

SE-EDUCATION PUBLIC COMPANY LIMITED  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2018

## 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 2018, 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 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Key Audit Matters

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



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

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

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

The Group has disclosed its accounting policy relating to recognition of revenue from sales in Note 4.1 to the consolidated financial statements. This account is represented 92% of total revenue in the financial statements of the Group for the year ended 31 December 2018.

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

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

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



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

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

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

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

### **Other Information**

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

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

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

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



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

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

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

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

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

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

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

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



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

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

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



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

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



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 22 February 2019



## SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

## Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	139,466,326	145,864,621	85,531,195	94,319,896
Current investments	8	-	18,883,075	-	18,883,075
Trade and other receivables	6, 9	62,950,818	79,026,518	57,944,984	73,681,031
Short-term loan to subsidiary	6	-	-	1,800,000	1,800,000
Inventories	10	335,088,836	324,829,713	330,431,836	318,495,594
Other current assets	11	54,337,972	51,953,574	51,548,192	48,495,275
		591,843,952	620,557,501	527,256,207	555,674,871
Non-current assets held for sale	12	-	50,432,051	-	50,432,051
<b>Total current assets</b>		591,843,952	670,989,552	527,256,207	606,106,922
<b>Non-current assets</b>					
Restricted bank deposits and other investments	13	13,413,204	13,393,744	13,413,204	13,393,744
Investments in subsidiaries	14	-	-	70,294,511	70,294,511
Investment in associate	15	25,338,779	25,912,007	100,000	100,000
Property, plant and equipment	16	1,776,901,991	1,844,562,063	1,510,771,934	1,570,739,498
Leasehold rights on land	6, 17	5,809,523	6,094,781	-	-
Leasehold rights on buildings	18	40,042,081	50,788,575	40,042,081	50,788,575
Intangible assets	19	3,616,984	3,910,061	3,495,072	4,231,802
Prepaid book copyright and translation fee		17,599,460	15,691,331	17,599,460	15,691,331
Rental guarantee and deposit		89,950,768	98,607,593	89,950,768	98,607,593
Deferred tax assets	29	131,341	15,341	-	-
Other non-current assets	20	9,501,708	9,666,149	9,102,305	9,444,481
<b>Total non-current assets</b>		1,982,305,839	2,068,641,645	1,754,769,335	1,833,291,535
<b>Total assets</b>		2,574,149,791	2,739,631,197	2,282,025,542	2,439,398,457

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	6, 21	826,276,136	914,574,917	810,979,636	904,655,017
Income received in advance recognisable					
within one year	22	57,248,222	53,643,506	-	-
Current portion of long-term loans	24	60,408,000	279,008,000	60,408,000	269,008,000
Income tax payable		390,635	326,925	-	-
Current portion of provision for					
long-term employee benefits	25	5,793,411	8,597,980	5,793,411	8,597,980
Other current liabilities	23	29,242,839	44,121,280	24,095,474	35,211,476
<b>Total current liabilities</b>		<b>979,359,243</b>	<b>1,300,272,608</b>	<b>901,276,521</b>	<b>1,217,472,473</b>
<b>Non-current liabilities</b>					
Income received in advance, net of current portion	22	9,298,191	15,857,151	-	-
Long-term loans, net of current portion	24	204,842,000	56,750,000	148,192,000	-
Provision for long-term employee benefits, net of					
current portion	25	55,326,216	63,795,688	48,486,491	57,969,589
Deferred tax liabilities	29	50,622,606	50,817,992	46,152,480	46,062,301
Other non-current liabilities		9,057,239	8,346,240	8,001,240	8,346,240
<b>Total non-current liabilities</b>		<b>329,146,252</b>	<b>195,567,071</b>	<b>250,832,211</b>	<b>112,378,130</b>
<b>Total liabilities</b>		<b>1,308,505,495</b>	<b>1,495,839,679</b>	<b>1,152,108,732</b>	<b>1,329,850,603</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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Shareholders' equity</b>					
Share capital					
Registered					
391,944,529 ordinary shares of Baht 1 each		391,944,529	391,944,529	391,944,529	391,944,529
Issued and paid-up					
391,944,418 ordinary shares of Baht 1 each		391,944,418	391,944,418	391,944,418	391,944,418
Share premium		149,420,558	149,420,558	149,420,558	149,420,558
Retained earnings					
Appropriated - Statutory reserve					
- The Company	27	39,194,453	39,194,453	39,194,453	39,194,453
- Subsidiary	27	631,994	631,994	-	-
Unappropriated		213,053,255	145,234,144	178,188,073	111,524,454
Other components of shareholders' equity		382,025,642	428,873,342	371,169,308	417,463,971
Equity attributable to owners of the Company		1,176,270,320	1,155,298,909	1,129,916,810	1,109,547,854
Non-controlling interests of the subsidiaries		89,373,976	88,492,609	-	-
<b>Total shareholders' equity</b>		<b>1,265,644,296</b>	<b>1,243,791,518</b>	<b>1,129,916,810</b>	<b>1,109,547,854</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,574,149,791</b>	<b>2,739,631,197</b>	<b>2,282,025,542</b>	<b>2,439,398,457</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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Revenues</b>					
Revenues from sales		3,117,513,486	3,524,028,420	3,104,385,137	3,518,349,732
Tuition fees income	22	187,166,434	173,137,061	-	-
Interest and dividend income	6, 14, 15	1,240,896	1,280,973	9,419,708	5,552,396
Other income		76,127,728	70,310,214	67,530,033	61,974,734
<b>Total revenues</b>		<b>3,382,048,524</b>	<b>3,768,756,668</b>	<b>3,181,334,878</b>	<b>3,585,876,862</b>
<b>Expenses</b>					
Cost of sales		2,032,012,451	2,298,547,836	2,021,492,954	2,292,736,703
Cost of tuition fees		140,495,738	131,689,120	-	-
Selling and distribution expenses		759,806,448	842,134,995	759,674,710	842,003,344
Administrative expenses		414,331,572	500,379,839	375,946,691	468,522,045
<b>Total expenses</b>		<b>3,346,846,209</b>	<b>3,772,751,790</b>	<b>3,157,114,355</b>	<b>3,603,262,092</b>
<b>Profit (loss) before share of profit from investment</b>					
<b>in associate, finance cost and income tax</b>		<b>35,402,315</b>	<b>(3,995,122)</b>	<b>24,220,523</b>	<b>(17,385,230)</b>
Share of profit from investment in associate	15	1,006,772	962,389	-	-
<b>Profit (loss) before finance cost and income tax</b>		<b>36,409,087</b>	<b>(3,032,733)</b>	<b>24,220,523</b>	<b>(17,385,230)</b>
Finance cost		(14,865,816)	(19,456,593)	(11,869,495)	(14,908,068)
<b>Profit (loss) before income tax</b>		<b>21,543,271</b>	<b>(22,489,326)</b>	<b>12,351,028</b>	<b>(32,293,298)</b>
Income tax revenues	29	1,868,216	3,702,227	1,534,996	3,611,464
<b>Profit (loss) for the year</b>		<b>23,411,487</b>	<b>(18,787,099)</b>	<b>13,886,024</b>	<b>(28,681,834)</b>
<b>Profit (loss) attributable to</b>					
Equity holders of the Company		14,614,890	(25,702,076)	13,886,024	(28,681,834)
Non-controlling interests of the subsidiaries		8,796,597	6,914,977	-	-
		<b>23,411,487</b>	<b>(18,787,099)</b>		
<b>Earnings per share</b>					
Basic earnings (loss) per share	30				
Profit (loss) attributable to equity holders of the Company		0.04	(0.07)	0.04	(0.07)

