>	<u>59,842</u>	<u>42,709</u>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cost of sales	3,012	3,234	1,809	2,481
Selling and administrative expenses	16,695	5,229	16,364	4,380
<b>Total expenses recognised in profit or loss</b>	<u>19,707</u>	<u>8,463</u>	<u>18,173</u>	<u>6,861</u>

The Company and its subsidiaries expect to pay Baht 8.8 million of long-term employee benefits during the next year (Separate financial statements: Baht 8.4 million) (2015: Baht 3.6 million, separate financial statements: Baht 3.6 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 11 years (Separate financial statements: 11 years) (2015: 12 years, separate financial statements: 12 years).



Significant actuarial assumptions are summarised below:

(Unit: % p.a.)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	2.8 - 4.1	3.8 - 4.3	2.8	3.8
Salary increase rate	4.5 - 5.0	5.0	4.5 - 5.0	5.0
Staff turnover rate*	0.0 - 35.3	8.0 - 51.9	0.0 - 33.0	8.0 - 51.9

\*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 2016 and 2015 are summarised below:

(Unit: Million Baht)

As at 31 December 2016

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

(Unit: Million Baht)

As at 31 December 2015

	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(3.2)	3.6	(2.9)	3.3
Salary increase rate	3.1	(2.8)	2.8	(2.5)
Staff turnover rate	(1.2)	1.2	(1.1)	1.2

## 25. Revaluation surplus

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



(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Balance - beginning of year	128,002	128,524	123,384	123,651
Less: Amortisation	(524)	(522)	(267)	(267)
Balance - ending of year	127,478	128,002	123,117	123,384

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

## 26. Statutory reserve

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.

## 27. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Salary and wages and other employee benefits	688,009	704,213	586,171	611,363
Depreciation and amortisation	132,256	135,812	114,201	117,864
Rental, service and utilities expenses	429,274	454,467	423,329	448,755
Provision for diminution in value of receivables and inventories	15,665	10,966	15,586	10,702
Purchase of goods and raw materials used	2,548,043	2,733,199	2,522,480	2,706,123
Changes in inventories of finished goods and work in process	43,467	6,514	39,961	6,514
Variable expense based on sale volume	98,048	101,334	98,048	101,334



## 28. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Current income tax charge	4,232	17,848	4,150	17,546
Adjustment in respect of income tax of previous year	-	416	-	369
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(2,122)	(1,637)	(2,062)	(1,566)
<b>Income tax expense reported in the statement of income</b>	<b>2,110</b>	<b>16,627</b>	<b>2,088</b>	<b>16,349</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax on gain or loss from the change in value of available-for-sale investments	615	(341)	524	(343)
Deferred tax on actuarial gain or loss	332	77	332	77
	<b>947</b>	<b>(264)</b>	<b>856</b>	<b>(266)</b>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2016 and 2015 is presented below.



(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Accounting profit before tax	21,458	93,139	7,126	79,899
Applicable tax rate	0%, 20%	0%, 15%, 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	1,507	18,579	1,425	15,980
Adjustment in respect of income tax of previous year	-	416	-	369
Effects of:				
Income not subject to tax	-	(1,959)	(300)	(400)
Non-deductible expenses	4,344	1,774	4,381	2,113
Additional expense deductions allowed	(3,282)	(1,712)	(3,282)	(1,712)
Change in value of investment accounted for the equity method	(360)	(343)	-	-
Others	(99)	(128)	(136)	(1)
Total	603	(1,952)	663	369
<b>Income tax expenses reported in the statement of income</b>	<b>2,110</b>	<b>16,627</b>	<b>2,088</b>	<b>16,349</b>

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	2,247	3,109	2,247	3,109
Allowance for diminution in value of inventories	40,313	40,304	40,313	40,304
Allowance for asset impairment	95	342	95	342
Provision for long-term employee benefits	11,982	8,560	11,968	8,541
Total	54,637	52,315	54,623	52,296



(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Deferred tax liabilities</b>				
Gain on re-measuring available-for-sale investments	14	629	14	538
Unrealised gain from revaluation of land and buildings	31,869	32,000	30,779	30,846
Total	31,883	32,629	30,793	31,384
<b>Deferred tax assets - net</b>	22,754	19,686	23,830	20,912

## 29. 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.

The following table sets forth the computation of basic and diluted earnings per share:

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2016	2015	2016	2015	2016	2015
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	12,365	70,876	391,944	391,944	0.03	0.18
	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2016	2015	2016	2015	2016	2015
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	5,038	63,550	391,944	391,944	0.01	0.16



### 30. Segment information

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

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

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

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

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

Inter-segment revenues are eliminated on consolidation.

