

Report on Opinion of Independent Financial Advisor regarding the Connected Transaction

with respect to the Acquisition of Amarin Book Center Company Limited



to the Shareholders of

Amarin Printing and Publishing Public Company Limited

Prepared by

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Abbreviation	
Abbreviations	Descriptions
ABOOK	Amarin Book Center Company Limited
Acquisition Price	THB 5,500.00 per share
AMTV	Amarin Television Company Limited
BOT	Bank of Thailand
CAGR	Compound Annual Growth Rate
CAPM	Capital Asset Pricing Model
Company or AMARIN	Amarin Printing & Publishing Public Company Limited
D&A	Depreciation & amortisation
DCF	Discounted cash flow method
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EBT	Earnings before taxes
EV/EBITDA	Enterprise value to earnings before interest, taxes, depreciation and amortisation
GDP	Gross domestic product
IFA	Independent Financial Advisor or EY Corporate Services Limited
IMC	Integrated marketing communications
Investment in ABOOK	Acquisition of 81,000 ordinary shares of ABOOK from the existing shareholders of ABOOK for a total value of THB 445.5 million or equivalent to THB 5,500.0 per share
Kd	Cost of debt
Ke	Cost of equity
License	Digital television license
MPC	Monetary Policy Committee
NBTC	National Broadcasting and Telecommunication Commission

Abbreviations	Descriptions
NCI	Non-controlling interest
NTA	Net tangible asset
OBEC	Office of the Basic Education Commission
P/BV	Price to book value
P/E	Price to earning
PCL	Public Company Limited
Rules on Acquisition and Disposition of Assets	Notification of the Capital Market Supervisory Board No. Tor. Jor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated 31 August 2008 (including any amendments thereto) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets dated 29 October 2004 (including any amendments thereto)
Rules on Connected Transaction	Notification of the Capital Market Supervisory Board No. Tor. Jor. 21/2551 Re: Rules on Connected Transactions dated 31 August 2008 (including any amendments thereto) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E.2546 dated 19 November 2003 (including any amendments thereto)
SE-ED	SE-EDUCATION Public Company Limited
Sellers	Existing shareholders of ABOOK
SET	Stock Exchange of Thailand
SG&A expense	Selling, general, and administrative expense
THB	Thai Baht
WACC	Weighted average cost of capital





Translation

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Subject Opinion of the Independent Financial Advisor regarding the Connected Transaction with respect to the acquisition of ordinary shares of Amarin Book Center Company Limited

To Audit Committee, Board of Directors, and shareholders of Amarin Printing and Publishing Public Company Limited

Referred to 1. Resolutions of the Board of Directors Meeting of Amarin Printing & Publishing Public Company Limited on 28 February 2018

2. Information memorandum Re: Acquisition of asset and Connected Transaction dated 28 February 2018

The meeting of the Board of Directors of Amarin Printing & Publishing Public Company Limited (the "Company" or "AMARIN") held on 28 February 2018 (refer to Item 1) resolved to propose for approval by the Annual General Meeting of Shareholder for 2018, which will be held on 25 April 2018, the acquisition of 81,000 ordinary shares of Amarin Book Center Company Limited ("ABOOK"), or equivalent to 81.0% of ABOOK's issued and paid-up share capital, from the existing shareholders of ABOOK ("Sellers") for a total value of THB 445.5 million or equivalent to THB 5,500.0 per share ("Investment in ABOOK"). After the acquisition, the Company's shareholding in ABOOK will increase from 19.0% to 100.0% of the issued and paid-up share capital, and ABOOK will become a subsidiary of the Company.

The Investment in ABOOK is considered as a connected transaction in accordance with the Notification of the Capital Market Supervisory Board No. Tor. Jor. 21/2551 Re: Rules on Connected Transactions dated 31 August 2008 (including any amendments thereto) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions

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B.E.2546 dated 19 November 2003 (including any amendments thereto) (collectively referred to as "Rules on Connected Transaction") because some of the Sellers, namely Mr. Rapee Utakapan and Mr. Preeda Sengpanich, are connected persons to the Company. The transaction is valued at a total of THB 445.5 million and the connected transaction is valued at a total of THB 401.5 million or equivalent to 10.62% of the Company's net tangible assets ("NTA") as of 31 December 2017. The size of the transaction is thus higher than THB 20 million and exceeds 3.0% of the Company's NTA. In addition, since the Company has entered into other connected transactions during the past six months, according to the Rules on Connected Transaction, it is required to include the size of the transactions that previously occurred. The total size of the connected transactions during the past six months is THB 491.5 million, or approximately 13.01% of NTA, which is higher than THB 20 million and exceeds 3.0% of NTA. Therefore, the Company is required to seek an approval from shareholders prior to the undertaking this transaction. The approval shall be granted by a vote of not less than three-fourths of the total number of votes of the shareholders who are present and are entitled to vote, excluding the votes of shareholders who have interests.

In addition, the Investment in ABOOK is considered an asset acquisition transaction in accordance with the Notification of the Capital Market Supervisory Board No. Tor. Jor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated 31 August 2008 (including any amendments thereto) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets dated 29 October 2004 (including any amendments thereto) (collectively referred to as "Rules on Acquisition and Disposition of Assets"). The size of the Investment in ABOOK equals to 7.99% (which is highest value based on total consideration criteria) and is less than 15.0%. In addition, since the Company has entered into other acquisition of asset transactions during the past six months, according to Rules on Acquisition and Disposition of Assets, it is required to include the size of the transactions that previously occurred. The total size of the acquisition of asset transactions is 8.62% which is less than 15.0%. Therefore, the Company is not required to disclose information memorandum to the Stock Exchange of Thailand ("SET") in accordance with the Rules on Acquisition and Disposition of Assets.



The Company has appointed EY Corporate Services Company Limited ("Independent Financial Advisor" or "IFA") as an independent financial advisor to provide opinion on the Connected Transaction to the Company's shareholders. The IFA has studied the information and documents received from the Company and ABOOK, and the information publicly disclosed by the Company. Such information includes financial projections of ABOOK, the Company's annual reports, the Company's annual registration statements (Form 56-1), audited financial statements of the Company and ABOOK, ABOOK's management accounts and other statistical data that is available from public sources. The IFA has performed its work with due care and attention and with fairness, in accordance with professional standards. The IFA's opinion is based on the assumption that the aforementioned information and documents, including management interviews of the Company and ABOOK, are accurate, complete, and reflective of the management's most recent views on ABOOK's business, and there is no imminent change that may have a significant impact on ABOOK. The IFA has not audited, reviewed or valued the assets or liabilities of ABOOK for any specific purposes, and is not responsible for the accuracy of the aforementioned information.

The objective of the IFA's opinion is solely to provide information to the shareholders of the Company in deciding whether to approve the Connected Transaction with respect to the Investment in ABOOK. The final decision on whether to approve or reject the transaction will be made at the sole discretion of each shareholder.

1. Executive summary

The meeting of the Board of Directors of Amarin Printing & Publishing Public Company Limited (the "Company" or "AMARIN") held on 28 February 2018 resolved to propose for approval by the Annual General Meeting of Shareholder for 2018, which will be held on 25 April 2018, the acquisition of 81,000 ordinary shares of Amarin Book Center Company Limited ("ABOOK"), or equivalent to 81% of ABOOK's issued and paid-up share capital, from the existing shareholders of ABOOK ("Sellers") for a total value of THB 445.5 million or equivalent to THB 5,500.0 per share ("Investment in ABOOK") which is based on negotiations between the Buyer and the Sellers. The Company determined the Acquisition Price by using the discounted cash flow method and the market comparable method by using enterprise value to earnings before interest, taxes, depreciation and amortisation (EV/EBITDA). After the acquisition, the Company's shareholding in ABOOK will increase from 19.0% to 100.0% of the issued and paid-up share capital, and ABOOK will become a subsidiary of the Company.

The Investment in ABOOK is considered a connected transaction in accordance with the Rules on Connected Transaction because some of the Sellers, namely Mr. Rapee Utakapan and Mr. Preeda Sengpanich, are connected persons of the Company. The connected transaction is valued at THB 401.5 million. Considering such transaction combined with the other connected transaction occurring during the past six months, the combined transaction size is valued at THB 491.5 million or equivalent to 13.01% of the Company's net tangible assets ("NTA"). The size of the transaction is thus higher than THB 20 million and exceeds 3.0% of the Company's NTA. Therefore, the Company is required to seek an approval from shareholders prior to the undertaking this transaction. The approval shall be granted by a vote of not less than three-fourths of the total number of votes of the shareholders who are present and entitled to vote, excluding the votes of shareholders who have interests.

In addition, the Investment in ABOOK is an asset acquisition transaction according to the Rules on Acquisition and Disposition of Assets. As the combined transaction size of the Investment in ABOOK and other previous acquisition of asset transactions during the past six months is 8.62% which is less than 15.0%, the Company is not required to disclose information memorandum regarding the acquisition of assets to the SET.



Details of the Investment in ABOOK are summarized below.