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit (loss) for the year</b>		<b>23,411,487</b>	<b>(18,787,099)</b>	<b>13,886,024</b>	<b>(28,681,834)</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Loss on changes in value of					
available-for-sale investments	8	(6,697)	(61,496)	(6,697)	(61,496)
Less: Income tax effect	29	1,340	12,299	1,340	12,299
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(5,357)	(49,197)	(5,357)	(49,197)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss)	25	7,852,221	(144,236)	8,110,361	-
Changes in revaluation of assets	26	-	386,810,097	-	368,160,788
Less: Income tax effect	29	(1,622,072)	(77,362,019)	(1,622,072)	(73,632,158)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		6,230,149	309,303,842	6,488,289	294,528,630
<b>Other comprehensive income for the year</b>		<b>6,224,792</b>	<b>309,254,645</b>	<b>6,482,932</b>	<b>294,479,433</b>
<b>Total comprehensive income for the year</b>		<b>29,636,279</b>	<b>290,467,546</b>	<b>20,368,956</b>	<b>265,797,599</b>
<b>Total comprehensive income attributable to</b>					
Equity holders of the Company		20,971,411	276,012,779	20,368,956	265,797,599
Non-controlling interests of subsidiaries					
<b>Total comprehensive income for the year</b>		<b>8,664,868</b>	<b>14,454,767</b>		
		<b>29,636,279</b>	<b>290,467,546</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 2018

(Unit: Baht)

Consolidated financial statements													
Equity attributable to the parent's shareholders													
Other components of equity													
Surplus													
on changes in value of available-for-sale investments													
Surplus on revaluation of assets													
Total other components of shareholders' equity													
Total equity attributable to shareholders of the Company													
Equity attributable to non-controlling interests of the subsidiaries													
Total shareholders' equity													
Note	Issued and paid-up share capital	Share premium	The Company	Subsidiary	Unappropriated	Retained earnings - statutory reserve	Unappropriated	Investments	Surplus on revaluation of assets	Components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	391,944,418	149,420,558	39,194,453	-	175,114,248	-	175,114,248	54,554	127,477,275	127,531,829	883,205,506	77,756,289	960,961,795
	-	-	-	-	(25,702,076)	-	(25,702,076)	-	-	-	(25,702,076)	6,914,977	(18,787,099)
	-	-	-	-	(70,632)	-	(70,632)	(49,197)	301,834,684	301,785,487	301,714,955	7,539,790	309,254,645
	-	-	-	-	(25,772,708)	-	(25,772,708)	(49,197)	301,834,684	301,785,487	276,012,779	14,454,767	290,467,546
33	-	-	-	-	(3,919,376)	-	(3,919,376)	-	-	-	(3,919,376)	-	(3,919,376)
	-	-	-	-	-	-	-	-	-	-	-	(3,718,447)	(3,718,447)
27	-	-	-	631,994	(631,994)	-	-	-	-	-	-	-	-
	-	-	-	-	443,974	-	443,974	-	(443,974)	(443,974)	-	-	-
26	391,944,418	149,420,558	39,194,453	631,994	145,234,144	-	145,234,144	5,357	428,867,985	428,873,342	1,155,298,909	88,492,609	1,243,791,518
	391,944,418	149,420,558	39,194,453	631,994	145,234,144	-	145,234,144	5,357	428,867,985	428,873,342	1,155,298,909	88,492,609	1,243,791,518
	-	-	-	-	14,614,890	-	14,614,890	-	-	-	14,614,890	8,796,597	23,411,487
	-	-	-	-	6,361,878	-	6,361,878	(5,357)	(5,357)	(5,357)	6,356,521	(131,729)	6,224,792
33	-	-	-	-	20,976,768	-	20,976,768	(5,357)	(5,357)	(5,357)	20,971,411	8,664,868	29,636,279
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	(7,783,501)	(7,783,501)
26	-	-	-	-	46,842,343	-	46,842,343	-	(46,842,343)	(46,842,343)	-	-	-
	391,944,418	149,420,558	39,194,453	631,994	213,053,255	-	213,053,255	-	382,025,642	382,025,642	1,176,270,320	89,373,976	1,265,644,296

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 (continued)  
For the year ended 31 December 2018

(Unit: Baht)

		Separate financial statements									
		Other components of equity									
		Other comprehensive income									
		Surplus									
Note	Issued and paid-up share capital	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	Total other components of shareholders' equity		
			Appropriated	Unappropriated					shareholders' equity	shareholders' equity	
	391,944,418	149,420,558	39,194,453	143,938,021	54,554	123,117,627	123,172,181	847,669,631			
	-	-	-	(28,681,834)	-	-	-	(28,681,834)			
	-	-	-	-	(49,197)	294,528,630	294,479,433	294,479,433			
	-	-	-	(28,681,834)	(49,197)	294,528,630	294,479,433	265,797,599			
33	-	-	-	(3,919,376)	-	-	-	(3,919,376)			
26	-	-	-	187,643	-	(187,643)	(187,643)	-			
	391,944,418	149,420,558	39,194,453	111,524,454	5,357	417,458,614	417,463,971	1,109,547,854			
	391,944,418	149,420,558	39,194,453	111,524,454	5,357	417,458,614	417,463,971	1,109,547,854			
	-	-	-	13,886,024	-	-	-	13,886,024			
	-	-	-	6,488,289	(5,357)	-	(5,357)	6,482,932			
	-	-	-	20,374,313	(5,357)	-	(5,357)	20,368,956			
26	-	-	-	46,289,306	-	(46,289,306)	(46,289,306)	-			
	391,944,418	149,420,558	39,194,453	178,188,073	-	371,169,308	371,169,308	1,129,916,810			

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



## SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

## Cash flow statement

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	21,543,271	(22,489,326)	12,351,028	(32,293,288)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	100,264,918	111,639,015	84,040,281	95,103,026
Reversal of allowance for doubtful accounts and estimated goods return	(119,834)	(309,061)	(562,939)	(503,738)
Adjustment from reconciliation accounts receivable	(626,401)	(165,257)	(626,401)	(165,257)
Allowance for impairment of assets (reversal)	(322,720)	2,016,201	(322,720)	2,016,201
Expense from loss of inventories	7,948,912	6,345,056	7,948,912	6,345,056
Allowance for loss of inventories, dilapidated and slow moving (reversal)	(25,326,949)	7,976,340	(25,326,949)	7,969,504
Provision for impairment of investment in associate	580,000	-	-	-
Expense for donation of goods and equipment	6,568,193	11,114,706	6,568,193	11,114,706
Provision for long-term employee benefits	3,416,610	16,068,935	2,661,125	16,044,555
Share of profit from investment in associate	(1,006,772)	(962,389)	-	-
Gain on disposal of current investments	(845,344)	(1,344,726)	(845,344)	(1,344,726)
Loss from stock destruction	7,699,350	23,211,861	7,699,350	23,211,861
Loss on sales and written-off equipment	5,181,158	3,037,650	4,511,909	2,595,613
Gain on sales of land	(9,567,949)	-	(9,567,949)	-
Amortised of leasehold rights on land and buildings	11,031,752	11,577,621	10,746,494	11,295,785
Loss on written-off leasehold right on land	-	2,818,168	-	-
Adjustment from clearing coupon payable	-	(6,394,400)	-	(6,394,400)
Adjustment from clearing long outstanding payable	(2,749,684)	(1,191,560)	(2,749,684)	(1,191,560)
Interest expenses	14,865,816	19,456,593	11,869,495	14,908,068
Interest income	(1,240,848)	(1,280,973)	(949,660)	(983,396)
Dividend income	-	-	(8,470,000)	(4,569,000)
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>137,293,479</b>	<b>181,124,454</b>	<b>98,975,141</b>	<b>143,159,000</b>
<b>Operating assets (increase) decrease</b>				
Trade and other receivables	16,821,936	13,468,225	16,925,387	14,404,970
Inventories	(7,576,629)	29,854,821	(8,825,748)	30,080,950
Prepaid expenses	1,043,593	1,196,161	516,366	2,325,762
Advance payment for purchasing books	-	37,400,000	-	37,400,000
Other current assets	(3,524,224)	(5,898,571)	(3,718,395)	(5,837,285)
Prepaid book copyright and translation fee	(1,908,129)	1,487,962	(1,908,129)	1,487,962
Rental guarantee and deposit	8,656,825	2,147,760	8,656,825	2,147,760
Other non-current assets	164,441	839,428	342,176	957,378

