

S P V I Public Company Limited
Report and financial statements
31 December 2016



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Independent Auditor's Report

To the Shareholders of S P V I Public Company Limited

Opinion

I have audited the accompanying financial statements of S P V I Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2016, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of S P V I Public Company Limited as at 31 December 2016, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition

The Company has many branches. In addition, the Company receives rebate and sales promotion from vendors. Moreover, the economic slowdown has directly resulted in more intense competition in the industry. There are therefore risks with respect to the amount and timing of revenue and rebate and sales promotion from vendors recognition.

I have examined the revenue recognition of the Company by assessing and testing its internal controls with respect to the revenue cycle. I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Company issued after the period-end. I also performed analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers. In addition, I have examined the revenue recognition of the Company by assessing and testing its internal controls with respect to rebate and sales promotion from vendors. I also applied a sampling method to select rebate and sales promotion transactions during the year to examine the supporting documents.

Inventory

Computers and mobile phone are technology products and thus sensitive to develop in technology. The introduction of new technologies could affect inventories. Estimating the net realisable value of inventory, as disclosed in Note 5 and Note 10 to the 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, the competitive environment, economic circumstances and the situation within the industry. There is a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed and gain an understanding of the internal controls of the Company relevant to the determination of provision for diminution in the value of inventory by making enquiry of responsible executives. In addition, I also assessed the method and the assumptions applied by management in determining such provision and reviewed the consistency of the application. Moreover, I compared the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover and compared proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company 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 Company, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the 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 Company 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.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wichart Lokatekrawee.



Wichart Lokatekrawee

Certified Public Accountant (Thailand) No. 4451

EY Office Limited

Bangkok: 16 February 2017

S P V I Public Company Limited
Statement of financial position
As at 31 December 2016

(Unit: Baht)

	Note	2016	2015
Assets			
Current assets			
Cash and cash equivalents	7	16,067,192	30,210,914
Current investments	8	88,499,258	103,646,615
Trade and other receivables	9	33,342,065	33,097,668
Inventories	10	153,234,125	168,502,102
Other current assets	11	5,361,443	5,346,091
Total current assets		296,504,083	340,803,390
Non-current assets			
Restricted bank deposits	12	160,000	160,000
Other long-term investments	13	10,000,000	-
Equipment	14	42,375,288	43,595,543
Intangible assets	15	20,486,154	21,160,026
Leasehold right	16	6,678,653	7,137,496
Other non-current assets	17	15,785,432	15,214,294
Deferred tax assets	23	4,883,415	4,598,800
Total non-current assets		100,368,942	91,866,159
Total assets		396,873,025	432,669,549

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



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S P V I Public Company Limited
Statement of financial position (continued)
As at 31 December 2016

		(Unit: Baht)	
	Note	2016	2015
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	18	110,733,177	143,447,863
Dividend payable		53,389	38,638
Income tax payable		-	1,160,271
Other current liabilities		744,826	867,979
Total current liabilities		111,531,392	145,514,751
Non-current liabilities			
Provision for long-term employee benefits	19	9,526,872	8,476,473
Total non-current liabilities		9,526,872	8,476,473
Total liabilities		121,058,264	153,991,224
Shareholders' equity			
Share capital			
Registered			
400,000,000 ordinary shares of Baht 0.50 each		200,000,000	200,000,000
Issued and fully paid up			
400,000,000 ordinary shares of Baht 0.50 each		200,000,000	200,000,000
Share premium		39,809,592	39,809,592
Retained earnings			
Appropriated - statutory reserve	20	10,765,683	10,508,871
Unappropriated		25,239,486	28,359,862
Total shareholders' equity		275,814,761	278,678,325
Total liabilities and shareholders' equity		396,873,025	432,669,549

