

S P V I Public Company Limited
Report and financial statements
31 December 2017

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 2017, 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 2017, 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 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

Revenue is a material accounting entry which directly affects profit or loss of the Company. In addition, the Company has many branches, and receives rebates and sales promotions from its vendors. There are therefore risks with respect to the amount and timing of the recognition of revenue and the rebates and sales promotions from the vendors. I have therefore focused on the revenue recognition of the Company.

I 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 sale transactions occurring during the year and near the end of the reporting period to check against the supporting documents and I reviewed credit notes that the Company issued after the end of the reporting period. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers. Moreover, I applied a sampling method to select supporting documents for rebate and sale promotion transactions during the year to examine the recognition of the rebates and sale promotion granted by vendors.

Inventories

Computers and mobile phone are technology products which are constantly developing. Any changes in technology could affect the values of inventories. Estimating the net realisable value of inventories, as disclosed in Note 5 and Note 10 to the financial statements, thus requires significant management judgment, particularly with regard to the estimation of provision for diminution in the value of slow-moving and obsolete inventories. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry, which impact the amount of provision set aside.

I assessed and gained an understanding of the internal controls of the Company relevant to the determination of provision for diminution in the value of inventories by making enquiry of responsible executives. In addition, I assessed the criteria used in determining such provision and reviewed the consistency of the application. I also compared the inventory holding periods and inventory movements to identify product lines with indicators of lower-than-normal inventory turnover, and performed analysis to compare the net proceeds from sales of goods occurring after the date of the financial statements with the cost of inventories.

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.

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. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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.

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



Wichart Lokatekrawee

Certified Public Accountant (Thailand) No. 4451

EY Office Limited

Bangkok: 15 February 2018

S P V I Public Company Limited
Statement of financial position
As at 31 December 2017

| | | (Unit: Baht) | |
|---------------------------------|------|---------------------------|---------------------------|
| | Note | 2017 | 2016 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 33,341,192 | 16,067,192 |
| Current investments | 8 | 103,279,329 | 88,499,258 |
| Trade and other receivables | 9 | 32,290,094 | 33,342,065 |
| Inventories | 10 | 217,207,197 | 153,234,125 |
| Other current assets | 11 | 6,432,794 | 5,361,443 |
| Total current assets | | <u>392,550,606</u> | <u>296,504,083</u> |
| Non-current assets | | | |
| Restricted bank deposits | 12 | - | 160,000 |
| Other long-term investments | 13 | 10,000,000 | 10,000,000 |
| Equipment | 14 | 40,730,308 | 42,375,288 |
| Intangible assets | 15 | 19,847,238 | 20,486,154 |
| Leasehold right | 16 | 6,221,064 | 6,678,653 |
| Other non-current assets | 17 | 18,422,969 | 15,785,432 |
| Deferred tax assets | 23 | 5,138,376 | 4,883,415 |
| Total non-current assets | | <u>100,359,955</u> | <u>100,368,942</u> |
| Total assets | | <u><u>492,910,561</u></u> | <u><u>396,873,025</u></u> |

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





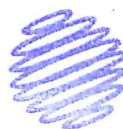
S P V I Public Company Limited
Statement of financial position (continued)
As at 31 December 2017

| | | (Unit: Baht) | |
|---|------|--------------------|--------------------|
| | Note | 2017 | 2016 |
| Liabilities and shareholders' equity | | | |
| Current liabilities | | | |
| Trade and other payables | 18 | 177,857,949 | 110,733,177 |
| Dividend payable | | 59,385 | 53,389 |
| Income tax payable | | 1,815,430 | - |
| Other current liabilities | | 888,549 | 744,826 |
| Total current liabilities | | <u>180,621,313</u> | <u>111,531,392</u> |
| Non-current liabilities | | | |
| Provision for long-term employee benefits | 19 | 10,805,814 | 9,526,872 |
| Total non-current liabilities | | <u>10,805,814</u> | <u>9,526,872</u> |
| Total liabilities | | <u>191,427,127</u> | <u>121,058,264</u> |
| Shareholders' equity | | | |
| Share capital | | | |
| Registered | | | |
| 400,000,000 ordinary shares of Baht 0.50 each | | <u>200,000,000</u> | <u>200,000,000</u> |
| 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 | 12,289,091 | 10,765,683 |
| Unappropriated | | 49,384,751 | 25,239,486 |
| Total shareholders' equity | | <u>301,483,434</u> | <u>275,814,761</u> |
| Total liabilities and shareholders' equity | | <u>492,910,561</u> | <u>396,873,025</u> |