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Operating liabilities increase (decrease)				
Trade and other payables	(85,879,268)	(109,278,803)	(91,451,083)	(110,023,229)
Income received in advance	(2,954,244)	22,361,546	-	-
Cash paid for long-term employee benefits	(6,838,430)	(10,041,893)	(6,838,430)	(9,319,290)
Advance received for purchasing books	1,787,808	(43,295,275)	1,787,807	(43,295,275)
Other current liabilities	2,083,436	7,134,828	5,845,874	267,154
Other non-current liabilities	711,000	908,279	(345,000)	908,279
Cash flows from operating activities	59,881,594	129,408,922	19,962,791	64,664,136
Cash received from tax refund	6,983,233	5,992,159	6,859,171	5,992,159
Cash paid for interest expenses	(14,908,928)	(19,438,235)	(11,912,607)	(14,889,710)
Cash paid for income tax	(6,887,947)	(9,013,286)	(6,705,666)	(8,809,372)
<b>Net cash flows from operating activities</b>	<b>45,067,952</b>	<b>106,949,560</b>	<b>8,203,689</b>	<b>46,957,213</b>
<b>Cash flows from investing activities</b>				
Increase in restricted bank deposits and other investments	(19,460)	(19,460)	(19,460)	(19,460)
Decrease in current investments	19,721,722	80,206,156	19,721,722	55,206,156
Decrease in short-term loan to subsidiary	-	-	-	1,200,000
Dividend received	1,000,000	1,000,000	8,470,000	4,569,000
Interest income	1,240,848	1,409,809	949,660	996,912
Cash received from advanced deposit	-	16,000,000	-	16,000,000
Proceeds from sales of equipment	1,921,832	375,137	1,891,892	363,236
Proceeds from sales of land	44,000,000	-	44,000,000	-
Cash paid for purchase of property and equipment	(41,040,394)	(132,389,937)	(31,598,204)	(55,833,948)
Cash paid for purchase of intangible assets	-	(5,280)	-	(5,280)
Cash paid for acquisition of leasehold right	-	(3,498,660)	-	-
<b>Net cash flows from (used in) investing activities</b>	<b>26,824,548</b>	<b>(36,922,235)</b>	<b>43,415,610</b>	<b>22,476,616</b>
<b>Cash flows from financing activities</b>				
Repayment of short-term loans from financial institutions	(30,000,000)	(100,000,000)	(30,000,000)	(100,000,000)
Cash received from short-term loans from financial institution	30,000,000	100,000,000	30,000,000	100,000,000
Cash received from other short-term loan	300,000	-	-	-
Repayment of other short-term loan	(300,000)	-	-	-
Cash received from long-term loans	-	10,550,000	-	-
Repayment of long-term loans	(70,508,000)	(86,132,000)	(60,408,000)	(64,112,000)
Dividend paid	(7,782,795)	(7,637,823)	-	(3,919,376)
<b>Net cash flows used in financing activities</b>	<b>(78,290,795)</b>	<b>(83,219,823)</b>	<b>(60,408,000)</b>	<b>(68,031,376)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(6,398,295)</b>	<b>(13,192,498)</b>	<b>(8,788,701)</b>	<b>1,402,453</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>145,864,621</b>	<b>159,057,119</b>	<b>94,319,896</b>	<b>92,917,443</b>
<b>Cash and cash equivalents at end of year (Note 7)</b>	<b>139,466,326</b>	<b>145,864,621</b>	<b>85,531,195</b>	<b>94,319,896</b>

## Supplemental cash flows information

## Non-cash transactions

Recognised loss in revaluation surplus on changes in value of available-for-sale investments	6,697	(61,496)	6,697	(61,496)
Decrease (increase) in trade Payable	(2,376,403)	245,678	(2,181,186)	82,405
Surplus on revaluation of assets	-	386,810,097	-	368,160,788
Actuarial loss	7,852,221	(144,236)	8,110,361	-
Decrease in deposit received from sale of land	16,000,000	-	16,000,000	-
Transferred land and building to non-current assets held for sale	-	50,432,051	-	50,432,051

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



## SE-EDUCATION PUBLIC COMPANY LIMITED and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2018

#### 1. General information

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

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

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

#### 2. Basis of preparation

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



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

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

## 2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 (%)	2017 (%)
SE-ED Book Center Co., Ltd.	Business consultant	Thailand	99.99	99.99
Plearn Patt Co., Ltd.	Private school	Thailand	48.97	48.97
BaesLab Co., Ltd.	Technology consultant	Thailand	60.00	60.00

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

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



### 3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

#### (b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers



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

The management of the Company and its subsidiaries expects the adoption of this accounting standard to result in the following adjustments.

- Sales of goods with reward points to be redeemed for discounts - The Company determines that revenue from sale of goods with reward points to be redeemed for discounts shall be recognised separately by distinct goods. Reward points are to be recognised as deferred revenue instead of wholly recognising income when goods are transferred in the previous.
- School entrance fee - The subsidiary determines that the school entrance fee must be recognised as income in line with the estimated learning period of students in the school. Previously, the subsidiary recognised the full amount of income at the time of acceptance of students.

**(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments



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

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

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

##### **4.1 Revenues recognition**

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

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

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



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

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

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

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

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

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

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

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

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

#### **4.5 Investments**

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

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

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



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

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

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

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

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

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

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

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

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

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



#### 4.7 Intangible assets

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

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

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

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

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

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

The amortisation expense are included in determining income.