Transaction	Acquisition of 81,000 ordinary shares of ABOOK, or 81.0% of ABOOK's issued and paid-up share capital.
Nature of ABOOK business	ABOOK is engaged in the distribution of publications such as books and magazines from AMARIN and other publishers, and various kinds of lifestyle products through several distribution channels i.e. wholesale, magazines, retail under "Naiin Store", direct sale and e-commerce via Naiin website (www.naiin.com) and NaiinPann application
Relationship between ABOOK and AMARIN	AMARIN holds 19.0% of the issued and paid-up share capital in ABOOK and ABOOK is a sole distributor of AMARIN's book and magazines.
Transaction size and payment	The Acquisition Price is set at THB 5,500.0 per share, or a total of THB 445.5 million. Payment to and shares transfer from the Sellers are expected to be completed by the third quarter of 2018.
Buyer	Amarin Printing and Publishing Public Company Limited
Sellers	<ol style="list-style-type: none"> 1. Mr. Rapee Utakapan 2. Mr. Khet Sengpanich 3. Mr. Chumphot Sengpanich 4. Miss Nisa Noi-am 5. Mr. Preeda Sengpanich 6. Mr. Phak Sengpanich
Relationship between the Sellers and AMARIN	Mr. Rapee Utakapan and Mr. Preeda Sengpanich are connected persons of the Company since they are shareholders and close relatives of the shareholders, directors, and management of the Company.

The IFA considered and analysed the information, taking into account the advantages and disadvantages of entering or not entering into the transaction. The IFA also considered other factors that may have an impact on the Investment in ABOOK based on public information, information provided by the Company and ABOOK, and information obtained from the interview with the management of the Company and ABOOK. The IFA's opinions regarding the undertaking of transaction are summarised below.

Advantages of undertaking the transaction

- ▶ Support the Company's strategy to assume control over the business operations of ABOOK, in order to ensure that they are consistent with the Company's strategic plan in building strength through integrated marketing communications ("IMC") via the integration between AMARIN's Omni-Channel, including television channel, online, printing media, and ABOOK's distribution channels and generate synergies from the business combination between the Company and ABOOK by utilising the available resources of ABOOK for the benefits of AMARIN's group. For example, the Company can utilise customer database to analyse customers' behavior for product and marketing plan development.
- ▶ Mitigate risk with respect to the key distributor of company and assume control over book distribution business, which is renowned and has leading market shares in Thailand
- ▶ Mitigation of potential conflict of interest in undertaking related party transactions between the Company and ABOOK in the future
- ▶ Mitigation of burden of the future connected transactions

Disadvantages of undertaking the transaction

- ▶ The Company may have risk exposure with respect to the return on investment in ABOOK if the performance of ABOOK falls short under the Company's expectations since book and publication distributing business is affected by the state of domestic economy and changes in technology which shift customer's reading behavior. The Company may also bear the risk of goodwill impairment.

With regards to the appropriateness of the price and conditions of the transaction on the acquisition of ABOOK's ordinary shares, the IFA has applied various valuation methodologies as follows:

1. Discounted cash flow method (DCF)
2. Market comparable method
3. Transaction comparable method
4. Book value method
5. Adjusted book value method

The IFA has considered the appropriateness of each valuation methodology, and opined that the DCF method is the most appropriate method for valuation of ABOOK because it reflects the intrinsic value of ABOOK's business assuming the continuity of the company's operation. The value of ABOOK is determined to be in the range of THB 5,243.51 – THB 5,653.30 per share or the total amount of THB 424.7 - 457.9 million for 81.0% of total issued and paid-up share capital of ABOOK.

As the IFA has considered the advantages, disadvantages and other factors that may have an impact on the Investment in ABOOK ordinary shares, as well as the fairness of the price, the IFA is of the opinion that such transaction is reasonable and beneficial to the shareholders of the Company since assuming control over ABOOK conforms to the Company's strategic plan in becoming the integrated media and printing service provider, creates synergies, and mitigates potential conflict of interest in the future. Furthermore, the Acquisition Price of THB 5,500.00 per share or the total amount of THB 445.5 million is within the range of share values appraised by the IFA.

However, the shareholders of the Company should consider relevant information and deliberately use their own discretion in making the final decision whether to approve the undertaking of this transaction.

2. Transaction background

2.1 Nature and details of transaction

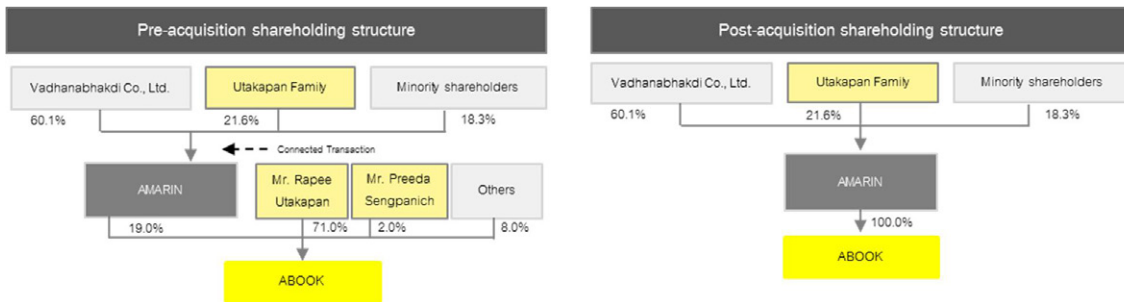
The Company was incorporated and listed on the SET in 1993. The Company operates five major businesses, i.e. 1) Printing Business, 2) Magazine Business, 3) Pocketbook Business, 4) AMARIN New Media and 5) AMARIN Creative and Events. Currently, the Company holds 19,000 shares of ABOOK, which is engaged in the distribution of publications, or 19.0% of ABOOK's issued and paid-up share capital.

The meeting of the Board of Directors of the Company held on 28 February 2018 resolved to propose for approval by the Annual General Meeting of Shareholders for 2018, which will be held on 25 April 2018, the acquisition of 81,000 ordinary shares of ABOOK, or 81.0% of ABOOK's issued and paid-up share capital from the Sellers, for a total value of THB 445.5 million or equivalent to THB 5,500.0 per share. The detail of ABOOK's existing shareholders is as follows:

No.	List of shareholders	Number of shares (shares)	%
1.	Mr. Rapee Utakapan	71,000	71.0
2.	Mr. Khet Sengpanich	2,000	2.0
3.	Mr. Chumphot Sengpanich	2,000	2.0
4.	Miss Nisa Noi-am	2,000	2.0
5.	Mr. Preeda Sengpanich	2,000	2.0
6.	Mr. Phak Sengpanich	2,000	2.0
	Total shares	81,000	81.0

Source: ABOOK

After the acquisition, the Company's shareholding in ABOOK will increase from 19.0% to 100.0% of ABOOK's issued and paid-up share capital and ABOOK's status will change from a related company to a subsidiary company.



Source: The Company and list of the top 20 major shareholders of the Company as of 21 January 2018

Remark: In the third quarter 2017, AMARIN allotted newly issued ordinary shares to the existing shareholders proportionate to their shareholding (right offering) at a ratio of 1 existing share to 2 right shares. The shareholders had the right to subscribe the right shares proportionate to their shareholding only. Since some shareholders did not exercise the right, the shareholding of Vadhanabhakdi Co.,Ltd. increased from 47.6% to 60.1%. Nonetheless, the additional share acquisition, which caused the shareholding of Vadhanabhakdi Co.,Ltd. to exceed 50.0%, arised from the exercise of the right proportionate to its shareholding under the right offering. Therefore, Vadhanabhakdi Co.,Ltd. was exempted from the requirement to make a tender offer for all securities of the business in accordance with the Notification of the Capital Market Supervisory Board No. Thor. Jor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers.

2.2 Related counterparties and their relationship with AMARIN

Related counterparties

Buyer	Amarin Printing and Publishing Public Company Limited (“the Company” or “AMARIN”)
Sellers who are considered connected persons	1) Mr. Rapee Utakapan and 2) Mr. Preeda Sengpanich
Nature of relationship	1) Mr. Rapee Utakapan is a connected person of the Company because his shareholding is equal to 4.02% of the Company’s paid-up capital (information as of 21 January 2018) and he is a close relative of shareholders, directors and management of the Company. The nature of the relationship is as detailed below. - He is a son of Mrs. Metta Utakapan, who is Director and Chairperson of the board of the Company and holds 3.67% of the Company’s paid-up capital.

	<ul style="list-style-type: none"> - He is a brother of Mrs. Rarin Utakapan Punjarungroj, who is Director and Chief Executive Officer of the Company and whose shareholding is 13.86% of the Company's paid-up capital. 2) Mr. Preeda Sengpanich is a connected person of the Company because his shareholding is equal to 0.10% of the Company's paid-up capital (information as of 21 January 2018) and he is a close relative (brother) of Mrs. Metta Utakapan, who is Director and Chairperson of the board of the Company and holds 3.67% of the Company's paid-up capital.
Additional information	Other sellers are not considered connected persons of the Company according to the Rules on Connected Transaction.

2.3 Type and size of transactions

2.3.1 Connected transactions

The Investment in ABOOK is considered a connected transaction relating to assets or services with the transaction value of THB 401.5 million or equivalent to 10.62% of the Company's NTA as of 31 December 2017. The value is thus higher than THB 20 million and exceeds 3.0% of the Company's NTA.