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




Directors



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S P V I Public Company Limited
บริษัท เอส พี วี ไอ จำกัด (มหาชน)

S P V I Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2017

| | Note | <u>2017</u> | <u>2016</u> |
|---|------|----------------------|----------------------|
| (Unit: Baht) | | | |
| Profit or loss | | | |
| Revenues | | | |
| Sales | | 2,059,646,504 | 1,765,355,232 |
| Service income | | 17,662,718 | 18,341,029 |
| Other income | 21 | <u>18,882,902</u> | <u>13,763,688</u> |
| Total revenues | | <u>2,096,192,124</u> | <u>1,797,459,949</u> |
| Expenses | | | |
| Cost of sales | | 1,806,803,759 | 1,566,520,236 |
| Cost of services | | 3,150,225 | 3,480,417 |
| Selling expenses | | 186,501,283 | 162,011,608 |
| Administrative expenses | | <u>61,682,975</u> | <u>58,125,166</u> |
| Total expenses | | <u>2,058,138,242</u> | <u>1,790,137,427</u> |
| Profit before finance cost and income tax expenses | | 38,053,882 | 7,322,522 |
| Finance cost | | <u>(685,423)</u> | <u>(626,969)</u> |
| Profit before income tax expenses | | 37,368,459 | 6,695,553 |
| Income tax expenses | 23 | <u>(6,900,306)</u> | <u>(1,559,315)</u> |
| Profit for the year | | <u>30,468,153</u> | <u>5,136,238</u> |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income for the year | | <u>30,468,153</u> | <u>5,136,238</u> |
| Basic earnings per share | 24 | | |
| Profit | | <u>0.08</u> | <u>0.01</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 2017

(Unit: Baht)

| | Note | Issued and paid up | | Retained earnings | | Total |
|---|------|--------------------|-------------------|-------------------|-------------------|--------------------|
| | | share capital | Share premium | Appropriated | Unappropriated | |
| 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> |
| Balance as at 31 December 2016 | | 200,000,000 | 39,809,592 | 10,765,683 | 25,239,486 | 275,814,761 |
| Profit for the year | | - | - | - | 30,468,153 | 30,468,153 |
| Other comprehensive income for the year | | - | - | - | - | - |
| Total comprehensive income for the year | | - | - | - | 30,468,153 | 30,468,153 |
| Dividend paid | 27 | - | - | - | (4,799,480) | (4,799,480) |
| Unappropriated retained earnings transferred to statutory reserve | 20 | - | - | 1,523,408 | (1,523,408) | - |
| Balance as at 31 December 2017 | | <u>200,000,000</u> | <u>39,809,592</u> | <u>12,289,091</u> | <u>49,384,751</u> | <u>301,483,434</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 2017**

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|------------------|
| | | (Unit: Baht) |
| Cash flows from operating activities | | |
| Profit before tax | 37,368,459 | 6,695,553 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | |
| Depreciation and amortisation | 21,059,729 | 19,998,835 |
| Increase (decrease) in allowance for doubtful accounts | 124,484 | (56,327) |
| Decrease in reduction of inventory to net realisable value | (690,644) | (101,003) |
| Loss on disposals/write-off of equipment | 996,243 | 1,266,565 |
| Impairment loss of equipment | 578,602 | 443,542 |
| Provision for long-term employee benefits | 1,278,942 | 1,050,399 |
| Gain on disposals investmetns in trading securities | (529,201) | (915,973) |
| Gain on changes in value of investments in trading securities | (20,299) | (3,719) |
| Interest income | (590,979) | (981,634) |
| Interest expenses | 1,402 | 3,099 |
| Profit from operating activities before changes in operating assets and liabilities | 59,576,738 | 27,399,337 |
| Operating assets (increase) decrease: | | |
| Trade and other receivables | 414,534 | 384,965 |
| Inventories | (64,214,578) | 14,913,855 |
| Other current assets | (1,071,351) | 874,017 |
| Other non-current assets | (2,637,537) | (571,138) |
| Operating liabilities increase (decrease): | | |
| Trade and other payables | 67,124,772 | (32,714,686) |
| Other current liabilities | 143,723 | (123,153) |
| Cash flows from operating activities | 59,336,301 | 10,163,197 |
| Cash received from interest income | 1,103,932 | 408,599 |
| Cash paid for income tax | (5,339,837) | (3,893,570) |
| Net cash flows from operating activities | <u>55,100,396</u> | <u>6,678,226</u> |