#### 4.9 Related party transactions

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

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

#### 4.10 Long-term leases

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



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

#### **4.11 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

#### **4.12 Impairment of assets**

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

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

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



#### 4.13 Employee benefits

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

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

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

###### *Defined contribution plans*

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

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

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

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

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

#### 4.14 Provisions

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

#### 4.15 Income tax

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

##### **Current tax**

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



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## Deferred tax

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

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

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

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

### 4.16 Fair value measurement

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

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

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

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

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



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

## **5. Significant accounting judgements and estimates**

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

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

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

### **Allowance for doubtful accounts**

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

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

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

### **Leases**

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



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

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

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

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

### **Deferred tax assets**

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

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

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

## **6. Related party transactions**

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



(Unit: Thousand Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Transactions with subsidiary companies</u>					
(being eliminated in the consolidated financial statements)					
Sales of goods	-	-	609	608	Market price
Service expenses	-	-	423	2,133	Mutually agreed agreement
Interest income	-	-	130	213	MOR per annum
Service revenue	-	-	224	175	Mutually agreed agreement
Dividend income	-	-	7,470	3,569	As declared
<u>Transactions with associate company</u>					
Dividend income	-	-	1,000	1,000	As declared
<u>Transactions with shareholders and directors of subsidiary</u>					
Lease land	1,015	1,006	-	-	Mutually agreed agreement
Amortised leasehold rights on land	285	282	-	-	Mutually agreed agreement
Interest expenses	60	47	-	-	5% - 6% per annum
<u>Transactions with related companies</u>					
Purchases of goods	485	1,981	485	1,981	Market price
Service revenue	202	224	202	224	Market price

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related parties and companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Short-term loan to subsidiary</u>				
Subsidiary	-	-	1,800	1,800
<u>Interest receivable</u>				
Subsidiary	-	-	33	33
<u>Prepaid expense</u>				
Subsidiary	-	-	-	436
<u>Leasehold rights on land</u>				
Shareholder/director of subsidiary	5,810	6,095	-	-
<u>Trade accounts receivable (Note 9)</u>				
Subsidiary	-	-	26	6
Related companies (related by co-director)	3,353	8,396	3,353	8,396
Total	3,353	8,396	3,379	8,402
<u>Trade accounts payable (Note 21)</u>				
Related companies of shareholders	1,508	1,141	1,508	1,141
Total	1,508	1,141	1,508	1,141



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 2018 and 2017, 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	financial statements	financial statements
	2018	2017	2018	2017
Short-term employee benefits	18.71	23.17	15.85	20.55
Post-employment benefits	0.23	0.64	0.09	0.44
Total	18.94	23.81	15.94	20.99

**7. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Cash	18,180	19,050	18,007	18,852
Bank deposits with maturity not over 3 months	121,286	126,815	67,524	75,468
Total	139,466	145,865	85,531	94,320

As at 31 December 2018, bank deposit in saving accounts carried interest at 0.10% per annum (2017: 0.10% per annum).



## 8. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Available-for-sale securities				
Investments in open-end fund - Cost	-	18,876	-	18,876
Add: Unrealised gain on changes in value of investments	-	7	-	7
Investments in open-end fund - fair value	-	18,883	-	18,883
Fixed deposit 3 months	-	-	-	-
Total current investments	-	18,883	-	18,883

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	3,353	8,396	3,379	8,402
Total trade accounts receivable - related parties, net	3,353	8,396	3,379	8,402
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	34,868	48,050	34,868	47,158
Past due				
Up to 6 months	24,526	16,152	20,440	12,643
6 - 12 months	2,705	2,863	1,738	1,969
Over 12 months	4,785	4,226	3,510	3,372
Total trade accounts receivable - unrelated parties	66,884	71,291	60,556	65,142
Less: Allowance for doubtful debts	(8,025)	(8,834)	(6,280)	(7,532)
Allowance for goods return	(3,890)	(3,200)	(3,890)	(3,200)
Total trade accounts receivable - unrelated parties, net	54,969	59,257	50,386	54,410
<u>Other receivables</u>				
Advances	753	877	710	709
Others	3,876	10,497	3,470	10,160
Total other receivables	4,629	11,374	4,180	10,869
Trade and other receivables - net	62,951	79,027	57,945	73,681



## 10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2018	2017	2018	2017	2018	2017
	Raw materials	1,217	2,677	-	-	1,217
Work in process	10,167	13,175	(578)	(292)	9,589	12,883
Finished goods	514,722	525,323	(190,439)	(216,053)	324,283	309,270
<b>Total</b>	<b>526,106</b>	<b>541,175</b>	<b>(191,017)</b>	<b>(216,345)</b>	<b>335,089</b>	<b>324,830</b>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2018	2017	2018	2017	2018	2017
	Raw materials	1,217	2,677	-	-	1,217
Work in process	8,470	8,378	(578)	(292)	7,892	8,086
Finished goods	511,656	523,678	(190,333)	(215,946)	321,323	307,732
<b>Total</b>	<b>521,343</b>	<b>534,733</b>	<b>(190,911)</b>	<b>(216,238)</b>	<b>330,432</b>	<b>318,495</b>

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 2 million (2017: Baht 22 million) (The Company only: Baht 2 million and 2017: Baht 22 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 27 million (2017: Baht 14 million) (The Company only: Baht 27 million and 2017: Baht 14 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	
	2018	2017	2018	2017
	Supplies	20,392	17,134	19,640
Prepaid expenses	13,701	14,744	11,857	12,373
Other current assets	20,245	20,075	20,051	19,805
<b>Total</b>	<b>54,338</b>	<b>51,953</b>	<b>51,548</b>	<b>48,495</b>



## 12. Non-current assets held for sale

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

(Unit: Thousand Baht)

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

A reconciliation of the net book value of non-current assets held for sale for the year ended 31 December 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements
Net book value as at 31 December 2017	50,432
Decrease from disposal during period	(50,432)
Net book value as at 31 December 2018	-

On 15 September 2017, the Company entered into a sale and purchase agreement with an unrelated party ("the buyer") to sell land and building thereon at a price of Baht 60 million. Subsequently in July 2018, the Company received full payment for sale of the land and building thereon made by the buyer under the agreement and transferred ownership of such asset to the buyer.

## 13. Restricted bank deposits and other investments

(Unit: Thousand Baht)

	Consolidated/Separate financial statements		Interest rate (% p.a.)
	2018	2017	
Fixed deposits with 12 months maturity	8,000	8,000	0.80 - 1.85
Government bonds with 7 years maturity	5,413	5,394	3.625
Total	13,413	13,394	

The Company pledged such fixed deposits and other investments to guarantee electricity use, area rental and distributor as discussed in Note 34.3.



## 14. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net		Dividend received during the year	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)								
SE-ED Book Center Co., Ltd.	1,000	1,000	99.99	99.99	1,000	1,000	(187)	(187)	813	813	-	-
BaesLab Co., Ltd.	250	250	60.00	60.00	150	150	-	-	150	150	-	-
Plearn Patt Co., Ltd.	151,850	151,850	48.97	48.97	83,000	83,000	(13,668)	(13,668)	69,332	69,332	7,470	3,569
					<u>84,150</u>	<u>84,150</u>	<u>(13,855)</u>	<u>(13,855)</u>	<u>70,295</u>	<u>70,295</u>	<u>7,470</u>	<u>3,569</u>

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

(Unit: Million Baht)

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	
	2018	2017	2018	2017	2018	2017	2018	2017
	(%)	(%)						
Plearn Patt Co., Ltd.	51.03	51.03	89.1	87.9	8.7	14.5	7.8	3.7

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

Summarised information about financial position

(Unit: Million Baht)

	Plearn Patt Co., Ltd.	
	As at 31 December	
	2018	2017
Current assets	60.8	55.6
Non-current assets	273.0	280.3
Current liabilities	75.6	75.1
Non-current liabilities	78.1	83.0



Summarised information about comprehensive income

(Unit: Million Baht)

Plearn Patt Co., Ltd.		
For the year ended		
31 December		
	2018	2017
Revenue	199.7	185.1
Profit	17.7	14.1
Other comprehensive income	(0.1)	14.8
Total comprehensive income	17.6	28.9

Summarised information about cash flow

(Unit: Million Baht)

Plearn Patt Co., Ltd.		
For the year ended		
31 December		
	2018	2017
Cash flow from operating activities	38.6	53.5
Cash flow used in investing activities	(9.3)	(51.4)
Cash flow used in financing activities	(25.4)	(18.8)
Net increase (decrease) in cash and cash equivalents	3.9	(16.7)

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

On 7 December 2018, the Extraordinary General Meeting of the shareholders of SE-ED Book Center Co.,Ltd., a subsidiary of the company, resolved to approve the dissolution of the business. The subsidiary registered the dissolution with the Ministry of Commerce on 19 December 2018 and is currently in the process of liquidation.