In addition, according to the Rules on Connected Transaction, the Company is required to include the size of all transactions with the same group of persons that occurred during the six months prior to the date of the Connected Transaction. The details of such transactions are as follows:

Date of meeting	Details of transaction	Size of connected transaction (THB million)	Percentage of transaction size to NTA (%)	Calculated based on the Company's financial statements as of
10 November 2017	Provision of financial support to ABOOK.	90.0	2.39	30 September 2017
28 February 2018	Investment in ABOOK.	401.5	10.62	31 December 2017
Total		491.5	13.01	

Source: The Company

Note: Detailed calculation of AMARIN's NTA are shown below.

$$\text{NTA of AMARIN (30 September 2017)} = \text{Total assets} - \text{Intangible assets}^* - \text{Liabilities} - \text{NCI}$$

$$= 5,564.7 - 111.8 - 1,774.8 - 0.0 = \text{THB } 3,768.1 \text{ million}$$

NTA of AMARIN (31 December 2017) = Total assets – Intangible assets* – Liabilities – NCI

$$= 5,579.1 - 120.2 - 1,678.1 - 0.0 = \text{THB } 3,780.9 \text{ million}$$

*Intangible assets do not include intangible assets that generate core earnings for AMARIN such as copyright for books and the License.

The combined size of the Investment in ABOOK and the other connected transaction that occurred in the past six months is higher than THB 20 million and exceeds 3.0% of the NTA of the Company as of 31 December 2017. According to the Rules on Connected Transaction, the Company is required to prepare an information memorandum and disclose this transaction to the SET, and the transaction must be approved by the Company's shareholders' meeting, with a vote of not less than three-fourths of the total number of votes of the shareholders who are present and entitled to vote, excluding the votes of shareholders who have interests. Such shareholders are as follows:

Name	Number of shares held in the Company	% Shareholding in the Company	Relationship with counterparties in the transaction
Mr. Rapee Utakapan	40,156,972	4.02	Counterparty in the Connected Transaction
Mr. Preeda Sengpanich	1,035,789	0.10	Counterparty in the Connected Transaction
Mr. Khet Sengpanich	4,230,000	0.42	Counterparty in the Connected Transaction
Mr. Chumphot Sengpanich	926,315	0.09	Counterparty in the Connected Transaction
Miss Nisa Noi-am	2,102,871	0.21	Counterparty in the Connected Transaction
Mr. Phak Sengpanich	1,042,104	0.10	Counterparty in the Connected Transaction
Mrs. Metta Utakapan	36,671,791	3.67	Close relative (mother) of Mr. Rapee Utakapan and a close relative (sister) of Mr. Preeda Sengpanich
Mrs. Rarin Utakapan Punjarungroj	138,387,052	13.86	Close relative (sister) of Mr. Rapee Utakapan
Mr. Chokchai Punjarungroj	29,700	0.00	Spouse of Mrs. Rarin Utakapan Punjarungroj, sister of Mr. Rapee Utakapan
Total	224,582,594	22.50	

Source: The Company and list of the top 20 major shareholders of the Company as of 21 January 2018

2.3.2 Asset acquisition transaction

The Investment in ABOOK is also considered an asset acquisition transaction according to the Rules on Acquisition and Disposition of Assets. Since the size of Investment in ABOOK of THB 445.5 million is less than 15.0%, the Company is not required to prepare an information memorandum to disclose the asset acquisition to the SET. Detailed calculations of transaction size are shown below.

Calculation criteria	Calculation method	Detailed calculation	Transaction size (%)
1. NTA criteria	$\frac{\% \text{ NTA of ABOOK}}{\text{NTA of AMARIN}}$	$\frac{81\% \times \text{THB 24.9 million}}{3,780.9}$	0.53
2. Net profit criteria	$\frac{\% \text{ Net profit of ABOOK}}{\text{Net profit of AMARIN}}$	Unable to calculate using this criteria because AMARIN and ABOOK had operating losses	-
3. Total consideration criteria	$\frac{\text{Total consideration}}{\text{Total assets of AMARIN}}$	$\frac{\text{THB 445.5 million}}{\text{THB 5,579.1 million}}$	7.99
4. Share price criteria	$\frac{\text{Number of shares issued for payment of assets}}{\text{Number of paid-up shares of AMARIN}}$	Unable to calculate using this criteria because there is no issuance of shares	-

Note: Calculation of transaction sizes are referred from latest audited financial statement of ABOOK for year ended 2016 and audited financial statement of AMARIN for year ended 2017. Detailed NTA calculations of ABOOK and AMARIN are shown below:

$$\begin{aligned} \text{NTA of ABOOK} &= \text{Total assets} - \text{Intangible assets} - \text{Liabilities} - \text{NCI} \\ &= 1,016.2 - 10.3 - 981.1 - 0.0 = \text{THB 24.9 million} \end{aligned}$$

$$\begin{aligned} \text{NTA of AMARIN} &= \text{Total assets} - \text{Intangible assets}^* - \text{Liabilities} - \text{NCI} \\ &= 5,579.1 - 120.2 - 1,678.1 - 0.0 = \text{THB 3,780.9 million} \end{aligned}$$

*Intangible assets do not include intangible assets that generate core earnings for AMARIN such as copyright for books and the License.

Since the Company had other asset acquisition transactions that occurred in the past six months prior to the date of this asset acquisition transaction, according to the Rules on Acquisition and Disposition of Assets, the Company has to include previous asset acquisition transactions. The details are as follows:

Date of meeting	Details of transaction	Highest criteria	Percentage of transaction size (%)	Calculated based on the Company's financial statements as of
30 October 2017	Establishment of Amarin Media and Commerce Co., Ltd. (Total consideration of THB 25 million)	Total consideration criteria	0.56	30 June 2017
10 November 2017	Investment of 30% in a new joint venture company, Real Hero Muay Thai Co., Ltd. (Total consideration of THB 3 million)	Total consideration criteria	0.05	30 September 2017
10 November 2017	Acquisition of 1.0% shares of Pracharath Rak Samakkee Social Enterprise (Thailand) Co., Ltd. (Total consideration of THB 1 million)	Total consideration criteria	0.02	30 September 2017
28 February 2018	Investment in ABOOK	Total consideration criteria	7.99	31 December 2017
Total transaction size			8.62	

The Investment in ABOOK and other asset acquisition transactions that occurred in the past six months have a total transaction size equals to 8.62% which is lower than 15.0%. Therefore, the Company is not required to disclose information memorandum regarding the acquisition of assets to the SET.

2.4 Sources of fund for undertaking of the transaction

The Company will use its internal cash to fund the Investment in ABOOK. As of 31 December 2017, the Company had cash and cash equivalents of THB 1,327.7 million which is remaining cash from the Company's operation of THB 274.4 million and remaining cash from capital increase through the right offering in September 2017 of THB 1,053.3 million. The Investment in ABOOK aligns with one of the objectives of the capital increase which is to invest in printing business. For the undertaking this transaction, the Company will use the remaining

cash from operation of THB 265.5 million and remaining cash from capital increase in September 2017 of THB 180.0 million. After the settlement of the transaction, the Company will still have remaining cash for business operation.

2.5 Value of consideration and basis for determining the value of consideration

The Company determines the total value of the consideration for 81,000 shares of ABOOK, which will be paid to the Sellers, at THB 445.5 million or equivalent to THB 5,500.0 per share. The value is determined to be in the range of THB 5,307.1 – 5,795.4 per share using the discounted cash flow method at the discount rate of 11.54 % and the market comparable method by using enterprise value to earnings before interest, taxes, depreciation and amortisation (EV/EBITDA) ratio. The Acquisition Price is equivalent to 9.6 times of ABOOK's EBITDA for the year 2017 of THB 61.4 million which is close to EV/EBITDA of the comparable transaction in Thailand.

The Acquisition Price of ABOOK's shares of THB 5,500.0 per share is based on negotiations between the Buyer and the Sellers. The Company considers the Acquisition Price as reasonable as it is within the range of share price determined using the discounted cash flow method and the Company will make full payment for the shares by money transfer, and/or by bank cheque on the transaction date.

2.6 Agreement and draft significant conditions

The Company and the Sellers are expected to enter into the Conditional Share Purchase Agreement by April 2018. The significant conditions of the draft agreement are summarised below.

Counterparties	<p>Buyer: Amarin Printing and Publishing Public Company Limited</p> <p>Sellers:</p> <ol style="list-style-type: none"> 1. Mr. Rapee Utakapan 2. Mr. Khet Sengpanich 3. Mr. Chumphot Sengpanich 4. Miss Nisa Noi-am 5. Mr. Preeda Sengpanich 6. Mr. Phak Sengpanich
Number of ordinary shares	81,000 shares

Transaction value	THB 445.5 million
Condition precedent	<ol style="list-style-type: none"> 1. The shareholders' meeting of the Company shall approve the acquisition of 81,000 shares of ABOOK or 81.0% of total issued and paid-up shares in ABOOK at the Acquisition Price of THB 5,500.0 per share or a total amount of THB 445.5 million in aggregate from the existing shareholders who are considered connected persons. 2. The meetings of the board of directors and/or shareholders of ABOOK shall approved the change to number of directors, appointment of new directors and change of the authorised directors of ABOOK as agreed amongst the parties. The Company expected ABOOK to approve these change during the second to the third quarter of 2018. 3. The representations and warranties of the Sellers shall be true and correct and the Sellers shall not breach any of such representations and warranties.

The draft conditions are based on the voluntary agreement between the two parties. Such conditions do not provide any unfavorable conditions to the Company. Therefore, the IFA considers that the conditions of the Investment in ABOOK are appropriate.