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




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S P V I Public Company Limited
Cash flow statement (continued)
For the year ended 31 December 2017

| | <u>2017</u> | <u>2016</u> |
|---|--------------------------|--------------------------|
| | | (Unit: Baht) |
| Cash flows from investing activities | | |
| Decrease (increase) in current investments | (14,230,571) | 16,067,049 |
| Increase in other long-term investments | - | (10,000,000) |
| Proceeds from disposals of equipment | 115,888 | 45,703 |
| Acquisitions of equipment | (14,026,854) | (15,272,074) |
| Increase in intangible assets | <u>(5,049,973)</u> | <u>(3,674,476)</u> |
| Net cash flows used in investing activities | <u>(33,191,510)</u> | <u>(12,833,798)</u> |
| Cash flows from financing activities | | |
| Decrease in restricted bank deposit | 160,000 | - |
| Cash paid for interest expenses | (1,402) | (3,099) |
| Dividend paid | <u>(4,793,484)</u> | <u>(7,985,051)</u> |
| Net cash flows used in financing activities | <u>(4,634,886)</u> | <u>(7,988,150)</u> |
| Net increase (decrease) in cash and cash equivalents | 17,274,000 | (14,143,722) |
| Cash and cash equivalents at beginning of year | <u>16,067,192</u> | <u>30,210,914</u> |
| Cash and cash equivalents at end of year | <u><u>33,341,192</u></u> | <u><u>16,067,192</u></u> |

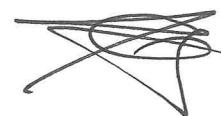
Supplemental disclosures of cash flows information:

Non-cash related transaction

| | | |
|-------------------------------|---------|---------|
| Dividend payable | 59,385 | 53,389 |
| Transfer inventory to expense | 932,150 | 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 2017

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.

As at 31 December 2017, the Company operates 40 branches (2016: 33 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 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.

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



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

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

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

4. Significant accounting policies

4.1 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.

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) | |

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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.

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.

4.14 Income Tax

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

Current tax

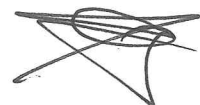
Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

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.

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

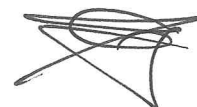
The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could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



SPVI
S P V I Public Company Limited
บริษัท เอส พี วี โฟ จำกัด (มหาชน)



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.

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)

| | 2017 | 2016 | Pricing policy |
|---|------|------|------------------------------|
| <u>Transactions with major shareholder</u> | | | |
| <u>(IT City Public Company Limited)</u> | | | |
| Purchases of goods | - | 1 | Market price |
| Dividends | 1 | 2 | At the declared rate |
| <u>Transactions with related companies</u> | | | |
| Sales of goods | 2 | 2 | Market price |
| Purchases of goods | 1 | 3 | Market price |
| Service expenses | 9 | 6 | Prices agreed by the parties |
| Logistics and distribution fee | 6 | 5 | Prices agreed by the parties |

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

(Unit: Thousand Baht)

| | 2017 | 2016 |
|---|-------|-------|
| <u>Trade and other receivables - related parties (Note 9)</u> | | |
| Related companies (related by common shareholders and common directors) | 268 | 354 |
| Total trade and other receivables - related parties | 268 | 354 |
| <u>Trade and other payables - related parties (Note 18)</u> | | |
| Major shareholder | - | 15 |
| Related companies (related by common shareholders and common directors) | 2,976 | 1,353 |
| Total trade and other payables - related parties | 2,976 | 1,368 |

Directors and management's benefits

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

(Unit: Million Baht)

| | 2017 | 2016 |
|------------------------------|------|------|
| Short-term employee benefits | 20.7 | 20.1 |
| Post-employment benefits | 0.6 | 0.6 |
| Total | 21.3 | 20.7 |





7. Cash and cash equivalents

| | (Unit: Thousand Baht) | |
|---------------|-----------------------|---------------|
| | <u>2017</u> | <u>2016</u> |
| Cash | 5,231 | 2,345 |
| Bank deposits | 28,110 | 13,722 |
| Total | <u>33,341</u> | <u>16,067</u> |

As at 31 December 2017, bank deposits in savings accounts and fixed deposits carried interests between 0.10 and 1.00 percent per annum (2016: between 0.10 and 0.88 percent per annum).