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



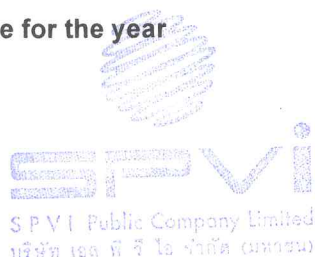

Directors



S P V I Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2016

(Unit: Baht)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Profit or loss			
Revenues			
Sales		1,765,355,232	1,845,387,392
Service income		18,341,029	13,774,168
Other income	21	<u>13,763,688</u>	<u>12,507,448</u>
Total revenues		<u>1,797,459,949</u>	<u>1,871,669,008</u>
Expenses			
Cost of sales		1,566,520,236	1,641,407,738
Cost of services		3,480,417	4,406,977
Selling expenses		162,011,608	150,591,615
Administrative expenses		<u>58,125,166</u>	<u>60,022,404</u>
Total expenses		<u>1,790,137,427</u>	<u>1,856,428,734</u>
Profit before finance cost and income tax expenses		7,322,522	15,240,274
Finance cost		<u>(626,969)</u>	<u>(3,675,379)</u>
Profit before income tax expenses		6,695,553	11,564,895
Income tax expenses	23	<u>(1,559,315)</u>	<u>(2,877,534)</u>
Profit for the year		<u>5,136,238</u>	<u>8,687,361</u>
Other comprehensive income:			
<i>Other comprehensive income to be reclassified</i>			
<i>to profit or loss in subsequent periods:</i>			
Actuarial loss		-	(1,343,681)
Less: Income tax effect		-	<u>268,736</u>
Other comprehensive income not to be reclassified			
to profit or loss in subsequent periods - net of income tax		-	<u>(1,074,945)</u>
Other comprehensive income for the year		-	<u>(1,074,945)</u>
Total comprehensive income for the year		<u>5,136,238</u>	<u>7,612,416</u>
Basic earnings per share	24		
Profit		<u>0.01</u>	<u>0.02</u>
Weighted average number of ordinary shares (shares)		<u>400,000,000</u>	<u>400,000,000</u>



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

S P V I Public Company Limited
 Statement of changes in shareholders' equity
 For the year ended 31 December 2016

(Unit: Baht)

	Note	Issued and	Share	Retained earnings		Total
		paid up	premium	Appropriated	Unappropriated	
		share capital				
Balance as at 31 December 2014		200,000,000	39,809,592	10,074,503	29,181,248	279,065,343
Profit for the year		-	-	-	8,687,361	8,687,361
Other comprehensive income for the year		-	-	-	(1,074,945)	(1,074,945)
Total comprehensive income for the year		-	-	-	7,612,416	7,612,416
Dividend paid	27	-	-	-	(7,999,434)	(7,999,434)
Unappropriated retained earnings transferred to statutory reserve	20	-	-	434,368	(434,368)	-
Balance as at 31 December 2015		<u>200,000,000</u>	<u>39,809,592</u>	<u>10,508,871</u>	<u>28,359,862</u>	<u>278,678,325</u>
Balance as at 31 December 2015		200,000,000	39,809,592	10,508,871	28,359,862	278,678,325
Profit for the year		-	-	-	5,136,238	5,136,238
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	5,136,238	5,136,238
Dividend paid	27	-	-	-	(7,999,802)	(7,999,802)
Unappropriated retained earnings transferred to statutory reserve	20	-	-	256,812	(256,812)	-
Balance as at 31 December 2016		<u>200,000,000</u>	<u>39,809,592</u>	<u>10,765,683</u>	<u>25,239,486</u>	<u>275,814,761</u>

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



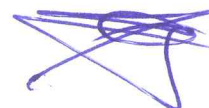
S P V I Public Company Limited

Cash flow statement

For the year ended 31 December 2016

	(Unit: Baht)	
	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Profit before tax	6,695,553	11,564,895
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	19,998,835	18,877,809
Decrease in allowance for doubtful accounts	(56,327)	(395,272)
Increase (decrease) in reduction of inventory to net realisable value	(101,003)	4,426,713
Loss on disposals/write-off of equipment	1,266,565	1,514,473
Impairment loss of equipment	443,542	-
Provision for long-term employee benefits	1,050,399	744,544
Gain on disposals investmetns in trading securities	(915,973)	(556,428)
Loss (gain) on changes in value of investmetns in trading securities	(3,719)	(90,187)
Interest income	(981,634)	(399,370)
Interest expenses	3,099	4,877
Profit from operating activities before changes in operating assets and liabilities	27,399,337	35,692,054
Operating assets (increase) decrease:		
Trade and other receivables	384,965	333,218
Inventories	14,913,855	13,580,301
Other current assets	874,017	7,320,361
Other non-current assets	(571,138)	(2,674,349)
Operating liabilities increase (decrease):		
Trade and other payables	(32,714,686)	4,718,094
Other current liabilities	(123,153)	302,766
Cash flows from operating activities	10,163,197	59,272,445
Cash received from interest income	408,599	451,200
Cash paid for income tax	(3,893,570)	(4,199,828)
Net cash flows from operating activities	<u>6,678,226</u>	<u>55,523,817</u>