2.7 Date of entering into the transaction

The Company will invest in ABOOK after the Annual General Meeting of Shareholders of 2018, which will be held on 25 April 2018, resolves to approve the transaction, and when all conditions precedent stipulated in the Conditional Share Purchase Agreement are met. The Company expects the payment and the transfer of ABOOK's shares from the Sellers to be completed within the third quarter of 2018.

3. Summary information of AMARIN and ABOOK

3.1 Summary information and financial position of AMARIN

3.1.1 Business overview and milestones

Amarin Printing and Publishing Public Company Limited was established in 1976 as Baan Lae Suan Magazine Limited Partnership by Mr. Chukiat Utakapan to publish “Baan Lae Suan” magazine, which was launched in September 1976. In 1977, Amarin Printing Limited Partnership was founded to print Baan Lae Suan magazines, and to provide printing services to external customers. Due to the business expansion, the Company was transformed to a public company and listed on the SET in 1993 to operate printing business for its own publications and also external customers, and the Company was renamed to “Amarin Printing and Publishing Public Company Limited”, or “AMARIN”. At present, the Company operates five major lines of business as follows:

1. Printing Business

As Thailand’s printing house, the Printing Business offers services to serve its Magazine Business, Pocketbook Business and external customers. Their services include content preparation, photography, design and artwork, photo retouching, and printing.

The Printing Business adopted printing innovations and technology to add value to its products and services in order to meet the demands of consumers. Besides, the Printing Business focuses on the print on demand market, high-value printing market, and digital-integrated printing market such as books with visuals, sound and scent. In order to add value to its fully-integrated printing services, the Printing Business also has Amarin Publishing Services (APS) to provide privileged consulting and services for printing and distribution.

2. Magazine Business

The Company launched its first magazine “Baan Lae Suan” in September 1976. As of December 2017, the Company had a total of 10 monthly and bi-monthly magazine titles in print, such as Baan Lae Suan, Praew and Sudsapda, to meet the diverse interests of readers.

3. Pocketbook Business

AMARIN's publishing houses have published books since 1992. Currently, there are 15 publishing houses in AMARIN group such as Praew Books, Arun Books, Baan Lae Suan Books, Praew Juvenile Books and AMARIN Books. Together, AMARIN's publishing houses publish approximately 600 covers per year to meet interests of various groups of readers under three main publication categories, namely Thai and foreign edutainment (fiction), documentary (non-fiction) and children & youth.

4. Amarin New Media

Amarin New Media offers creative contents in various formats including articles, accompanying photographs, infographics, video and online that are presented through modern media, corresponding to advertisers' requirements. Amarin New Media is also engaged in digital media and content development services for corporate clients in various groups and also develops short form content that is appropriate for social media platforms such as Facebook, Instagram, Youtube and Twitter, which included handling the question & answer section on behalf of the company and its corporate clients.

5. Amarin Creative and Events

Amarin Creative and Events engages in organizing marketing activities in the form of events and fairs for magazines and books of the Company and external clients, including Baan Lae Suan Fair, Amarin Baby & Kids Fair and Sudsapda Shopping Market.

Historical revenue structure of the Company is shown in the following table:

<i>Unit: THB million</i>	2015	%	2016	%	2017	%
Revenue from book publishing and distribution ⁽¹⁾	1,546	78.5	1,346	70.9	1,276	58.1
Revenue from travel business, Cheewajithome business, training, seminars, organizing exhibitions and website development ⁽²⁾	313	15.9	342	18.0	482	21.9
Revenue from TV program production ⁽³⁾	110	5.6	211	11.1	439	20.0
Total revenues	1,969	100.0	1,899	100.0	2,196	100.0

Source: The Company's audited financial statements for the years 2015, 2016 and 2017

(1) Consist of revenues from Printing, Magazine and Pocketbook Businesses

(2) Consist of revenues from Amarin New Media and Amarin Creative and Events

(3) Revenue from Digital TV Business from Amarin Television Co., Ltd., which is a subsidiary of the Company

Note: Figures may not add or compute due to rounding.

As of 31 December 2017, the Company's investments in subsidiaries and other companies were as

follows:

No.	Operated by	Type of business	Investment (THB thousand)	Paid-up capital (THB thousand)	%
1.	Amarin Media and Commerce Co., Ltd.	Media commerce	25,000	25,000	99.99
2.	Amarin Television Co., Ltd.	Producing television program	3,599,892	3,600,000	99.99
3.	KADOKAWA Amarin Co., Ltd.	Publishing and sales of comic books	13,800	30,000	46.00
4.	Real Hero Muaythai Co., Ltd.	Produce sports programs for broadcast and distribution through various media	3,000	10,000	30.00
5.	Amarin Book Center Co., Ltd.	Distributor of printed media	1,900	10,000	19.00
6.	Pracharath Rak Samakkee (Social Enterprise) Co., Ltd.	Social enterprise – sales and services	1,000	33,250	1.00
7.	WPS (Thailand) Co., Ltd.	Printing services	2,500	500,000	0.50

Source: The Company's audited financial statements for the year 2017

Business overview of the Company's investments is as follows:

1. Amarin Media and Commerce Co., Ltd.

Amarin Media and Commerce Co., Ltd. was incorporated on 2 November 2017 to engage in media commerce business in order to produce media for distributing and broadcasting and also create digital platform in various formats. The list of the company's directors are as follows.

1. Mrs. Rarin Utakapan Punjarungroj
2. Mr. Chokchai Punjarungroj
3. Mrs. Suphap Noi-am
4. Mr. Cheewapat Nathalang
5. Mr. Khumpol Poonsonee
6. Mr. Siri Bunpitukgate
7. Mr. Chantachat Dhanesnitaya

2. Amarin Television Co., Ltd.

Amarin Television Co., Ltd. ("AMTV") previously operated "AMARIN activ TV", a satellite television business. In 2014, AMTV was awarded a license of high definition (HD) digital television service under general classification from frequency bid. It therefore returned the satellite television license and at the same time terminated its satellite television business to start the operation of digital television on AMARIN TV HD. The list of AMTV's directors are as follows.

1. Mrs. Metta Utakapan
2. Mrs. Rarin Utakapan Punjarungroj
3. Mr. Chokchai Punjarungroj
4. Mrs. Suphap Noi-am
5. Mr. Cheewapat Nathalang
6. Mr. Pachara Yutidhammadamrong
7. Mr. Khumpol Poonsonee
8. Mr. Siri Bunpitukgate

3. KADOKAWA Amarin Co., Ltd.

KADOKAWA Amarin Co., Ltd. is a joint venture company between AMARIN and KADOKAWA Holding Asia Limited formed to publish light novels, comic books and animation in Thai language. It also develops a Japanese travel information database and creates various digital platforms. The Company holds 46% of the equity interest together with KODOKAWA Holding Asia Limited (49%) and Bangkok BTMU limited (5%). Both companies are not connected persons of AMARIN.

4. Real Hero Muaythai Co., Ltd.

Real Hero Muaythai Co., Ltd. was incorporated on 28 November 2017 to engage in the production of sports programs for broadcasting and distribution through various media. The company holds 30% of the equity interest together with Mr. Suthep Duangjinda (30%), Mr. Eakachai Pongklin (20%) and Mrs. Narumol Tonmanee (20%).

5. Amarin Book Center Co., Ltd.

ABOOK is engaged in the distribution of publications of the Company and other publishers, and operates retail business under the name "Naiin Store".

Detail information of ABOOK is presented in Section 3.2 of this Report.

6. Pracharath Rak Samakkee Social Enterprise (Thailand) Co., Ltd.

Pracharath Rak Samakkee Social Enterprise (Thailand) Co., Ltd. is a social enterprise initiated to strengthen and create happiness in a community by generating sustainable income for the community through three groups of activities namely agriculture, value added product and community based tourism.

7. WPS (Thailand) Co., Ltd.

WPS (Thailand) Co., Ltd. operates printing services for newspapers and other books such as comic books, pocketbooks and magazines.

3.1.2 Shareholding structure

As of 31 December 2017, the Company had a registered capital of THB 1,259,999,595 of which THB 998,281,590 was issued and paid-up, consisting of 998,281,590 ordinary shares with a par value of THB 1 per share.

The following table presents the top 10 majority shareholders of the Company in terms of shareholding percentage as of 21 January 2018 (the latest closing date of the registration book).

No.	List of shareholders	Number of shares (shares)	%
1.	Vadhanabhakdi Co., Ltd. (Shareholders: Mr. Thapana Sirivadhanabhakdi 50% and Mr. Panote Sirivadhanabhakdi 50%)	600,000,000	60.10
2.	Mrs. Rarin Utakapan Punjarungroj	138,387,052	13.86
3.	Mr. Rapee Utakapan	40,156,972	4.02
4.	Mrs. Metta Utakapan	36,671,791	3.67
5.	Mr. Sophon Mitpanpanich	17,312,700	1.73
6.	Mr. Somchai Sawasdeepon	15,000,000	1.50
7.	Ms. Mayuree Wongkaewcharoen	8,000,000	0.80
8.	Mr. Perawat Tanmarpimnonta	7,990,000	0.80
9.	Mr. Chalempol Sophonkijjakarn	7,700,000	0.77
10.	Bangkok Commercial Asset Management Public Company Limited (Shareholder: Financial Institutions Development Fund 100%)	6,449,473	0.65
	Total	877,667,988	87.92

Source: The Company and the list of the top 20 major shareholders of the Company as of 21 January 2018

3.1.3 Structure of AMARIN's Board of Directors

The structure of the Company's Board of Directors as of 31 December 2017 is presented below.