8. Current investments

As at 31 December 2017 and 2016, current investments were as follows:

| | (Unit: Thousand Baht) | |
|---------------------------------------|-----------------------|---------------|
| | <u>2017</u> | <u>2016</u> |
| Held for trade investments (Note 8.1) | 103,279 | 56,410 |
| Fixed deposit | - | 32,089 |
| Total | <u>103,279</u> | <u>88,499</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.

8.1 Current investments in held for trade investments

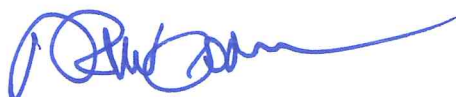
| | (Unit: Thousand Baht) | | | | | |
|--|---|----------------|----------------|---|---------------|---------------|
| | 2017 | | | 2016 | | |
| | Number of units (Thousand units) | Cost | Fair value | Number of units (Thousand units) | Cost | Fair value |
| Investments in Krungsri Star Plus Fund | 5,030 | 103,255 | 103,279 | 2,787 | 56,406 | 56,410 |
| Total | <u>5,030</u> | <u>103,255</u> | <u>103,279</u> | <u>2,787</u> | <u>56,406</u> | <u>56,410</u> |

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>2017</u> | <u>2016</u> |
| <u>Trade receivables - related parties</u> | | |
| Aged on the basis of due dates | | |
| Not yet due | 268 | 260 |
| Past due | | |
| Up to 3 months | - | 94 |
| Total trade receivables - related parties | <u>268</u> | <u>354</u> |
| <u>Trade receivables - unrelated parties</u> | | |
| Aged on the basis of due dates | | |
| Not yet due | 26,613 | 26,211 |
| Past due | | |
| Up to 3 months | 3,287 | 4,605 |
| 3 - 6 months | 74 | 3 |
| 6 - 12 months | 148 | 557 |
| Over 12 months | 190 | 195 |
| Total | <u>30,312</u> | <u>31,571</u> |
| Less: Allowance for doubtful debts | (338) | (213) |
| Total trade receivables - unrelated parties, net | <u>29,974</u> | <u>31,358</u> |
| Total trade receivable - net | <u>30,242</u> | <u>31,712</u> |
| <u>Other receivables</u> | | |
| Other receivables - unrelated parties | <u>2,048</u> | <u>1,630</u> |
| Total other receivables | <u>2,048</u> | <u>1,630</u> |
| Total trade and other receivables - net | <u><u>32,290</u></u> | <u><u>33,342</u></u> |





10. Inventories

| | (Unit: Thousand Baht) | |
|---|-----------------------|-----------------|
| | <u>2017</u> | <u>2016</u> |
| Finished goods | 230,753 | 167,471 |
| Less: Reduce cost to net realisable value | <u>(13,546)</u> | <u>(14,237)</u> |
| Inventories - net | <u>217,207</u> | <u>153,234</u> |

During the current year, the Company reversed the write-down of cost of inventories by Baht 0.7 million (2016: Baht 0.1 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 2017 and 2016 are as follows:

| | (Unit: Thousand Baht) | |
|---------------------------------|-----------------------|--------------|
| | <u>2017</u> | <u>2016</u> |
| Value added tax refundable | 3,391 | 2,999 |
| Deposit | 904 | 92 |
| Others | <u>2,138</u> | <u>2,270</u> |
| Total other current liabilities | <u>6,433</u> | <u>5,361</u> |

12. Restricted bank deposits

As at 31 December 2017, the Company pledged fixed deposits at bank totaling approximately Baht 0.2 million with a bank to secure the credit facilities of the Company.

13. Other long-term investments

As at 31 December 2017, the Company had other long-term investments amount of Baht 10 million (2016: Baht 10 million) in the form of fixed deposit account with maturity over 1 year carried interest 2.25 percent per annum (2016: 2.25 percent per annum).