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


S P V I Public Company Limited
Cash flow statement (continued)
For the year ended 31 December 2016

	(Unit: Baht)	
	<u>2016</u>	<u>2015</u>
Cash flows from investing activities		
Decrease (increase) in current investments	16,067,049	(100,960,400)
Increase in other long-term investments	(10,000,000)	-
Proceeds from disposals of equipment	45,703	2,518,453
Acquisitions of equipment	(15,272,074)	(30,526,906)
Increase in intangible assets	<u>(3,674,476)</u>	<u>(16,365,007)</u>
Net cash flows used in investing activities	<u>(12,833,798)</u>	<u>(145,333,860)</u>
Cash flows from financing activities		
Cash paid for interest expenses	(3,099)	(4,877)
Dividend paid	<u>(7,985,051)</u>	<u>(7,960,796)</u>
Net cash flows used in financing activities	<u>(7,988,150)</u>	<u>(7,965,673)</u>
Net increase (decrease) in cash and cash equivalents	(14,143,722)	(97,775,716)
Cash and cash equivalents at beginning of year	<u>30,210,914</u>	<u>127,986,630</u>
Cash and cash equivalents at end of year	<u><u>16,067,192</u></u>	<u><u>30,210,914</u></u>

Supplemental disclosures of cash flows information:

Non-cash related transaction

Dividend payable	53,389	38,638
Transfer inventory to expense	455,125	-

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





S P V I Public Company Limited
Notes to financial statements
For the year ended 31 December 2016

1. General information

S P V I Public Company Limited (“the Company”) is a limited company incorporated under Thai laws on 6 January 2011 and registered the change of its status to a public limited company under the Public Limited companies Act on 10 April 2013 and domiciled in Thailand. Its major shareholder is IT City Public Company Limited, a company incorporated in Thailand. The Company is principally engaged in the distribution of computers, mobile phone, related accessories and related service. Its registered address is No. 1213/58-59 Soi Ladprao 94 Sriwara Road, Phlapphla, Wangthonglang, Bangkok.

Since 31 October 2015 the Company stopped operating 23 points of sale for Apple brand computers and tablets in shops belonging to IT City (related company). The related company operates the points of sale itself, in accordance with supplier policy.

As at 31 December 2016, the Company operates 33 branches (2015: 31 branches).

2. Basis of preparation

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

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

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



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3. New financial reporting standards

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

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

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

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

The management of the Company believes that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods


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.

Rendering of services

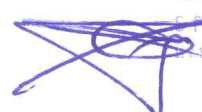
Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.



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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 accounts receivable

Trade accounts receivable 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.

4.4 Investments

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

4.5 Inventories

Finished goods are valued at the lower of cost (under first-in, first-out method) and net realisable value.

The net realisable value of inventory is estimated from the estimated selling price in the ordinary course of business, less the estimated costs to complete the sale.

Allowance for diminution in inventory value will be set up for obsolete, slow moving or deteriorated inventories.

4.6 Equipment/Depreciation

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

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

Leasehold improvement	-	5 years
Computer	-	3 years
Office equipment	-	5 years
Furniture and fixtures	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on construction in progress.

4.7 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss (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 are as follows:

	<u>Useful lives</u>
Computer software	5 years
Franchise fee	Agreement term (5 years)

4.8 Leasehold rights

Leasehold right is amortised on the straight-line basis over the lease period.

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 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 lease agreements

Leases of 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.

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4.11 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the equipment and 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.

4.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The 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

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined based on actuarial techniques, using the Projected Unit Credit Method by an independent actuarial company.

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

4.13 Provisions

Provisions are recognised when the Company has 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.



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4.14 Income Tax

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

Current tax

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

Deferred tax

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

The Company recognises 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 reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.15 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 applies 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 measures 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.



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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

5. Significant accounting judgments and estimates

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

Leases


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

Allowance for doubtful accounts

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

Allowance for diminution in value of inventory

The determination of allowances for diminution in the value of inventory, requires management to make judgments and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less the estimated costs to complete the sales; and provision for obsolete, slow-moving and deteriorated inventories that is estimated based on the approximate aging of each type of inventory.