## 15. Investment in associate

### 15.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements							
			Shareholding percentage		Carrying amounts based on equity method		Allowance for impairment of investment		Carrying amounts based on equity method - net	
			2018	2017	2018	2017	2018	2017	2018	2017
M and E Co., Ltd.	Printing office production of technical magazines and engineering manuals	Thailand	25	25	25,919	25,912	(580)	-	25,339	25,912
					25,919	25,912	(580)	-	25,339	25,912

(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	
			2018	2017	2018	2017	2018	2017
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

### 15.2 Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investment in associate during the year	Dividend received during the year	Share of profit from investment in associate during the year	Dividend received during the year
M and E Co., Ltd.	2018	2017	2018	2017
	1,007	962	1,000	1,000
	1,007	962	1,000	1,000



### 15.3 Summarised financial information of associate

Financial information of the associated company is summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues		Profit for the	
	as at		as at		as at		for the year		year ended	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
M and E Co., Ltd.	0.4	0.4	100.6	101.1	0.9	3.8	12.5	15.4	4.0	3.8

### 16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							
	Revaluation basis		Cost basis					
	Land and land improvement	Buildings and building improvement	Land improvement	Building and building decorations	Office equipment	Motor vehicles	Assets under installation	Total
<b>Cost / Revalued amount:</b>								
1 January 2017	509,948	261,676	43,495	866,844	874,060	46,170	825	2,603,018
Additions	69,228	330	-	5,958	32,506	9	24,605	132,636
Disposals	-	(622)	-	(741)	(36,148)	-	-	(37,511)
Written off	-	-	-	(40,890)	(12,743)	-	-	(53,633)
Transfer in (out)	-	397	-	19,101	1,359	-	(20,857)	-
Reclassifications	1,495	541,439	(43,495)	(379,459)	(174,334)	-	-	(54,354)
Revaluations	346,319	51,359	-	-	-	-	-	397,678
31 December 2017	926,990	854,579	-	470,813	684,700	46,179	4,573	2,987,834
Additions	1,499	309	-	3,563	22,255	-	11,037	38,663
Disposals	-	(414)	-	-	(34,854)	(7,940)	-	(43,208)
Written off	-	-	-	(41,968)	(13,822)	-	(479)	(56,269)
Transfer in (out)	4,093	-	-	7,300	700	-	(12,093)	-
Reclassifications	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-
31 December 2018	932,582	854,474	-	439,708	658,979	38,239	3,038	2,927,020
<b>Accumulated depreciation:</b>								
1 January 2017	16,871	94,378	2,407	405,733	554,658	37,493	-	1,111,540
Depreciation for the year	2,231	17,280	-	33,621	54,847	2,060	-	110,039
Depreciation on disposals	-	(174)	-	(741)	(36,029)	-	-	(36,944)
Depreciation on written off	-	-	-	(39,027)	(11,771)	-	-	(50,798)
Reclassifications	2,407	45,641	(2,407)	(20,963)	(28,600)	-	-	(3,922)
Depreciation on revaluations	-	10,868	-	-	-	-	-	10,868
31 December 2017	21,509	167,993	-	378,623	533,105	39,553	-	1,140,783
Depreciation for the year	2,648	24,520	-	29,553	41,374	1,449	-	99,544
Depreciation on disposals	-	(141)	-	-	(34,282)	(6,661)	-	(41,084)
Depreciation on written off	-	-	-	(38,538)	(12,753)	-	-	(51,291)
Reclassifications	-	-	-	-	-	-	-	-
Depreciation on revaluations	-	-	-	-	-	-	-	-
31 December 2018	24,157	192,372	-	369,638	527,444	34,341	-	1,147,952



(Unit: Thousand Baht)

## Consolidated financial statements

	Revaluation basis		Cost basis					Total
	Land and land improvement	Buildings and building improvement	Land improvement	Building and building decorations	Office equipment	Motor vehicles	Assets under installation	
<b>Allowance for impairment:</b>								
1 January 2017	-	-	-	473	-	-	-	473
Increase during the year	-	-	-	2,487	-	-	-	2,487
Reversal	-	-	-	(471)	-	-	-	(471)
31 December 2017	-	-	-	2,489	-	-	-	2,489
Increase during the year	-	-	-	4,442	-	-	-	4,442
Reversal	-	-	-	(4,764)	-	-	-	(4,764)
31 December 2018	-	-	-	2,167	-	-	-	2,167
<b>Net book value:</b>								
31 December 2017	905,481	686,586	-	89,701	151,595	6,826	4,573	1,844,562
31 December 2018	908,425	662,102	-	67,903	131,535	3,898	3,038	1,776,901
<b>Depreciation for the year</b>								
2017 (Baht 13.06 million included in cost of services, and the balance in selling and administrative expenses)								110,039
2018 (Baht 11.80 million included in cost of services, and the balance in selling and administrative expenses)								99,544

(Unit: Thousand Baht)

## Separate financial statements

	Revaluation basis		Cost basis					Total
	Land and land improvement	Buildings and building improvement	Land improvement	Building and building decorations	Office equipment	Motor vehicles	Assets under installation	
<b>Cost / Revalued amount:</b>								
1 January 2017	470,658	12,354	43,447	866,159	807,358	43,478	800	2,244,254
Additions	-	-	-	5,878	30,171	9	19,857	55,915
Disposals	-	-	-	(741)	(35,749)	-	-	(36,490)
Written off	-	-	-	(40,890)	(12,743)	-	-	(53,633)
Transfer in (out)	-	-	-	19,101	997	-	(20,098)	-
Reclassifications	1,447	541,439	(43,447)	(379,459)	(174,334)	-	-	(54,354)
Revaluations	345,400	25,749	-	-	-	-	-	371,149
31 December 2017	817,505	579,542	-	470,048	615,700	43,487	559	2,526,841
Additions	-	-	-	3,541	18,152	-	7,725	29,418
Disposals	-	-	-	-	(33,120)	(7,940)	-	(41,060)
Written off	-	-	-	(41,968)	(13,822)	-	(479)	(56,269)
Transfer in (out)	-	-	-	7,300	506	-	(7,805)	-
Reclassifications	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-
31 December 2018	817,505	579,542	-	438,921	587,415	35,547	-	2,458,930
<b>Accumulated depreciation:</b>								
1 January 2017	658	3,687	2,407	406,714	500,107	35,678	-	948,251
Depreciation for the year	868	7,851	-	33,470	49,443	1,830	-	93,472
Depreciation on disposals	-	-	-	(741)	(35,637)	-	-	(36,378)
Depreciation on written off	-	-	-	(39,027)	(11,771)	-	-	(50,798)
Reclassifications	2,407	45,641	(2,407)	(20,963)	(28,600)	-	-	(3,922)
Depreciation on revaluations	-	2,988	-	-	-	-	-	2,988
31 December 2017	3,933	60,177	-	378,453	473,542	37,508	-	953,613