The following table present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2016 and 2015, respectively.

(Unit: Thousand Baht)

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



(Unit: Thousand Baht)

Year ended 31 December 2015	Retail business	Other distribution channels	Institution of private education business	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	3,449,041	890,840	156,657	4,496,538	-	4,496,538
Inter-segment revenue	-	4,190	-	4,190	(4,190)	-
Gain (loss) on sales of assets	131	-	(2)	129	-	129
Depreciation and amortisation	(77,028)	(28,916)	(18,229)	(124,173)	-	(124,173)
Loss on written-off assets	(2,787)	-	-	(2,787)	-	(2,787)
<b>Segment profit from operations</b>	<b>8,735</b>	<b>80,088</b>	<b>30,032</b>	<b>118,855</b>	-	<b>118,855</b>
Share of profit from investment in associate						1,714
Interest and dividend revenues						914
Interest expenses						(28,344)
<b>Profit before income tax expenses</b>						<b>93,139</b>
Income tax expenses						(16,627)
<b>Profit for the year</b>						<b>76,512</b>

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

#### *Geographic information*

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

#### *Major customers*

For the years 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

### **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. During the year 2016, the Company contributed Baht 16.8 million (2015: Baht 16.1 million) to the fund.



### 32. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividend from the operating results of the year 2014	Annual General Meeting of the shareholders on 23 April 2015	70.55	0.18
Total dividend paid during the year ended 31 December 2015		<u>70.55</u>	<u>0.18</u>
Dividend from the operating results of the year 2015	Annual General Meeting of the shareholders on 21 April 2016	47.03	0.12
Total dividend paid during the year ended 31 December 2016		<u>47.03</u>	<u>0.12</u>

### 33. Commitments and contingent liabilities

#### 33.1 Operating lease commitments

- a) As 31 December 2016, the Company has also entered into space rental agreements for use as branch offices, totaling 414 branches (2015: 395 branches.) The lease periods ranged from 1 to 20 years. For the year ended 31 December 2016, the total rental and utility fees were approximately Baht 404.6 million. (2015: Baht 422.9 million) Some of rental fees were calculated from the percentage of sales, while others were fixed rate.
- b) The Company and its subsidiaries has entered into several lease agreements in respect of the lease of office building space, land, warehouses and motor vehicles. The terms of the agreements are generally between 1 and 30 years. Future minimum lease payments required under operating leases contracts were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
Payable:				
In up to 1 year	22.9	7.6	21.7	6.4
In over 1 and up to 5 years	54.6	27.6	49.3	22.6
In over 5 years	29.1	25.2	8.7	3.5

During the year ended 31 December 2016, the Company and subsidiaries recognised rental expenses in the income statement of Baht 13.6 million. (2015: Baht 16.9 million)



### 33.2 Guarantees

As at 31 December 2016, there were outstanding bank guarantee of approximately Baht 4.6 million (2015: Baht 5.4 million) issued by banks on behalf of the Company in respect of certain contractual performance and guarantee rental. In addition, other investments of Baht 0.9 million (2015: Baht 1.9 million) were pledged to guarantee the electricity usage.

### 33.3 Long-term service commitments

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

### 34. Fair value hierarchy

As at 31 December 2016 and 2015, the Company and its subsidiaries had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

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



(Unit: Million Baht)

## Consolidated Financial Statements

As at 31 December 2015

	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Available-for-sale investments				
Equity instruments	-	189.3	-	189.3
Property plant and equipment	-	-	672.6	672.6
<b>Liabilities for which fair value are disclosed</b>				
Derivatives				
Interest rate swap agreement	-	9.5	-	9.5
Foreign exchange forward contracts	-	0.3	-	0.3

(Unit: Million Baht)

## Separate Financial Statements

As at 31 December 2016

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

(Unit: Million Baht)

## Separate Financial Statements

As at 31 December 2015

	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Available-for-sale investments				
Equity instruments	-	157.2	-	157.2
Property plant and equipment	-	-	479.0	479.0
<b>Liabilities for which fair value are disclosed</b>				
Derivatives				
Interest rate swap agreement	-	9.5	-	9.5
Foreign exchange forward contracts	-	0.3	-	0.3