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Equipment/Depreciation

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

In addition, the management is required to review 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 judgments 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 judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

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

6. Related party transactions

During the years, the Company 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 and those related parties.

(Unit: Million Baht)

	2016	2015	Pricing policy
Transactions with major shareholder			
(IT City Public Company Limited)			
Sales of goods	-	81	Approximate wholesale market price
Purchases of goods	1	-	Market price
Service income	-	1	Prices agreed by the parties
Service fee expenses	-	1	Prices agreed by the parties
Dividends	2	2	At the declared rate
Sales of fixed assets	1	2	Prices agreed by the parties



(Unit: Million Baht)

	<u>2016</u>	<u>2015</u>	<u>Pricing policy</u>
<u>Transactions with related companies</u>			
Sales of goods	2	1	Market price
Purchases of goods	3	2	Market price
Service expenses	6	8	Prices agreed by the parties
Logistics and distribution fee	5	6	Prices agreed by the parties

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

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
<u>Trade and other receivables - related parties (Note 9)</u>		
Related companies (related by common shareholders and common directors)	354	258
Total trade and other receivables - related parties	<u>354</u>	<u>258</u>
<u>Trade and other payables - related parties (Note 18)</u>		
Major shareholder	15	92
Related companies (related by common shareholders and common directors)	1,353	2,149
Total trade and other payables - related parties	<u>1,368</u>	<u>2,241</u>

Directors and management's benefits

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

(Unit: Million Baht)

	<u>2016</u>	<u>2015</u>
Short-term employee benefits	20.1	19.6
Post-employment benefits	0.6	0.4
Total	<u>20.7</u>	<u>20.0</u>



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7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Cash	2,345	1,217
Bank deposits	13,722	28,994
Total	<u>16,067</u>	<u>30,211</u>

As at 31 December 2016, bank deposits in savings accounts and fixed deposits carried interests between 0.10 and 0.88 percent per annum (2015: between 0.125 and 1.10 percent per annum).

8. Current investments



As at 31 December 2016 and 2015, current investments were as follows:

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Held for trade investments (Note 8.1)	56,410	103,647
Fixed deposit	32,089	-
Total	<u>88,499</u>	<u>103,647</u>

As at 31 December 2016, the Company had current investments in the form of fixed deposit account with maturity over three months carried interest at the rate between 0.90 and 2.00 percent per annum (2015: 1.70 percent per annum).

8.1 Current investments in held for trade investments

	(Unit: Thousand Baht)					
	2016			2015		
	Number of units (Thousand units)	Cost	Fair value	Number of units (Thousand units)	Cost	Fair value
Investments in Krungsri						
Star Plus Fund	2,787	56,406	56,410	3,456	68,979	68,992
Investments in TMB						
Aggregate Bond fund	-	-	-	2,394	25,000	25,077
Investments in TMB M						
Plus Fund	-	-	-	838	9,578	9,578
Total	<u>2,787</u>	<u>56,406</u>	<u>56,410</u>	<u>6,688</u>	<u>103,557</u>	<u>103,647</u>

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Current investments in held for trade investments for which fair value is measured or disclosed in the financial statements are categorised within Level 2 which is use of other observable inputs for such assets or liabilities, whether directly or indirectly.

9. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	260	258
Past due		
Up to 3 months	94	-
Total trade receivables - related parties	<u>354</u>	<u>258</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	26,211	28,147
Past due		
Up to 3 months	4,605	4,296
3 - 6 months	3	437
6 - 12 months	557	41
Over 12 months	195	7
Total	<u>31,571</u>	<u>32,928</u>
Less: Allowance for doubtful debts	<u>(213)</u>	<u>(269)</u>
Total trade receivables - unrelated parties, net	<u>31,358</u>	<u>32,659</u>
Total trade receivable - net	<u>31,712</u>	<u>32,917</u>
<u>Other receivables</u>		
Other receivables - unrelated parties	<u>1,630</u>	<u>181</u>
Total other receivables	<u>1,630</u>	<u>181</u>
Total trade and other receivables - net	<u>33,342</u>	<u>33,098</u>





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10. Inventories

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Finished goods	167,471	182,840
Less: Reduce cost to net realisable value	<u>(14,237)</u>	<u>(14,338)</u>
Inventories - net	<u>153,234</u>	<u>168,502</u>

During the current year, the Company reversed the write-down of cost of inventories by Baht 0.1 million (2015: reduced cost of inventories by Baht 4.4 million), to reflect the net realisable value. This was presented as cost of sales.