14. Equipment

(Unit: Thousand Baht)

| | Leasehold improvement | Computer | Office equipment | Furniture and fixtures | Motor vehicles | Construction in progress | Total |
|---|--------------------------|----------|---------------------|---------------------------|-------------------|-----------------------------|---------|
| Cost: | | | | | | | |
| 1 January 2016 | 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 |
| Additions | - | 595 | 3,654 | 1,138 | - | 8,640 | 14,027 |
| Disposals and write-off | - | (442) | (9) | (2,719) | - | (5) | (3,175) |
| Transfers in (out) | - | 932 | 138 | 7,703 | - | (7,841) | 932 |
| 31 December 2017 | 2,000 | 14,625 | 23,970 | 70,345 | 845 | 799 | 112,584 |
| Accumulated depreciation: | | | | | | | |
| 1 January 2016 | 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 |
| Depreciation for the year | 400 | 1,819 | 3,395 | 9,275 | 24 | - | 14,913 |
| Depreciation on disposals and write-off | - | (136) | (6) | (1,921) | - | - | (2,063) |
| 31 December 2017 | 1,825 | 12,163 | 12,037 | 43,962 | 845 | - | 70,832 |
| Allowance for impairment loss: | | | | | | | |
| 1 January 2016 | - | - | - | - | - | - | - |
| Increase during the year | - | - | - | 443 | - | - | 443 |
| 31 December 2016 | - | - | - | 443 | - | - | 443 |
| Increase during the year | - | - | - | 579 | - | - | 579 |
| 31 December 2017 | - | - | - | 1,022 | - | - | 1,022 |
| Net book value: | | | | | | | |
| 31 December 2016 | 575 | 3,060 | 11,539 | 27,172 | 24 | 5 | 42,375 |
| 31 December 2017 | 175 | 2,462 | 11,933 | 25,361 | - | 799 | 40,730 |
| Depreciation for the year: | | | | | | | |
| 2016 (Baht 12.7 million included in selling expenses, and the balance in administrative expenses) | | | | | | | 15,192 |
| 2017 (Baht 13.2 million included in selling expenses, and the balance in administrative expenses) | | | | | | | 14,913 |

SPVI
S P V I Public Company Limited
บริษัท เอส พี วี ไอ จำกัด (มหาชน)

15. Intangible assets

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

| | (Unit: Thousand Baht) | | |
|--------------------------------|-----------------------|-------------------|---------------|
| | Franchise fee | Computer software | Total |
| As at 31 December 2017 | | | |
| Cost | 11,586 | 23,434 | 35,020 |
| Less: Accumulated amortisation | (2,314) | (12,859) | (15,173) |
| Net book value | <u>9,272</u> | <u>10,575</u> | <u>19,847</u> |
| 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> |

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

| | (Unit: Thousand Baht) | |
|-------------------------------------|-----------------------|---------------|
| | <u>2017</u> | <u>2016</u> |
| Net book value at beginning of year | 20,486 | 21,160 |
| Acquisition of computer software | 464 | 674 |
| Increase of franchise fee | 4,586 | 3,000 |
| Amortisation for the year | (5,689) | (4,348) |
| Net book value at end of year | <u>19,847</u> | <u>20,486</u> |



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>2017</u> | <u>2016</u> |
|--------------------------------|--------------|--------------|
| Leasehold right - cost | 9,377 | 9,377 |
| Less: Accumulated amortisation | (3,156) | (2,698) |
| Net book value | <u>6,221</u> | <u>6,679</u> |

A reconciliation of the net book value of leasehold right for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

| | <u>2017</u> | <u>2016</u> |
|-------------------------------------|--------------|--------------|
| Net book value at beginning of year | 6,679 | 7,137 |
| Amortisation for the year | (458) | (458) |
| Net book value at end of year | <u>6,221</u> | <u>6,679</u> |

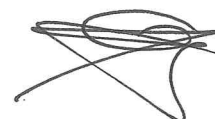
17. Other non-current assets

The outstanding balance of other non-current assets as at 31 December 2017 and 2016 are deposits.