## 35. Financial instruments

### 35.1 Financial risk management

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

#### ***Credit risk***

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

#### ***Interest rate risk***

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

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidate financial statements							
As at 31 December 2016							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial Assets</b>							
Cash and cash equivalents	135	-	-	-	24	159	0.10 - 3.50
Current investments	25	-	-	-	73	98	-
Trade and other receivables	-	-	-	-	85	85	-
Restricted bank deposits	-	13	-	-	-	13	0.80 - 3.625
	160	13	-	-	182	355	



(Unit: Million Baht)

## Consolidate financial statements

As at 31 December 2016

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	1,024	1,024	-
Long-term loans	21	57	-	333	-	411	4.75 - 7.00
	21	57	-	333	1,024	1,435	

(Unit: Million Baht)

## Consolidate financial statements

As at 31 December 2015

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<u>Financial Assets</u>							
Cash and cash equivalents	105	-	-	-	27	132	0.10 - 3.625
Current investments	-	-	-	-	189	189	-
Trade and other receivables	-	-	-	-	70	70	-
Restricted bank deposits	-	13	-	-	-	13	2.30 - 3.625
	105	13	-	-	286	404	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	969	969	-
Long-term loans	16	79	-	405	-	500	4.84 - 7.50
	16	79	-	405	969	1,469	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2016

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



(Unit: Million Baht)

## Separate financial statements

As at 31 December 2016

	Fixed interest rates					Total	Effective interest rate (% per annum)
	Within	1-5	Over	Floating	Non- interest		
	1 year	years	5 years	interest rate	bearing		
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	1,015	1,015	-
Long-term loans	-	-	-	333	-	333	4.75 - 5.00
	-	-	-	333	1,015	1,348	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2015

	Fixed interest rates					Total	Effective interest rate (% per annum)
	Within	1-5	Over	Floating	Non- interest		
	1 year	years	5 years	interest rate	bearing		
<u>Financial Assets</u>							
Cash and cash equivalents	60	-	-	-	27	87	0.10 - 3.625
Current investments	-	-	-	-	157	157	-
Trade and other receivables	-	-	-	-	66	66	-
Restricted bank deposits	-	13	-	-	-	13	2.30 - 3.625
	60	13	-	-	250	323	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	962	962	-
Long-term loans	-	-	-	405	-	405	4.84 - 5.25
	-	-	-	405	962	1,367	

Interest Rate Swap Transaction agreements

The Company has the detail of the interest rate swap agreements outstanding as at 31 December 2016 as follow:

As at 31 December 2016

Principal amount	Interest Revenue Rate	Interest Expenses Rate	Termination date
	Swap Agreement	Swap Agreement	
Baht 161 million	THBFIX 1M + 1.74%	THBFD 3M + 3.85%	June 2021



### Foreign currency risk

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

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

Consolidated / Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2016	2015	2016	2015	2016	2015
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
USD	-	-	18	89	36.0025	36.2538
SGD	-	-	4	68	25.0755	25.7905
GBP	-	-	685	853	44.4775	53.9343

Foreign exchange contracts outstanding are summarised below.

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

Consolidated / Separate financial statements					
As at 31 December 2015					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
GBP	0.4	-	53.91 - 54.65	-	January - April 2016
USD	0.1	-	36.15	-	January 2016



### 35.2 Fair values of financial instruments

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

The estimated fair value of the derivatives is as follows:

(Unit: Million Baht)

	Consolidated / Separate financial statements	
	As at 31 December	
	2016	2015
<b>Derivatives (loss)</b>		
Interest rate swap agreements	(6.7)	(9.5)
Foreign exchange forward contracts	(0.1)	(0.3)

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

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

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



### **36. Capital management**

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

The Group's total liabilities to shareholders' equity ratio as at 31 December 2016 was 1.69:1 (2015: 1.61:1), and the Company only was 1.75:1 (2015: 1.61:1).

### **37. Event after the reporting period**

The meeting of the Company's Board of Directors held on 27 February 2017 passed a resolution to propose to the Company's annual general meeting of shareholders to approve dividend payments from the operations for the year 2016 at Baht 0.01 per share, or equivalent to amount of Baht 3.92 million. Dividend will be paid and accounted for after the approval of the Annual General Meeting of the Company's shareholders.

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

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2017.