11. Other current assets

The outstanding balance of other current assets as at 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Value added tax refundable	2,999	3,038
Deposit	92	411
Others	<u>2,270</u>	<u>1,897</u>
Total other current liabilities	<u>5,361</u>	<u>5,346</u>

12. Restricted bank deposits

The Company pledged fixed deposits at bank totaling approximately Baht 0.2 million (2015: Baht 0.2 million) with a bank to secure the credit facilities of the Company.

13. Other long-term investments


As at 31 December 2016, the Company had other long-term investments amount of Baht 10 million (2015: Nil) in the form of fixed deposit account with maturity over 1 year carried interest 2.25 percent per annum.

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14. Equipment

(Unit: Thousand Baht)

	Leasehold improvement	Computer	Office equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
Cost:							
1 January 2015	2,000	9,925	8,359	52,688	845	-	73,817
Additions	-	1,551	3,819	13,404	-	15,773	34,547
Disposals and write-off	-	(183)	(80)	(14,192)	-	-	(14,455)
Transfers in (out)	-	-	-	10,683	-	(14,703)	(4,020)
31 December 2015	2,000	11,293	12,098	62,583	845	1,070	89,889
Additions	-	1,857	7,730	1,883	-	3,800	15,270
Disposals and write-off	-	(68)	(24)	(4,722)	-	-	(4,814)
Transfers in (out)	-	458	383	4,479	-	(4,865)	455
31 December 2016	2,000	13,540	20,187	64,223	845	5	100,800
Accumulated depreciation:							
1 January 2015	624	7,278	4,385	27,686	507	-	40,480
Depreciation for the year	400	1,605	1,989	12,071	169	-	16,234
Depreciation on disposals and write-off	-	(126)	(29)	(10,266)	-	-	(10,421)
31 December 2015	1,024	8,757	6,345	29,491	676	-	46,293
Depreciation for the year	401	1,760	2,321	10,565	145	-	15,192
Depreciation on disposals and write-off	-	(37)	(18)	(3,448)	-	-	(3,503)
31 December 2016	1,425	10,480	8,648	36,608	821	-	57,982
Allowance for impairment loss:							
1 January 2015	-	-	-	-	-	-	-
31 December 2015	-	-	-	-	-	-	-
Increase during the year	-	-	-	443	-	-	443
31 December 2016	-	-	-	443	-	-	443
Net book value:							
31 December 2015	976	2,536	5,753	33,092	169	1,070	43,596
31 December 2016	575	3,060	11,539	27,172	24	5	42,375
Depreciation for the year:							
2015 (Baht 12.3 million included in selling expenses, and the balance in administrative expenses)							16,234
2016 (Baht 12.7 million included in selling expenses, and the balance in administrative expenses)							15,192


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15. Intangible assets

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

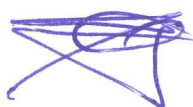
(Unit: Thousand Baht)

	Franchise fee	Computer software	Total
As at 31 December 2016			
Cost	7,000	22,970	29,970
Less: Accumulated amortisation	(870)	(8,614)	(9,484)
Net book value	<u>6,130</u>	<u>14,356</u>	<u>20,486</u>
As at 31 December 2015			
Cost	4,000	22,296	26,296
Less: Accumulated amortisation	(54)	(5,082)	(5,136)
Net book value	<u>3,946</u>	<u>17,214</u>	<u>21,160</u>

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

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Net book value at beginning of year	21,160	6,980
Acquisition of computer software	674	12,365
Increase of franchise fee	3,000	4,000
Amortisation for the year	<u>(4,348)</u>	<u>(2,185)</u>
Net book value at end of year	<u>20,486</u>	<u>21,160</u>


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16. Leasehold right

On 9 February 2011, the Company entered into a leasehold agreement for lease of space in Esplanade Cineplex from S P V Comretail Co., Ltd. The agreement is in force as from 11 February 2011 to 4 August 2031, or a total of 20 years, 5 months and 24 days. The Company paid for the leasehold rights for the entire agreement period amounting to Baht 9.4 million and amortised leasehold rights using the straight line basis throughout the agreement period.