No.	Name	Position
1.	Mrs. Metta Utakapan	Chairperson
2.	Mr. Thapana Sirivadhanabhakdi	Vice Chairperson
3.	Mrs. Rarin Utakapan Punjarungroj	Director
4.	Mr. Nararat Limnararat	Director
5.	Mr. Khumpol Poonsonee	Director
6.	Mr. Chokchai Punjarungroj	Director
7.	Mr. Cheewapat Nathalang	Director
8.	Mr. Somjai Phagaphasivat	Independent director / Chairman of the Audit Committee
9.	Mr. Pramoad Phomprapha	Independent director
10.	Mr. Suwit Chindasanguan	Independent director / Audit Committee
11.	Mr. Nantawat Boramanand	Independent director / Audit Committee

Source: SET

3.1.4 Summary of financial performance and financial position of AMARIN

The financial statements of the Company for the years ended 31 December 2015 to 2017 are as follows:

The Company's profit and loss statements

Profit and loss statements	2015		2016		2017	
	THB million	%	THB million	%	THB million	%
Revenues from sales and services	1,969	100.0	1,900	100.0	2,196	100.0
Costs of sales and services	(1,953)	(99.2)	(1,825)	(96.1)	(1,812)	(82.5)
Gross profit	16	0.8	74	3.9	385	17.5
Selling expenses	(56)	(2.8)	(59)	(3.1)	(63)	(2.9)
Administrative expenses	(353)	(17.9)	(331)	(17.4)	(381)	(17.4)
Selling and administrative expenses	(409)	(20.8)	(390)	(20.5)	(444)	(20.2)
Profit (loss) before financial cost and income tax expenses	(393)	(20.0)	(316)	(16.6)	(60)	(2.7)
Other income	35	1.8	41	2.2	41	1.9
Financial cost	(88)	(4.5)	(136)	(7.2)	(105)	(4.8)
Share of loss in associated company	0	0.0	(1)	0.0	(1)	0.0
Profit (loss) before income tax expenses	(446)	(22.6)	(411)	(21.7)	(125)	(5.7)
Income tax expenses (income)	28	1.4	(217)	(11.4)	(39)	(1.8)
Profit (loss) for the year	(417)	(21.2)	(628)	(33.1)	(164)	(7.5)
Other comprehensive income (loss) for the year	1	0.0	3	(0.2)	-	-
Total comprehensive income (loss) for the year	(416)	(21.2)	(625)	(32.9)	(164)	(7.5)

Source: The Company's audited financial statements for the years 2015, 2016 and 2017

Note: Numbers may differ slightly due to rounding

The Company's financial performance

► Revenues from sales and services

Revenues from sales and services comprised revenue from book publishing and distribution business, revenue from travel business, Cheewajithome, business, training and seminar, event management and website development business and revenue from television program production business (Digital TV Business), which accounted for 58.1%, 21.9% and 20.0% of revenue from sales and services in 2017, respectively. Regarding

revenue from book distribution, the Company distributed books and magazines through ABOOK's distribution channels only.

The Company's revenues from sales and services in 2015, 2016 and 2017 amounted to THB 1,969 million, THB 1,900 million and THB 2,196 million, respectively. Revenues from sales and services in 2016 decreased by 3.5% from the prior year due to the decrease in revenue from book publishing and distribution business as a result of the economic slowdown and the decline in purchasing power of consumers.

In 2017, revenues from sales and services amounted to THB 2,196 million, up by 15.6% from the prior year due to the increase in revenues from printing business, event management business, website business and especially the Digital TV Business which the revenue grew by 107.6% from the prior year.

► Costs of sales and services

Costs of sales and services in 2015, 2016 and 2017 amounted to THB 1,953 million, THB 1,825 million and THB 1,812 million, respectively. The proportion of costs of sales and services to revenues from sales and services decreased from 99.2% in 2015 to 96.1% in 2016 due to a cease in operation of Cheewajithome business and operating cost control.

In 2017, the proportion of costs of sales and services to revenues from sales and services accounted for 82.5% of revenues from sales and services, which decrease from that of the prior year due to production cost control and efficient utilisation of machineries.

► Selling and administrative expenses

Selling and administrative expenses consisted of selling expenses (2.9% of revenues from sales and services in 2017) and administrative expenses (17.4% of revenues from sales and services in 2017).

Selling and administrative expenses of the Company in 2015, 2016 and 2017 amounted to THB 409 million, THB 390 million and THB 444 million, respectively, accounting for 20.8%, 20.5% and 20.2% of revenues from sales and services, respectively.

For the year 2017, the Company's selling and administrative expenses increased by THB 54 million or 13.9% from the prior year due to the expansion of event management business, causing advertising expenses to increase, and the expansion of Digital TV Business, causing personnel expenses and fee payment to the National Broadcasting and Telecommunications Commission (NBTC) to increase proportionately to the increase in revenue.

▶ Net profit

The Company's net losses from 2015 to 2017 were THB 416 million, THB 625 million, and THB 164 million, respectively. The net losses from 2015 to 2016 were primarily due to the economic slowdown and the initial phase of Digital TV Business operation. Nevertheless, the Company's net losses in 2017 decreased significantly approximately THB 461 million mainly due to the growth in revenue from Digital TV Business and revenue from event management and website business in 2017 of approximately 107.6% and 40.9%, respectively.

The Company's statement of financial position

Statement of financial position	Dec 15		Dec 16		Dec 17	
	THB million	%	THB million	%	THB million	%
Cash and cash equivalents	210	4.1	176	3.7	1,328	23.8
Trade and other receivables	477	9.4	634	13.4	535	9.6
Inventories	285	5.6	270	5.7	237	4.2
Other current assets	102	2.0	12	0.3	7	0.1
Total current assets	1,074	21.0	1,093	23.0	2,106	37.7
Long-term investments	10	0.2	10	0.2	10	0.2
Investments in associated company	0	0.0	13	0.3	15	0.3
Other long-term investments	4	0.1	4	0.1	5	0.1
Property, plant, and equipment	904	17.7	880	18.6	863	15.5
Land held for future development	77	1.5	77	1.6	77	1.4
Intangible assets	2,785	54.6	2,579	54.4	2,402	43.0
Copyright for books	32	0.6	29	0.6	33	0.6
Deferred tax assets	208	4.1	46	1.0	53	0.9
Other non-current assets	5	0.1	9	0.2	14	0.3
Total non-current assets	4,027	79.0	3,648	77.0	3,473	62.3
Total assets	5,100	100.0	4,741	100.0	5,579	100.0
Short-term loans from financial institutions	450	8.8	550	11.6	0	0.0
Bill of exchange	100	2.0	197	4.1	0	0.0
Trade and other payables	184	3.6	221	4.7	203	3.6
Accrued expenses	129	2.5	91	1.9	129	2.3
Current portion of long-term loans from financial institution	0	0.0	270	5.7	0	0.0
Current portion of debentures	0	0.0	0	0.0	200	3.6
Current portion of liabilities under the license to operate	476	9.3	459	9.7	244	4.4
Digital TV Business						
Current portion of liabilities under long-term lease contracts	4	0.1	16	0.3	16	0.3
Accrued income tax	32	0.6	32	0.7	21	0.4
Other current liabilities	33	0.7	32	0.7	35	0.6
Total current liabilities	1,408	27.6	1,867	39.4	848	15.2
Long-term loans from financial institution	980	19.2	1,070	22.6	0	0.0
Long-term debentures	100	2.0	200	4.2	0	0.0

Statement of financial position	Dec 15		Dec 16		Dec 17	
	THB million	%	THB million	%	THB million	%
Liabilities under the license to operate Digital TV Business	1,096	21.5	649	13.7	650	11.7
Liabilities under long-term lease contracts	3	0.0	64	1.4	49	0.9
Employee benefit obligations	119	2.3	120	2.5	130	2.3
Other non-current liabilities	0	0.0	0	0.0	1	0.0
Total non-current liabilities	2,298	45.1	2,104	44.4	830	14.9
Total liabilities	3,706	72.7	3,971	83.8	1,678	30.1
Total shareholders' equity	1,395	27.3	770	16.2	3,901	69.9
Total liabilities and shareholders' equity	5,100	100.0	4,741	100.0	5,579	100.0

Source: The Company's audited financial statements for the years 2015, 2016 and 2017

Note: Numbers may differ slightly due to rounding

Financial ratio	Dec 15	Dec 16	Dec 17
	%	%	%
Current ratio	0.8	0.6	2.5
Quick ratio	0.5	0.4	2.2
Debt to equity ratio	2.7	5.2	0.4
Interest-bearing debt to equity ratio	1.2	3.0	0.1

Source: The Company's audited financial statements for the years 2015, 2016 and 2017

The Company's financial position

► Assets

During 2015 to 2017, the Company's total assets amounted to THB 5,100 million, THB 4,741 million and THB 5,579 million, respectively, and consisted of current assets (accounting for 37.7% of the total assets in 2017) and non-current assets (accounting for 62.3% of the total assets in 2017). In 2016, total assets decreased by THB 360 million or 7.1% as a result of the amortisation of digital television license amounting to THB 206 million, causing digital television license balance to decrease. The Company's deferred tax assets also decreased since it was expensed at the Company's subsidiaries.