18. Trade and other payables

(Unit: Thousand Baht)

| | <u>2017</u> | <u>2016</u> |
|------------------------------------|----------------|----------------|
| Trade payables - related parties | 135 | 225 |
| Trade payables - unrelated parties | 159,681 | 98,543 |
| Other payables - related parties | 2,841 | 1,143 |
| Other payables - unrelated parties | 15,201 | 10,822 |
| Total trade and other payables | <u>177,858</u> | <u>110,733</u> |



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>2017</u> | <u>2016</u> |
| Defined benefit obligation at beginning of year | 9,527 | 8,476 |
| Included in profit or loss: | | |
| Current service cost | 1,022 | 822 |
| Interest cost | 257 | 229 |
| Provision for long-term employee benefits at end of year | <u>10,806</u> | <u>9,527</u> |

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

| | (Unit: Thousand Baht) | |
|---|-----------------------|--------------|
| | <u>2017</u> | <u>2016</u> |
| Selling expenses | 37 | 22 |
| Administrative expenses | 1,242 | 1,029 |
| Total expense recognised in profit or loss | <u>1,279</u> | <u>1,051</u> |

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

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

Key actuarial assumptions used for the valuation are as follows:

| | <u>2017</u> | <u>2016</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 2017 and 2016 are summarised below:

| | (Unit: Million Baht) | |
|----------------------|------------------------|--------------|
| | As at 31 December 2017 | |
| | Increase 1% | Decrease 1% |
| Discount rate | (0.6) | 0.7 |
| Salary increase rate | 0.9 | (0.8) |
| | Increase 20% | Decrease 20% |
| Turnover rate | (0.7) | 1.0 |

| | (Unit: Million Baht) | |
|----------------------|------------------------|--------------|
| | As at 31 December 2016 | |
| | Increase 1% | Decrease 1% |
| Discount rate | (0.6) | 0.7 |
| Salary increase rate | 0.8 | (0.7) |
| | Increase 20% | Decrease 20% |
| 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 2017, the Company set aside an additional statutory reserve of its net profit for 2017 of Baht 1.5 million (2016: the Company set aside statutory reserve of its net profit for 2016 totaling Baht 0.3 million).




SPVI
 S P V I Public Company Limited
 บริษัท เอส พี วี ไอ จำกัด (มหาชน)



21. Other income

| | (Unit: Thousand Baht) | |
|--|-----------------------|---------------|
| | <u>2017</u> | <u>2016</u> |
| Selling support income | 14,410 | 8,108 |
| Selling promotion income | 1,258 | 581 |
| Commission income | 698 | 995 |
| Gain on exchange | 1,029 | 1,276 |
| Gain on disposal investments in trading securities | 529 | 916 |
| Interest income | 591 | 982 |
| Others | 368 | 906 |
| Total | <u>18,883</u> | <u>13,764</u> |

22. Expenses by nature

Significant expenses classified by nature are as follows:

| | (Unit: Thousand Baht) | |
|--|-----------------------|-------------|
| | <u>2017</u> | <u>2016</u> |
| Salaries and wages and other employee benefits | 122,034 | 107,283 |
| Rental and service center expenses from operating lease agreements | 44,935 | 41,477 |
| Change in inventories of finished goods | (63,282) | 15,369 |
| Credit card fee | 26,677 | 21,881 |
| Depreciation and amortisation | 21,060 | 19,999 |
| Logistics and distribution fee | 5,455 | 5,067 |
| Utilities expenses | 4,762 | 4,915 |
| Office supply expenses | 2,293 | 1,867 |
| Loss on disposals/write-off of equipment | 996 | 1,267 |
| Impairment loss of equipment | 579 | 443 |



23. Income tax

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

| | (Unit: Thousand Baht) | |
|---|-----------------------|--------------|
| | <u>2017</u> | <u>2016</u> |
| Current income tax: | | |
| Current income tax charge | 7,155 | 1,844 |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | (255) | (285) |
| Income tax expense reported in the statement of comprehensive income | <u>6,900</u> | <u>1,559</u> |

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

| | (Unit: Thousand Baht) | |
|---|-----------------------|--------------|
| | <u>2017</u> | <u>2016</u> |
| Accounting profit before tax | 37,368 | 6,696 |
| Applicable tax rate | 20% | 20% |
| Accounting profit before tax multiplied by income tax rate | 7,474 | 1,339 |
| Effects of: | | |
| Non-deductible expenses | 237 | 228 |
| Additional expense deductions allowed | (811) | (8) |
| Total | (574) | 220 |
| Income tax expenses reported in the statement of comprehensive income | <u>6,900</u> | <u>1,559</u> |