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Leasehold right - cost	9,377	9,377
Less: Accumulated amortisation	(2,698)	(2,240)
Net book value	<u>6,679</u>	<u>7,137</u>

A reconciliation of the net book value of leasehold right for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Net book value at beginning of year	7,137	7,595
Amortisation for the year	(458)	(458)
Net book value at end of year	<u>6,679</u>	<u>7,137</u>

17. Other non-current assets

The outstanding balance of other non-current assets as at 31 December 2016 and 2015 are deposits.


18. Trade and other payables

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Trade payables - related parties	225	525
Trade payables - unrelated parties	98,543	130,679
Other payables - related parties	1,143	1,716
Other payables - unrelated parties	10,822	10,528
Total trade and other payables	<u>110,733</u>	<u>143,448</u>




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19. Provision for long-term employee benefits

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

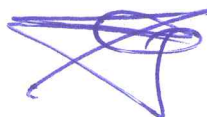
	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Defined benefit obligation at beginning of year	8,476	6,388
Included in profit or loss:		
Current service cost	822	489
Interest cost	229	255
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	-	86
Financial assumptions changes	-	(743)
Experience adjustments	-	2,001
Benefits paid during the year	-	-
Provision for long-term employee benefits at end of year	<u>9,527</u>	<u>8,476</u>

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

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Selling expenses	22	22
Administrative expenses	1,029	722
Total expense recognised in profit or loss	<u>1,051</u>	<u>744</u>

The Company does not expect to pay long-term employee benefits during the next year.

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


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Key actuarial assumptions used for the valuation are as follows:

	<u>2016</u>	<u>2015</u>
	(% per annum)	(% per annum)
Discount rate	2.70	2.70
Future salary increase rate	4.00 - 6.50	4.00 - 6.50
Employee turnover rate (depending on age)	10.00 - 50.00	10.00 - 50.00

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

	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(0.6)	0.7
Salary increase rate	0.8	(0.7)
	<u>Increase 20%</u>	<u>Decrease 20%</u>
Turnover rate	(0.7)	0.9

20. Statutory reserve

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

During the year 2016, the Company set aside an additional statutory reserve of its net profit for 2016 of Baht 0.3 million (2015: the Company set aside statutory reserve of its net profit for 2015 totaling Baht 0.4 million).

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21. Other income

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Selling support income	8,108	5,483
Commission income	995	2,931
Gain on exchange	1,276	1,493
Gain on disposal investments in trading securities	916	566
Interest income	982	399
Others	1,487	1,645
Total	<u>13,764</u>	<u>12,507</u>

22. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Salaries and wages and other employee benefits	107,283	104,259
Rental and service center expenses from operating lease agreements	41,477	36,594
Change in inventories of finished goods	15,369	13,580
Credit card fee	21,881	19,732
Depreciation and amortisation	19,999	18,878
Logistics and distribution fee	5,067	5,893
Utilities expenses	4,915	4,690
Office supply expenses	1,867	2,497
Loss on disposals/write-off of equipment	1,267	1,514
Impairment loss of equipment	443	-



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23. Income tax

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


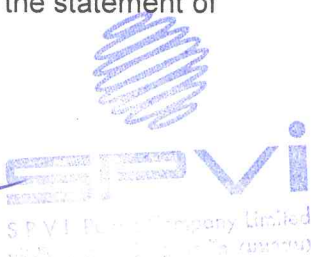
	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Current income tax:		
Current income tax charge	1,844	3,815
Deferred tax:		
Relating to origination and reversal of temporary differences	(285)	(937)
Income tax expense reported in the statement of comprehensive income	<u>1,559</u>	<u>2,878</u>

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

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Deferred tax relating to actuarial loss	-	(269)

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

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Accounting profit before tax	6,696	11,565
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	1,339	2,313
Effects of:		
Non-deductible expenses	228	569
Additional expense deductions allowed	(8)	(4)
Total	<u>220</u>	<u>565</u>
Income tax expenses reported in the statement of comprehensive income	<u>1,559</u>	<u>2,878</u>



The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position	
	As at	As at
	31 December 2016	31 December 2015
Deferred tax assets		
Allowance for doubtful accounts	43	54
Allowance for diminution in value of inventories	2,847	2,868
Allowance for impairment of equipment	89	2,868
Provision for long-term employee benefits	1,905	1,695
Total	4,884	4,617
Deferred tax liabilities		
Unrealised gain on held for trade investments	1	18
Total	1	18
Deferred tax assets - net	4,883	4,599

24. Basic earnings per share

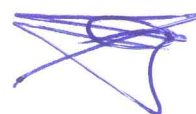
Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	<u>2016</u>	<u>2015</u>
Profit for the year (Thousand Baht)	5,136	8,687
Weighted average number of ordinary shares (Thousand shares)	400,000	400,000
Earnings per share (Baht/share)	0.01	0.02

25. Segment information

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

The one main reportable operating segment of the Company is the distribution of computers, mobile phone, related accessories and related service, and the single geographical area of its operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

26. 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 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 1,359,836 (2015: Baht 1,394,885) were recognized as expenses.