For 2017, total assets increased by THB 839 million or 17.7% mainly due to a significant increase in cash and cash equivalents from capital increase in 2017.

▶ Liabilities

During 2015 to 2017, the Company's total liabilities amounted to THB 3,706 million, THB 3,971 million and THB 1,678 million, respectively, which consisted of current liabilities (accounting for 15.2% of the total assets in 2017) and non-current liabilities (accounting for 14.9% of the total assets in 2017). In 2016, total liabilities increased by THB 265 million or 7.2% as a result of an increase in short-term loans from the issuance of bills of exchange, long-term loans from financial institutions, and long-term debentures to fund the working capital of Digital TV Business and pay third instalment of the License fee.

For 2017, the Company's total liabilities decreased by THB 2,293 million or 57.7% mainly due to the settlement of short-term loans from financial institutions, bill of exchange and long-term loans from financial institutions after the Company received cash from the capital increase.

▶ Shareholders' equity

From 2015 to 2017, shareholders' equity was THB 1,395 million, THB 770 and THB 3,901 million, respectively. For 2016, shareholders' equity decreased by THB 625 million due to net losses from operation. For 2017, shareholders' equity increased significantly by THB 3,131 million because the Company increased its capital twice, resulting in an increase in registered capital from THB 220 million to THB 1,260 million and received proceed of THB 3,308 million.

▶ Financial ratio

In 2017, current ratio and quick ratio of the Company were 2.5 times and 2.2 times, respectively, increasing from 0.8 times and 0.5 times in 2015, respectively. The main reason for the increase was a significant increase in cash and cash equivalent from capital increase in 2017.

Regarding leverage ratios, during 2015 to 2017, debt to equity ratio of the Company were 2.7 times, 5.2 times and 0.4 times, respectively and interest-bearing debt to equity ratio were 1.2 times, 3.0 times and 0.1 times, respectively. The reason for significant high debt/ interest-bearing debt to equity ratios in 2016 was because the Company had net loss of THB 625 million resulting in a decrease in the Company's retained earnings from the prior year. In 2017, the debt/ interest-bearing debt to equity ratios significantly decreased since the Company repaid borrowings, which comprised short-term and long-term loans from financial institutions and bill of exchange, after the Company received proceeds from capital increase.

The Company's statement of cash flows

	Dec 15	Dec 16	Dec 17
Statement of cash flows	THB million	THB million	THB million
Net cash from (used in) operating activities	(30)	(26)	455
Net cash from (used in) investing activities	(673)	(573)	(436)
Net cash from (used in) financing activities	697	566	1,132
Increase (decrease) in net cash and cash equivalents	(5)	(34)	1,152
Cash and cash equivalents at the beginning of year	215	210	176
Cash and cash equivalents at the end of year	210	176	1,327

Source: The Company's audited financial statements for the years 2015, 2016 and 2017

Note: Numbers may differ slightly due to rounding

The Company's cash flows

▶ Net cash from (used in) operating activities

From 2015 to 2017, the Company had net cash from (used in) operating activities of THB (30) million, THB (26) million and THB 455 million, respectively.

For the year 2017, net cash flows from operating activities were THB 455 million, a significant increase of THB 481 million from the prior year, mainly because of a significant decrease in the total comprehensive net loss from THB 628 million in 2016 to THB 164 million in 2017 due to the growth of revenue from Digital TV Business and revenue from event management business and website business in 2017 of approximately 107.6% and 40.9%, respectively.

▶ Net cash from (used in) investing activities

From 2015 to 2017, the Company had net cash used in investing activities of THB 673 million, THB 573 million and THB 436 million, respectively. In 2017, the net cash flow used in investing activities decreased by THB 138 million, or 24.1% from prior year, mainly due to decrease in cash payment for the License fee.

▶ Net cash from (used in) financing activities

From 2015 to 2017, the Company had net cash from financing activities of THB 697 million, THB 566 million and THB 1,132 million, respectively. In 2017, the net cash from financing activities increased by THB 566 million from the prior year, mainly due to proceeds from the capital increase in 2017 totaling THB 3,307.7 million (before expenses deduction) less net repayment of loan from financial institutions, redemption of bill of exchange and redemption of debenture from previous year amounting to THB 2,741.9 million.

3.2 Summary information and financial position of ABOOK

3.2.1 Business overview and key milestones

ABOOK was established in 1993 to be a distributor of publications of AMARIN and other publishers. ABOOK also operates retail chain stores under Naiin Store. As at 31 December 2017, there were 158 branches of Naiin Stores in Thailand. Majority of Naiin Stores' spaces are leased from shopping malls under short-term contracts

ABOOK's revenues are classified by type of product and service as below:

<i>Unit: THB million</i>	2015	%	2016	%	2017	%
Revenue from sales of books	1,881	79.6	1,804	75.8	1,778	79.0
Revenue from sales of magazines	316	13.4	400	16.8	254	11.3
Revenue from other sales and services ⁽¹⁾	185	7.8	196	8.2	237	10.6
Total revenues before discount	2,382	100.8	2,400	100.8	2,269	100.8
Deduct: sales discount to lessor ⁽²⁾	(19)	(0.8)	(20)	(0.8)	(17)	(0.8)
Total revenue	2,363	100.0	2,380	100.0	2,252	100.0

Source: ABOOK financial statements for 2015 and 2016, audited by Morison CKS Company Limited and management accounts of ABOOK for 2017, prepared by Management

(1) Revenue from other sales and services such as revenue from selling stationery and teacher training course

(2) Audited financial statements classified some portion of rental expenses paid to lessor as a deduction from revenue from sales and services according to related accounting documents; however, ABOOK's management and the IFA considered such transactions as rental expenses by nature and thus presented them separately for analysis purpose.

Distribution channels of ABOOK are as follows:

1. Wholesales

- ▶ Approximately 500 book titles per year printed by publishers in AMARIN's group, over 1,300 titles from other publishers and also many works from freelance writers are distributed through major bookstores nationwide such as SE-ED Stores, B2S stores, Kinokuniya Stores, universities' bookstores and other bookstores nationwide.

2. Magazine

- ▶ Magazines are distributed through agent system or distributors nationwide, who will distribute magazines to bookstands in their areas. ABOOK also offers annual magazine subscription.

3. Retails

- ▶ Books and magazines from both publishers in AMARIN's group and other publishers and non-book products are distributed through Naiin Stores. As of 31 December 2017, there are total 158 branches nationwide. The revenue of this channel also includes sales through Naiin's mobile sales units at events such as the National Book Fair, shopping mall, university and other schools' book fairs.

4. Direct sales

- ▶ Direct sales team will propose and recommend books to government agencies and educational institutions to be used for teaching materials, leisure books, reference and supplementary readings. It also includes selling books to corporations to be used for employee self-development or to distribute to their clients as a complimentary. Revenues from direct sales channel also include library project in which ABOOK will set-up libraries for interested institutions.

5. E-commerce

- ▶ Revenue from selling books via Naiin website (www.naiin.com) and selling e-books and e-magazines through NaiinPann application

Of all channels, retail through Naiin Stores is the major distribution channel of ABOOK. In 2017, revenue from Naiin Stores constituted 60.0% of total sales revenue of ABOOK (per financial statement's classification), which comprised of 55.9% from sales to non-member customers and 44.1% from sales to Naiin-member customers. Revenue from sales to members had a compound annual growth rate ("CAGR") of 5.2% from 2015 to 2017.

As of 31 December 2017, ABOOK's investments in related companies are as follows:

No.	Company name	Type of business	Investment (THB)	Paid-up capital (THB)	%
1.	Amarin Food and Beverage Co., Ltd.	Producer and distributor of food and beverage. The company is currently non-operating and allowance for investment impairment is fully recorded by ABOOK	12,618,000	13,500,000	90.13
2.	Amarin Trading Co., Ltd.	Distributor of premium product to Naiin Stores (under liquidation process)	999,930	1,000,000	99.99

Source: ABOOK's management accounts for 2017 prepared by Management

3.2.2 Shareholding structure

As of 31 December 2017, ABOOK had a paid-up registered capital of THB 10 million (100,000 paid-up ordinary shares at a par value of THB 100 each). The following table presents shareholders of ABOOK by order of shareholding percentage.

No	List of shareholders	Number of shares (shares)	%
1.	Mr. Rapee Utakapan	71,000	71.00
2.	Amarin Printing and Publishing Public Company Limited	19,000	19.00
3.	Mr. Khet Sengpanich	2,000	2.00
4.	Mr. Chumphot Sengpanich	2,000	2.00
5.	Miss Nisa Noi-am	2,000	2.00
6.	Mr. Preeda Sengpanich	2,000	2.00
7.	Mr. Phak Sengpanich	2,000	2.00
Total		100,000	100.00

Source: ABOOK

3.2.3 Structure of Board of Directors and Executive management

As of 31 December 2017, the list of ABOOK's directors are as follows.