	Separate financial statements							Total
	Revaluation basis			Cost basis				
	Land and land improvement	Buildings and building improvement	Land improvement	Building and building decorations	Office equipment	Motor vehicles	Assets under installation	
Depreciation for the year	868	13,952	-	29,398	37,856	1,220	-	83,304
Depreciation on disposals	-	-	-	-	(32,974)	(6,661)	-	(39,635)
Depreciation on written off	-	-	-	(38,538)	(12,753)	-	-	(51,291)
Reclassifications	-	-	-	-	-	-	-	-
Depreciation on revaluations	-	-	-	-	-	-	-	-
31 December 2018	4,801	74,139	-	369,313	465,671	32,067	-	945,991
<b>Allowance for impairment:</b>								
1 January 2017	-	-	-	473	-	-	-	473
Increase during the year	-	-	-	2,487	-	-	-	2,487
Reversal	-	-	-	(471)	-	-	-	(471)
31 December 2017	-	-	-	2,489	-	-	-	2,489
Increase during the year	-	-	-	4,442	-	-	-	4,442
Reversal	-	-	-	(4,764)	-	-	-	(4,764)
31 December 2018	-	-	-	2,167	-	-	-	2,167
<b>Net book value:</b>								
31 December 2017	813,572	519,365	-	89,106	142,158	5,979	559	1,570,739
31 December 2018	812,704	505,403	-	67,441	121,744	3,480	-	1,510,772
<b>Depreciation for the year</b>								
2017 (Included in selling and administrative expenses)								93,472
2018 (Included in selling and administrative expenses)								83,304

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

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



Key assumptions used in the valuation are summarised below:

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

Had the land and buildings been carried in the financial statements based on historical cost, their net book values as of 31 December 2018 and 2017 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Land and land improvement	454,163	451,219	359,360	360,228
Buildings and building improvement	618,624	641,734	483,356	496,604

The Company has pledged its property and constructions amounting to approximately Baht 1,217 million (2017: Baht 1,232 million) as collateral against credit facilities received from financial institution as discussed in Note 24.

As at 31 December 2018, 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 748.4 million (2017: Baht 699.1 million) (the Company only: Baht 695.3 million, 2017: Baht 648.1 million).

#### 17. Leasehold rights on land

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



Movement of the leasehold rights on land during the year ended 31 December 2018 is summarised below:

	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value at beginning of year	6,095
Amortisation for the year	(285)
Net book value at ending of year	<u>5,810</u>

**18. Leasehold rights on buildings**

The whole amount of the leasehold on buildings represented leasehold rights in 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 2018 and 2017 are presented below.

	(Unit: Thousand Baht)
	Consolidated/Separate financial statements
As at 31 December 2018:	
Cost	214,871
Less: Accumulated amortisation	(174,829)
Net book value	<u>40,042</u>
As at 31 December 2017:	
Cost	235,511
Less: Accumulated amortisation	(184,723)
Net book value	<u>50,788</u>



A reconciliation of the net book value of leasehold rights on buildings for the years 2018 and 2017 are presented below.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2018	2017
Net book value at beginning of year	50,788	62,084
Amortisation	(10,746)	(11,296)
Net book value at ending of year	<u>40,042</u>	<u>50,788</u>

### 19. Intangible assets

The net book value of intangible assets as at 31 December 2018 and 2017 are presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	Computer software	Computer software
As at 31 December 2018:		
Cost	48,607	48,213
Less: Accumulated amortisation	(44,990)	(44,718)
Net book value	<u>3,617</u>	<u>3,495</u>
As at 31 December 2017:		
Cost	48,179	48,213
Less: Accumulated amortisation	(44,269)	(43,981)
Net book value	<u>3,910</u>	<u>4,232</u>

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 are presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	3,910	5,516	4,232	5,869
Acquisition of computer software	-	5	-	5
Transfer from work in process during the period	428	-	-	-
Written-off during the year - net book value at written-off date	-	(11)	-	(11)
Amortisation	(721)	(1,600)	(737)	(1,631)
Net book value at ending of year	<u>3,617</u>	<u>3,910</u>	<u>3,495</u>	<u>4,232</u>



## 20. Other non-current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Long-term prepaid rental and service expenses	9,102	9,444	9,102	9,444
Others	400	222	-	-
<b>Total</b>	<b>9,502</b>	<b>9,666</b>	<b>9,102</b>	<b>9,444</b>

## 21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade accounts payable - related parties	1,508	1,141	1,508	1,141
Trade accounts payable - unrelated parties	703,434	801,881	702,429	801,317
Accrued expenses	86,100	71,832	72,005	62,946
Other payables for purchase of fixed assets	2,999	5,375	2,820	5,001
Notes payable	6,030	4,231	6,013	4,214
Other payables	26,205	30,115	26,205	30,036
<b>Total</b>	<b>826,276</b>	<b>914,575</b>	<b>810,980</b>	<b>904,655</b>

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

(Unit: Thousand Baht)

	Consolidated financial statements	
	2018	2017
Income received in advance - not yet recognised	66,546	69,501
Less: Income received in advance recognisable within one year	(57,248)	(53,644)
<b>Net</b>	<b>9,298</b>	<b>15,857</b>



During the years ended 31 December 2018 and 2017, movements of income received in advance are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	The initial	Education	Total
	entrance fee	supporting fee	
Balance as at 1 January 2017	6,048	41,091	47,139
Add: Increase during the year	11,373	186,335	197,708
Less: Income recognition during the year	(10,378)	(162,759)	(173,137)
Less: Returned due to resignation of students	(120)	(2,089)	(2,209)
Balance as at 31 December 2017	6,923	62,578	69,501
Add: Increase during the year	9,202	176,398	185,600
Less: Income recognition during the year	(9,984)	(177,183)	(187,167)
Less: Returned due to resignation of students	(90)	(1,298)	(1,388)
Balance as at 31 December 2018	6,051	60,495	66,546

### 23. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Coupon payable	15,316	11,351	15,316	11,351
Accrued withholding tax	3,349	2,182	1,603	1,801
Unearned income	4,134	9,717	1,541	2,178
Advance received for purchasing books	2,784	996	2,784	996
Advanced deposit	-	16,000	-	16,000
Others	3,660	3,875	2,851	2,885
Total	29,243	44,121	24,095	35,211



## 24. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated		Separate	
			financial statements	financial statements	financial statements	financial statements
			2018	2017	2018	2017
1	THBFD 3M + 3.85*	Monthly installment as from 31 July 2014 with the last installment in 30 June 2021	89,080	124,840	89,080	124,840
2	MLR-1.5	Monthly installment as from 30 November 2014 with the last installment in 31 December 2023	119,520	144,168	119,520	144,168
3	6.00 - 7.50	Settlement at maturity date of the contracts	56,650	66,750	-	-
Total			265,250	335,758	208,600	269,008
Less: Current portion			(60,408)	(279,008)	(60,408)	(269,008)
Long-term loans, net of current portion			204,842	56,750	148,192	-

\* Interest expense rate in swap transaction agreement

Movement of the long – term loan account during the year ended 31 December 2018 are summarised below:

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2018	335,758	269,008
Less: Repayment	(70,508)	(60,408)
Balance as at 31 December 2018	265,250	208,600

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

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



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

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

## 25. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2018 and 2017 were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Provision for compensation on employees' retirement	37,424	44,606	30,699	38,920
Provision for long service awards	23,696	27,788	23,581	27,647
<b>Total</b>	<b>61,120</b>	<b>72,394</b>	<b>54,280</b>	<b>66,567</b>