27. Dividend

On 31 March 2015, the Annual General Meeting of Shareholders of the Company passed a resolution approving the payment of a dividend in respect of income for the year 2014 of Baht 0.02 per share, or a total of Baht 8 million. The Company paid such dividend in April 2015.

On 11 April 2016, the Annual General Meeting of Shareholders of the Company passed a resolution approving the payment of a dividend in respect of income for the year 2015 of Baht 0.02 per share, or a total of Baht 8 million. The Company paid such dividend in April 2016.

28. Commitments and contingent liabilities

28.1 Operating lease commitments

28.1.1 The Company has entered into a logistics and distribution services agreement with a related company whereby the Company was obliged to pay for the service fee on a basis and at a rate as stipulated in the agreement. The term of agreement is 1 year and shall be renewal for another year each time, unless cancelled by either party.

28.1.2 The Company has entered into several operating lease contracts and service contracts in respect of the lease of office building, warehouse and branch areas. The terms of the agreements are generally between 1 and 21 years.

Future minimum lease payments required under these non-cancellable operating lease contracts and service contracts were as follows.

(Unit: Million Baht)

	As at 31 December	
	<u>2016</u>	<u>2015</u>
Payable within:		
Less than 1 year	37.7	32.9
1 to 5 years	30.4	31.7
More than 5 years	5.5	9.0



28.2 Guarantees

As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 29.8 million (2015: Baht 139.8 million) issued by bank on behalf of the Company in respect of the purchase of goods and services as required in the ordinary course of business of the Company.

29. Financial instruments

29.1 Financial risk management

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

Credit risk

The Company is exposed to credit risk primarily with respect to trade and other receivables. The Company 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 does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks. However, since most of the Company's financial assets bear floating interest rates or fixed interest rates which are close to the market rate.



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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)

	31 December 2016					Effective interest rate (% per annum)
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	
	within 1 year	more than 1 year				
Financial Assets						
Cash and cash equivalent	-	-	11	5	16	0.10 - 0.88
Current investments	32	-	-	56	88	0.90 - 2.00
Trade and other receivables	-	-	-	33	33	-
Other long-term investments	-	10	-	-	10	2.25
	<u>32</u>	<u>10</u>	<u>11</u>	<u>94</u>	<u>147</u>	
Financial liabilities						
Trade and other payables	-	-	-	111	111	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>111</u>	<u>111</u>	

(Unit: Million Baht)

	31 December 2015				Effective interest rate (% per annum)
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	
Financial Assets					
Cash and cash equivalent	12	11	7	30	0.125 - 1.10
Current investments	-	-	104	104	-
Trade and other receivables	-	-	33	33	-
	<u>12</u>	<u>11</u>	<u>144</u>	<u>167</u>	
Financial liabilities					
Trade and other payables	-	-	143	143	-
	<u>-</u>	<u>-</u>	<u>143</u>	<u>143</u>	

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Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from purchasing transactions that are denominated in foreign currencies.

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

Foreign currency	Financial liabilities as at 31 December		Average selling rate as at 31 December	
	2016 (Thousand)	2015 (Thousand)	2016 (Baht per 1 foreign currency unit)	2015 (Baht per 1 foreign currency unit)
US dollar:	1	2	36.0025	36.2538

29.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature and other long-term investments which 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 the statements of financial position.

30. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Company's debt-to-equity ratio was 0.44:1 (2015: 0.55:1).

31. Reclassification

The Company has reclassified the following items in the statement of comprehensive income for the year ended 31 December 2015 to conform to the classification of current year.

	(Unit: Baht)	
	As reclassified	As previously reported
Selling expenses	150,591,615	123,851,696
Administrative expenses	60,022,404	86,762,323


The reclassifications had no effect to previously reported profit for the year or shareholders' equity.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 16 February 2017.



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