The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

| | Statements of financial position | |
|--|----------------------------------|------------------|
| | As at | As at |
| | 31 December 2017 | 31 December 2016 |
| Deferred tax assets | | |
| Allowance for doubtful accounts | 68 | 43 |
| Allowance for diminution in value of inventories | 2,709 | 2,847 |
| Allowance for impairment of equipment | 204 | 89 |
| Provision for long-term employee benefits | 2,161 | 1,905 |
| Total | 5,142 | 4,884 |
| Deferred tax liabilities | | |
| Unrealised gain on held for trade investments | 4 | 1 |
| Total | 4 | 1 |
| Deferred tax assets - net | 5,138 | 4,883 |

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>2017</u> | <u>2016</u> |
|--|-------------|-------------|
| Profit for the year (Thousand Baht) | 30,468 | 5,136 |
| Weighted average number of ordinary shares (Thousand shares) | 400,000 | 400,000 |
| Earnings per share (Baht/share) | 0.08 | 0.01 |

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.



SPVI
S P V I Public Company Limited
บริษัท เอส พี วี ไอ จำกัด (มหาชน)



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 2017 amounting to approximately Baht 1,695,013 (2016: Baht 1,359,836) were recognized as expenses.

27. Dividend

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.

On 4 April 2017, 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 2016 of Baht 0.012 per share, or a total of Baht 4.8 million. The Company paid such dividend in April 2017.

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>2017</u> | <u>2016</u> |
| Payable within: | | |
| Less than 1 year | 38.4 | 37.7 |
| 1 to 5 years | 28.9 | 30.4 |
| More than 5 years | 5.5 | 5.5 |



28.2 Guarantees

As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 29.2 million (2016: Baht 29.8 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.



SPVI Public Company Limited
บริษัท เอส พี วี โฉ จำกัด (มหาชน)

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)

| | As at 31 December 2017 | | | | | Effective interest rate (% per annum) |
|------------------------------|------------------------|---------------------|------------------|---------------------|-------|---|
| | Fixed interest rates | | Floating | Non- | Total | |
| | within 1 year | more than 1 year | interest rate | interest bearing | | |
| Financial Assets | | | | | | |
| Cash and cash equivalent | - | - | 20 | 13 | 33 | 0.10 - 1.00 |
| Current investments | - | - | - | 103 | 103 | - |
| Trade and other receivables | - | - | - | 32 | 32 | - |
| Other long-term investments | - | 10 | - | - | 10 | 2.25 |
| | - | 10 | 20 | 148 | 178 | |
| Financial liabilities | | | | | | |
| Trade and other payables | - | - | - | 178 | 178 | - |
| | - | - | - | 178 | 178 | |

(Unit: Million Baht)

| | As at 31 December 2016 | | | | | Effective interest rate (% per annum) |
|------------------------------|------------------------|---------------------|------------------|---------------------|-------|---|
| | Fixed interest rates | | Floating | Non- | Total | |
| | within 1 year | more than 1 year | interest rate | interest bearing | | |
| 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 |
| | 32 | 10 | 11 | 94 | 147 | |
| Financial liabilities | | | | | | |
| Trade and other payables | - | - | - | 111 | 111 | - |
| | - | - | - | 111 | 111 | |

SPVI
S P V I Public Company Limited
บริษัท เอส พี วี โฉ จำกัด (มหาชน)

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 | | Average selling rate as at 31 December | |
|------------------|-----------------------------|------------|--|------------------------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | (Thousand) | (Thousand) | (Baht per 1 foreign currency unit) | (Baht per 1 foreign currency unit) |
| US dollar | 11 | 1 | 32.8472 | 36.0025 |
| EUR | 3 | - | 39.3938 | 38.1362 |

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 2017, the Company's debt-to-equity ratio was 0.63:1 (2016: 0.44:1).

31. Event after the reporting period

On 15 February 2018, the meeting of the Company's Board of Directors No.1/2018 passed a resolution approving the dividend payment for the year 2017 to the Company's shareholders at Baht 0.04 per share or a total dividend of approximately Baht 16 million. The Company will further propose this dividend payment for approval to the Annual General Meeting of the shareholders.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 15 February 2018.