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	financial statements	financial statements
	2018	2017	2018	2017
<b>Provision for long-term employee benefits at beginning of year</b>	<b>72,394</b>	<b>66,222</b>	<b>66,567</b>	<b>59,842</b>
Included in profit or loss:				
Current service cost	5,168	14,235	4,564	14,467
Interest cost	1,566	1,834	1,414	1,577
Actuarial loss of other long-term benefits recognised during the year	(3,317)	-	(3,317)	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	1,791	69	1,989	-
Financial assumptions changes	(2,081)	-	(2,142)	-
Experience adjustments	(7,563)	75	(7,957)	-
Benefits paid during the year	(6,838)	(10,041)	(6,838)	(9,319)
<b>Provision for long-term employee benefits at ending of year</b>	<b>61,120</b>	<b>72,394</b>	<b>54,280</b>	<b>66,567</b>



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	
	2018	2017	2018	2017
Cost of sales	888	1,691	543	1,901
Selling and administrative expenses	2,529	14,378	2,118	14,143
<b>Total expenses recognised in profit or loss</b>	<b>3,417</b>	<b>16,069</b>	<b>2,661</b>	<b>16,044</b>

The Company and its subsidiaries expect to pay Baht 5.8 million of long-term employee benefits during the next year (Separate financial statements: Baht 5.8 million) (2017: Baht 8.6 million, separate financial statements: Baht 8.6 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 8 - 30 years (Separate financial statements: 8 - 14 years) (2017: 11 years, separate financial statements: 11 years).

Significant actuarial assumptions are summarised below:

	(Unit: % p.a.)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Discount rate	2.3 - 3.3	2.8 - 4.1	2.3 - 3.0	2.8
Salary increase rate	4.0 - 5.0	4.5 - 5.0	4.0	4.5 - 5.0
Staff turnover rate*	0.0 - 45.8	0.0 - 35.8	3.8 - 45.8	0.0 - 33.0

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

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:



(Unit: Million Baht)

As at 31 December 2018

	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(0.5)	5.7	(4.5)	5.2
Salary increase rate	4.6	4.0	4.0	(3.5)

(Unit: Million Baht)

As at 31 December 2018

	Consolidated financial statements		Separate financial statements	
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Staff turnover rate	8.4	11.1	(7.9)	10.2

(Unit: Million Baht)

As at 31 December 2017

	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(5.8)	6.2	(5.2)	6.1
Salary increase rate	6.4	(5.1)	5.3	(4.6)
Staff turnover rate	(6.3)	4.1	(5.8)	3.8

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 day's compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 10.8 million (The Company only: Baht 9.7 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.



## 26. Revaluation surplus

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Balance - beginning of year	428,868	127,477	417,458	123,117
Revaluations	-	301,835	-	294,529
Less: Amortisation	(46,842)	(444)	(46,289)	(188)
Balance - ending of year	<u>382,026</u>	<u>428,868</u>	<u>371,169</u>	<u>417,458</u>

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

## 27. Statutory reserve

### The Company

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

### Subsidiary

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



## 28. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Salary and wages and other employee benefits	576,156	648,342	455,668	545,147
Depreciation and amortisation	111,838	123,217	95,328	106,399
Rental, service and utilities expenses	344,379	388,763	338,794	383,698
Provision for diminution in value of receivables and inventories (reversal)	(2,272)	35,050	(2,272)	34,856
Purchase of goods and raw materials used	1,955,975	2,292,782	1,923,253	2,259,666
Changes in inventories of finished goods and work in process	(14,091)	(68,634)	(12,217)	(68,802)
Variable expense based on sale volume	77,377	81,903	77,257	81,870

## 29. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Current income tax:</b>				
Current income tax charge	67	10	-	-
Adjustment in respect of income tax of previous year	(224)	80	(4)	116
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,711)	(3,792)	(1,531)	(3,727)
<b>Income tax revenues reported in the statement of income</b>	<b>(1,868)</b>	<b>(3,702)</b>	<b>(1,535)</b>	<b>(3,611)</b>



The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deferred tax on gain or loss from the change in value of available-for-sale investments	1	12	1	12
Deferred tax on actuarial gain or loss	(1,622)	-	(1,622)	-
Deferred tax on gain from revaluation of land and buildings	-	(77,362)	-	(73,632)
	<u>(1,621)</u>	<u>(77,350)</u>	<u>(1,621)</u>	<u>(73,620)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Accounting profit (loss) before tax	<u>21,543</u>	<u>(22,489)</u>	<u>12,351</u>	<u>(32,293)</u>
Applicable tax rate	0%, 20%	0%, 20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	2,348	(4,413)	2,470	(6,459)
Temporary differences and taxable loss not recorded as deferred tax assets	366	5,118	366	5,039
Adjustment in respect of income tax of previous year	(4)	80	(4)	116
Effects of:				
Income not subject to tax	(1,694)	(2,884)	(1,694)	(914)
Non-deductible expenses	6,271	2,811	6,269	2,800
Additional expense deductions allowed	(3,213)	(4,193)	(3,213)	(4,193)
Change in value of investment accounted for the equity method	-	(192)	-	-
Taxable loss deductible by law	(5,404)	-	(5,404)	-
Others	(538)	(29)	(325)	-
Total	<u>(4,216)</u>	<u>711</u>	<u>(4,005)</u>	<u>2,848</u>
Income tax revenues reported in the statement of income	<u>(1,868)</u>	<u>(3,702)</u>	<u>(1,535)</u>	<u>(3,611)</u>



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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	2,033	2,146	2,033	2,146
Allowance for diminution in value of inventories	35,602	42,346	35,602	42,346
Allowance for asset impairment	433	498	433	498
Provision for impairment of investment in associate	116	-	-	-
Provision for long-term employee benefits	10,872	13,329	10,857	13,314
<b>Total</b>	<b>49,056</b>	<b>58,319</b>	<b>48,925</b>	<b>58,304</b>
<b>Deferred tax liabilities</b>				
Gain on re-measuring available-for-sale investments	-	-	-	1
Unrealised gain from revaluation of land and buildings	99,548	109,121	95,077	104,365
<b>Total</b>	<b>99,548</b>	<b>109,121</b>	<b>95,077</b>	<b>104,366</b>
<b>Deferred tax liabilities - net</b>	<b>(50,492)</b>	<b>(50,802)</b>	<b>(46,152)</b>	<b>(46,062)</b>

As at 31 December 2018, the Company's subsidiary has unused tax losses totalling Baht 2 million (2017: Baht 26 million), on which deferred tax assets have not been recognised as the Company's subsidiary cannot utilise the temporary differences and unused tax losses.

The unused tax losses will expire by 2022.

### 30. Earnings per share

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



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

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Profit (loss) for the year (Thousand Baht)	14,615	(25,702)	13,886	(28,682)
Weighted average number of ordinary shares (Thousand shares)	391,944	391,944	391,944	391,944
Earnings (loss) per share (Baht/share)	0.04	(0.07)	0.04	(0.07)

### 31. Segment information

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

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

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

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

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

Inter-segment revenues are eliminated on consolidation.

The following table present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2018 and 2017, respectively.