No.	Name	Position
1.	Mr. Rapee Utakapan	Director
2.	Mr. Phak Sengpanich	Director
3.	Mrs. Kunlaya Pitakwong	Director

Source: ABOOK

As of 31 December 2017, the list of ABOOK executives are as follows

No.	Name	Position
1.	Mr. Nattachai Veerakul	Managing Director
2.	Mr. Rapee Utakapan	Assistance to Managing Director, Property development
3.	Mr. Phak Sengpanich	Assistance to Managing Director, Books and Magazines Distribution
4.	Ms. Waraporn Warasapanon	Director of Retail Operation Department
5.	Mr. Jakravut Jaidee	Director of Strategic Planning Department
6.	Ms. Prapasri Noipreecha	Director of Supply Chain & Support Department
7.	Ms. Srirada Choenkwansri	Director of Accounting Department
8.	Mrs. Kunlaya Pitakwong	Director of Finance and Management Accounting Department

Source: ABOOK

3.2.4 Competition

Major competitors of the ABOOK in the publication distribution business in Thailand are as follows:

- ▶ SE-EDUCATION Public Company Limited (SE-ED Stores) (“SE-ED”)
- ▶ B2S Company Limited (B2S Stores)
- ▶ Asia Books Company Limited (Asia Books Stores)
- ▶ Kinokuniya Bookstore (Thailand) Company Limited (Kinokuniya Stores)

3.2.5 Summary of financial performance and financial position of ABOOK

The financial statements of ABOOK for the years ended 31 December 2015 to 2017 are as follows:

ABOOK's profit and loss statements

Profit and loss statements	2015		2016		2017	
	THB million	%	THB million	%	THB million	%
Revenues from sales and services	2,363	100.0	2,380	100.0	2,252	100.0
Cost of sales and services	(1,706)	(72.2)	(1,742)	(73.2)	(1,597)	(70.9)
Gross profit	656	27.8	638	26.8	655	29.1
Selling and administrative expenses	(681)	(28.8)	(673)	(28.3)	(615)	(27.3)
Depreciation and amortisation	(69)	(2.9)	(63)	(2.6)	(49)	(2.2)
Other income	34	1.4	23	0.9	21	0.9
Earnings before interest and tax (EBIT)	(60)	(2.5)	(75)	(3.2)	12	0.6
Financial cost	(2)	(0.1)	(5)	(0.2)	(5)	(0.2)
Earnings before tax (EBT)	(62)	(2.6)	(80)	(3.4)	7	0.3
Income tax expenses	-	-	-	-	-	-
Net profit (loss)	(62)	(2.6)	(80)	(3.4)	7	0.3
Extraordinary items:						
Losses from stock clearance	23	1.0	40	1.7	27	1.2
Reversal of employee benefit obligation	-	-	-	-	(6)	(0.3)
Adjusted net profit for the period ⁽¹⁾	(39)	(1.6)	(40)	(1.7)	28	1.3
Adjusted earnings before interest, taxes, depreciation and amortisation (Adjusted EBITDA)	33	1.4	28	1.2	82	3.7

Source: ABOOK's financial statements for 2015 and 2016 audited by Morison CKS Company Limited, Management accounts of ABOOK for 2017 prepared by Management and information regarding extraordinary items from Management

Note: Numbers may differ slightly due to rounding

(1) There is no income tax expenses from adjustment of extraordinary items because ABOOK can utilise tax loss carry forward.

	Dec. 15	Dec. 16	Dec. 17
Financial ratio	%	%	%
Gross profit margin	27.8	26.8	29.1
EBITDA margin	0.4	(0.5)	2.7
EBIT margin	(2.5)	(3.2)	0.6
Net profit margin	(2.6)	(3.4)	0.3
Adjusted gross profit margin	28.8	28.5	30.0
Adjusted EBITDA margin	1.4	1.2	3.7
Adjusted EBIT margin	(1.5)	(1.5)	1.5
Adjusted net profit margin	(1.6)	(1.7)	1.3

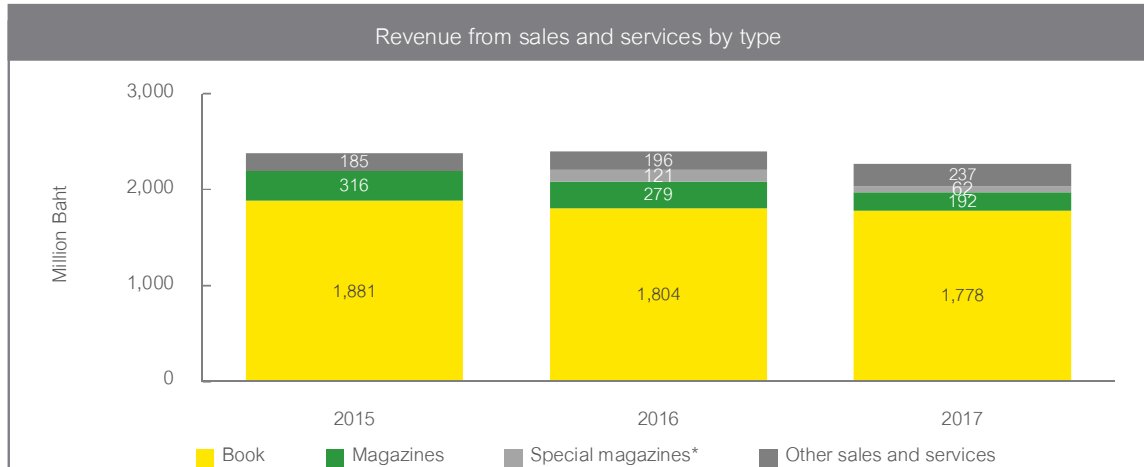
Source: ABOOK's financial statements for 2015 and 2016 audited by Morison CKS Company Limited, Management accounts of ABOOK for 2017 prepared by Management and information regarding extraordinary items from Management

ABOOK financial performance

- ▶ Revenues from sales and services (before sales discount to lessor)

ABOOK had total revenues from sales and services of THB 2,382 million, THB 2,400 million and THB 2,269 million in 2015, 2016 and 2017, respectively. ABOOK's revenues from sales and services in 2017 were divided into three types, as follows:

- 1) Revenues from sales of books
- 2) Revenues from sales of magazines
- 3) Revenues from other sales and services consisting of revenue from non-book products and revenue from service income



Source: ABOOK

*Special magazines refer to those special issues that commemorate the passing of the late King Bhumibol Adulyadej.

1) Revenues from sales of books

ABOOK's major revenues were from sales of books, made through various distribution channels. From 2015 to 2017, revenues from sales of books totaling THB 1,881 million, THB 1,804 million and THB 1,778 million, respectively. The decrease in revenues from sales of books of THB 77 million, or 4.1%, was mainly because wholesales channel that were affected by changes in the terms of agreements with key business partners from outright sales contracts (with return conditions) to consignment contract, which led ABOOK to receive some books returns and reverse some recognised revenues in 2016. The changes in the terms of agreements from outright sales contracts (with return conditions) to consignment contracts were in line with ABOOK's operating policy in the past. During 2015 to 2017, revenues from sales of books from outright sales contracts (with return condition) to total revenues from sales of books were 28.6%, 8.8% and 1.1%, respectively.

However, sales of book from retail channel increased from prior year around THB 24 million or 2.1%. This came from an increasing sales of novel and fiction books from the publishers that ABOOK is the only distributor of their products as well as an increasing sales of books that relates to the late King Bhumibol Adulyadej (King Rama IX) in the last quarter of 2016.

For sales of books in 2017, the revenue decreased by 1.5% or THB 26 million from 2016, mainly due to the closure of 34 unprofitable Naiin Stores that ABOOK aims to reduce operating costs from this plan and the drop in sales of book of small publishers.

Revenues from sales of magazines

From 2015 to 2017, ABOOK had revenues from sales of magazine totaling THB 316 million, THB 400 million and THB 254 million, respectively. Sales of ABOOK's magazines significantly increased in 2016 mainly due to the sales of special issue magazines featuring royal biographies and royal duties of the late King Bhumibol Adulyadej (King Rama IX). However, excluding the revenues from the sale of these special magazines, revenues from sales of magazines have continuously declined over the past three years which is in line with the recent slump in the magazine industry in Thailand.

2) Revenues from other sales and services

3.1 Revenues from sales of non-book products

ABOOK had sales revenues from non-book products such as stationery totaling THB 185 million, THB 196 million and THB 193 million from 2015 to 2017, respectively. Most of the revenues came from sales of products at Naiin Stores.

3.2 Revenues from services

In 2017, ABOOK had revenues from teacher training programs under the Teacher's Occupational Development Project launched by the Office of the Basic Education Commission (OBEC) and revenues from other projects, amounting to THB 44 million.

▶ Sales discount to lessor

Some portions of rental expenses paid to lessor are classified as a deduction from revenue from sales and services according to related accounting documents. Sales discount from 2015 to 2017 amounted to THB 19 million, THB 20 million and THB 17 million, respectively.

- ▶ Cost of goods sold and cost of services

Major cost of goods sold and cost of services consisted of costs of books, magazines, non-book products and cost of service. In 2016, in particular, ABOOK offered a big discount promotion and stock clearance sales. However, ABOOK changed its business strategy to improve gross profit margin by reducing such aggressive discount promotion program in 2017. As a result, ABOOK's cost of goods sold and cost of services declined from 73.2% of sales revenues in 2016 to 70.9% of sales revenues in 2017.