(Unit: Thousand Baht)

Year ended 31 December 2018	Retail business	Other distribution channels	Institution of private education business	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	2,292,985	821,217	190,478	3,304,680	-	3,304,680
Inter-segment revenue	-	1,470	-	1,470	(1,470)	-
Gain (loss) on sales of assets	466	-	(669)	(203)	-	(203)
Depreciation and amortisation	(63,370)	(20,824)	(16,071)	(100,265)	-	(100,265)
Loss on written-off assets	(4,978)	-	-	(4,978)	-	(4,978)
<b>Segment profit (loss) from operations</b>	<b>(44,440)</b>	<b>58,933</b>	<b>20,248</b>	<b>34,741</b>	<b>-</b>	<b>34,741</b>
Share of profit from investment in associate						1,007
Loss on impairment of investment in associate						(580)
Interest and dividend revenues						1,241
Interest expenses						(14,866)
<b>Profit before income tax expenses</b>						<b>21,543</b>
Income tax revenues						1,868
<b>Profit for the year</b>						<b>23,411</b>

(Unit: Thousand Baht)

Year ended 31 December 2017	Retail business	Other distribution channels	Institution of private education business	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	2,706,452	814,548	176,165	3,697,165	-	3,697,165
Inter-segment revenue	-	3,158	-	3,158	(3,158)	-
Gain (loss) on sales of assets	251	-	(442)	(191)	-	(191)
Depreciation and amortisation	(89,543)	(25,410)	(16,686)	(111,639)	-	(111,639)
Loss on written-off assets	(2,846)	-	-	(2,846)	-	(2,846)
<b>Segment profit (loss) from operations</b>	<b>(48,823)</b>	<b>25,417</b>	<b>18,130</b>	<b>(5,276)</b>	<b>-</b>	<b>(5,276)</b>
Share of profit from investment in associate						962
Interest and dividend revenues						1,281
Interest expenses						(19,456)
<b>Loss before income tax expenses</b>						<b>(22,489)</b>
Income tax expenses						3,702
<b>Loss for the year</b>						<b>(18,787)</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 2018 and 2017, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.



### 32. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5% of basic salary. The fund, which is managed by CIMB - Principal Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2018, the Company contributed Baht 14.5 million (2017: Baht 15.3 million) to the fund.

### 33. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividend from the operating results of the year 2016	Annual General Meeting of the shareholders on 20 April 2017	3.92	0.01
Total dividend paid during the year ended 31 December 2017		3.92	0.01

### 34. Commitments and contingent liabilities

#### 34.1 Capital commitments

As at 31 December 2018, the subsidiaries had capital commitments of approximately Baht 1.4 million (2017: Nil), relating to the construction of kindergarten school's building.

#### 34.2 Operating lease commitments

- a) As 31 December 2018, the Company has also entered into space rental agreements for use as branch offices, totaling 356 branches (2017: 392 branches.) The lease periods ranged from 1 to 20 years. For the year ended 31 December 2018, the total rental and utility fees were approximately Baht 319.2 million (2017: Baht 364.6 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.



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

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
	2018	2018
Payable:		
In up to 1 year	101.6	100.1
In over 1 and up to 5 years	114.5	108.9
In over 5 years	39.7	16.3

During the year ended 31 December 2018, the Company and subsidiaries recognised rental expenses in the income statement of Baht 14.2 million (2017: Baht 13.5 million).

### 34.3 Guarantees

As at 31 December 2018, there were outstanding bank guarantee of approximately Baht 3.9 million (2017: Baht 4.2 million) issued by banks on behalf of the Company in respect of certain contractual performance and guarantee rental. In addition, other investments of Baht 1.1 million (2017: Baht 1.1 million) were pledged to guarantee the electricity usage.

### 34.4 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.



### 35. Fair value hierarchy

As at 31 December 2018 and 2017, 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 2018				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Available-for-sale investments				
Equity instruments	-	-	-	-
Property plant and equipment	-	-	1,570.5	1,570.5
<b>Liabilities for which fair value are disclosed</b>				
Derivatives				
Interest rate swap agreement	-	2.8	-	2.8
Foreign exchange forward contracts	-	0.7	-	0.7

(Unit: Million Baht)

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



(Unit: Million Baht)

Separate financial statements				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Available-for-sale investments				
Equity instruments	-	-	-	-
Property plant and equipment	-	-	1,381.1	1,381.1
<b>Liabilities for which fair value are disclosed</b>				
Derivatives				
Interest rate swap agreement	-	2.8	-	2.8
Foreign exchange forward contracts	-	0.7	-	0.7

(Unit: Million Baht)

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

## 36. Financial instruments

### 36.1 Financial risk management

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



### **Credit risk**

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

### **Interest rate risk**

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

As at 31 December 2018 and 2017, 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 2018						
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	121	-	-	18	139	0.10
Current investments	-	-	-	-	-	-
Trade and other receivables	-	-	-	63	63	-
Restricted bank deposits	-	13	-	-	13	0.80 - 3.625
	121	13	-	81	215	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	826	826	-
Long-term loans	-	56	209	-	265	4.75 - 7.00
	-	56	209	826	1,091	



(Unit: Million Baht)

## Consolidate financial statements

As at 31 December 2017

	Fixed interest rates					Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing		
<b>Financial Assets</b>							
Cash and cash equivalents	127	-	-	-	19	146	0.10
Current investments	-	-	-	-	19	19	-
Trade and other receivables	-	-	-	-	79	79	-
Restricted bank deposits	-	13	-	-	-	13	0.80 - 3.625
	127	13	-	-	117	257	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	915	915	-
Long-term loans	10	56	-	269	-	335	4.75 - 7.00
	10	56	-	269	915	1,250	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2018

	Fixed interest rates					Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing		
<b>Financial Assets</b>							
Cash and cash equivalents	67	-	-	-	18	85	0.10
Current investments	-	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	58	58	-
Short-term loan to subsidiary	2	-	-	-	-	2	7.25
Restricted bank deposits	-	13	-	-	-	13	0.80 - 3.625
	69	13	-	-	76	158	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	811	811	-
Long-term loans	-	-	-	209	-	209	4.75 - 4.78
	-	-	-	209	811	1,020	



(Unit: Million Baht)

Separate financial statements							
As at 31 December 2017							
	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	75	-	-	-	19	94	0.10
Current investments	-	-	-	-	19	19	-
Trade and other receivables	-	-	-	-	74	74	-
Short-term loan to subsidiary	2	-	-	-	-	2	7.25
Restricted bank deposits	-	13	-	-	-	13	0.80
	<u>77</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>112</u>	<u>202</u>	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	905	905	-
Long-term loans	-	-	-	269	-	269	4.75 - 4.78
	<u>-</u>	<u>-</u>	<u>-</u>	<u>269</u>	<u>905</u>	<u>1,174</u>	

### Interest Rate Swap Transaction agreements

The Company has the detail of the interest rate swap agreements outstanding as at 31 December 2018 as follow:

As at 31 December 2018			
Principal amount	Interest Revenue Rate	Interest Expenses Rate	Termination date
	Swap Agreement	Swap Agreement	
Baht 178.2 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	
	2018	2017	2018	2017	2018	2017
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
USD	-	-	32	66	32.6148	32.8472
SGD	-	-	5	8	23.9720	24.7294
GBP	-	-	695	743	41.5216	44.4531

Foreign exchange contracts outstanding are summarised below.

Consolidated / Separate financial statements					
As at 31 December 2018					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
GBP	0.5	-	41.30 - 42.84	-	January - May 2019

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



### 36.2 Fair values of financial instruments

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

The estimated fair value of the derivatives is as follows:

	(Unit: Million Baht)	
	Consolidated / Separate financial statements	
	As at 31 December	
	2018	2017
<b>Derivatives gain (loss)</b>		
Interest rate swap agreements	(2.8)	(4.6)
Foreign exchange forward contracts	(0.7)	0.1

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.



### 37. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholders value. As at 31 December 2018, the Group's debt-to-equity ratio was 1.03:1 (2017: 1.20:1) and the Company's was 1.02:1 (2017: 1.20:1).

### 38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2019.