- ▶ Selling and administrative expenses (before depreciation and amortisation)

The main selling and administrative expenses of ABOOK were personnel, rental and distribution expenses. Overall selling and administrative expenses decreased from THB 681 million in 2015 to THB 673 million and THB 615 million in 2016 and 2017, respectively, due to the closure of 17 unprofitable Naiin Stores in 2016 and another 34 branches in 2017, leading to reduction in space rental, personnel and utilities expenses. In addition, the company has implemented a cost reduction plan, including an organizational restructuring, allowing ABOOK to reduce personnel expenses, and controlled the number of books returned from other stores, decreasing distribution expenses borne by the company.

- ▶ Earnings (loss) before interest and tax (EBIT)

Loss before interest and tax of ABOOK increased from THB 60 million to a loss of THB 75 million or a loss of 2.5% and a loss of 3.2% in 2015 and 2016, respectively. However, ABOOK has earnings before interest and tax of THB 12 million or a profit of 0.6% on revenues from sales and services. The main reason for the improvement in 2017 was the company's policy to reduce costs of goods sold and cost of services, as well as selling and administrative expenses, as mentioned earlier.

- ▶ Other income

Other income of ABOOK consisted of revenue from rental of display space and shelves in Naiin Stores and a membership fee. In 2017, ABOOK had other income of THB 21 million, decreased from THB 34 million and THB 23 million, in 2015 and 2016, respectively, due to the reduction in the number of branches.

▶ Financial cost

ABOOK had financial costs of THB 2 million in 2015 and THB 5 million in 2016 and 2017. Normally, ABOOK's financial costs relate to bank overdrafts and promissory notes from financial institutions that ABOOK borrowed during the year. Financial cost of ABOOK in 2017 also includes interest expenses under financial leases that ABOOK entered in 2017.

▶ Net profit (loss)

During the period from 2015 to 2016, ABOOK had net losses, mainly due to discount promotions (selling price less than cost) and stock clearance cost, with a net loss of THB 62 million in 2015 becoming a net loss of THB 80 million in 2016. However, ABOOK returned to profit of THB 7 million in 2017 due to its policy to reduce an aggressive discount promotion and cost reduction plans as mentioned above.

▶ Extraordinary items

In the view of ABOOK's management, the company's operating results from 2015 to 2017 were affected by changes in internal operating policies, since ABOOK wanted to release outstanding stocks from the outright sale contracts with publishers and ABOOK will fully undertake the consignment agreements instead. This resulted in extra sales loss and administrative expenses. ABOOK's management has summarised the following information regarding these special items as well as unusual items to adjust the historical financial performance of ABOOK each year as follow:

○ Losses from inventories

During the period from 2015 to 2017, ABOOK had higher losses from inventories than normal level in the past as shown below.

Losses from stock clearance (THB million)	2015	2016	2017
1. Losses on inventory sales (selling price less than cost)	14	27	16
2. Expenses for destruction/donation of inventories	9	13	11
Total losses from stock clearance	23	40	27

Source: ABOOK

- Reversal of employee benefits

ABOOK had a gain of THB 6 million on reversal of employee benefits in 2017, which was not incurred in the ordinary course of business of the company.



ABOOK's statement of financial position

Statement of financial position	Dec 15		Dec 16		Dec 17	
	THB million	%	THB million	%	THB million	%
Cash and cash equivalents	26	2.4	67	6.6	68	7.5
Accounts receivable	198	18.4	143	14.1	145	15.9
Trade and other receivables	1	0.1	1	0.1	3	0.3
Inventories	381	35.4	376	37.0	298	32.7
Other current assets	30	2.8	40	3.9	27	2.9
Total current assets	635	59.1	627	61.7	539	59.3
Cash pledged as collateral	1	0.1	1	0.1	1	0.1
Investments in related companies	1	0.1	1	0.1	1	0.1
Property, plant, and equipment	356	33.1	311	30.6	301	33.2
Intangible assets	15	1.4	10	1.0	7	0.7
Leasehold land	0	0.0	0	0.0	0	0.0
Rental deposit	64	5.9	63	6.2	56	6.1
Other non-current assets	3	0.3	3	0.3	3	0.3
Total non-current assets	440	40.9	389	38.3	369	40.7
Total assets	1,075	100.0	1,016	100.0	909	100.0
Bank overdrafts and short-term loans from financial institutions	149	13.8	65	6.4	105	11.6
Accounts payable	674	62.6	753	74.1	572	63.0
Trade and other payables	1	0.1	1	0.1	0	0.0
Current portion of employee benefits liabilities	3	0.3	4	0.3	-	0.0
Unearned revenues from magazine	28	2.6	19	1.8	15	1.7
Accrued expenses	42	3.9	50	4.9	55	6.0
Other current liabilities	23	2.1	43	4.3	45	4.9
Total current liabilities	920	85.5	935	92.0	792	87.2
Employee benefits liabilities	31	2.9	37	3.6	33	3.7
Provision for decommissioning costs	2	0.2	2	0.2	2	0.2
Deposits	7	0.7	7	0.7	6	0.7
Other non-current liabilities	-	0.0	-	0.0	3	0.3
Total non-current liabilities	40	3.7	46	4.5	44	4.8
Total liabilities	960	89.3	981	96.5	836	92.0
Total shareholder's equity	115	10.7	35	3.5	73	8.0

	Dec 15		Dec 16		Dec 17	
Statement of financial position	THB million	%	THB million	%	THB million	%
Total liabilities and shareholder's equity	1,075	100.0	1,016	100.0	909	100.0

Source: ABOOK's financial statements for 2015 and 2016 audited by Morison CKS Company Limited and Management accounts of ABOOK for 2017 prepared by Management and information regarding extraordinary items from Management

Note: Numbers may be different slightly due to rounding

	Dec 15	Dec 16	Dec 17
Financial ratio	%	%	%
Current ratio	0.7	0.7	0.7
Quick ratio	0.2	0.2	0.3
Debt to equity ratio	8.3	27.9	11.5
Interest-bearing debt to equity ratio	0.2	0.1	0.1

Source: ABOOK's financial statements for 2015 and 2016 audited by Morison CKS Company Limited and Management accounts of ABOOK for 2017 prepared by Management and information regarding extraordinary items from Management

ABOOK's financial position

▶ Assets

- Current assets

At the end of 2017, ABOOK's current assets accounted for 59.3% of total assets and consisted of cash and cash equivalents, accounts receivable and other receivables from related parties, inventories and other current assets.

○ Accounts receivable

At the end of 2015, 2016 and 2017, ABOOK had accounts receivable of THB 198 million, THB 143 million and THB 145 million, and average days sales outstanding of 31 days, 22 days and 23 days, respectively. The average collection period of ABOOK from 2015 to 2017 was 25 days.

○ Inventories

At the end of 2015, 2016 and 2017, ABOOK had inventories of THB 381 million, THB 376 million and THB 298 million, and days inventories outstanding of 81 days, 79 days and 68 days,

respectively. The average days inventories outstanding of ABOOK from 2015 to 2017 was 76 days. The reason for the decrease in inventories was that during 2017 the company changed its book distribution policy from outright purchases of books for sale to consignment sale of products from publishers, leading to a reduction in the risk of obsolete products and the decrease in balance holding inventories.

- Non-current assets

At the end of 2015, 2016 and 2017, ABOOK had non-current assets amounting to THB 440 million, THB 389 million and THB 369 million, respectively. Non-current assets as at the end of 2017 accounted for 40.7% of total assets.

○ Property, plant and equipment

At the end of 2015, 2016 and 2017, ABOOK had property, plant and equipment amounting to THB 356 million, THB 311 million and THB 301 million, respectively. Property, plant and equipment at the end of 2017 accounted for 33.2% of total assets.

During 2015 to 2017, the book value of land was THB 100 million which accounted for 33.3% of total property, plant and equipment as of 2017. ABOOK's land comprised land for head office and warehouse, and land held for future development.

At the end of 2015, 2016 and 2017, ABOOK had net value of plant and equipment amounting to THB 256 million, THB 211 million and THB 201 million, respectively, which accounted for 66.7% of total property, plant and equipment as of 2017. Plant and equipment of ABOOK comprised head office building, warehouse, building improvement, furniture and fixtures and vehicles. During 2016 to 2017, the net value of plant and equipment has declined because of annual depreciation and the write-off of building improvements, decorations and office equipment due to the closure of Naiin Stores (17 branches in 2016 and 34 branches in 2017). However, the net value of plant and equipment decreased only slightly in 2017 compared to the prior periods because of the adjustment of useful lives of head office and warehouse buildings for depreciation

calculation, from 20 years to 30 years in 2017 resulting in a decrease in annual depreciation expenses compared to prior year.

ABOOK appointed Fast and Fair Valuation Co., Ltd., a property appraisal company approved by the Securities and Exchange Commission for the appraisal of ABOOK's land and building. The IFA has summarised details and fair value of these assets under Section 5.1.5 Adjusted book value method

- Investments in related companies

At the end of 2017, ABOOK had investments in related companies, i.e. Amarin Food and Beverage Company Limited and Amarin Trading Company Limited amounting to THB 12.2 million, and THB 1.0 million, which were recorded at cost. Currently, the two companies are dormant, and in 2014 ABOOK fully recorded the allowance from impairment of its investment in Amarin Food and Beverage Company Limited. Amarin Trading Company Limited is under the liquidation process with net asset totaling THB 1.5 million according to audited financial statement for the year 2016. During 2017, the company has no significant operation and transaction during the year.

▶ Liabilities

- Current liabilities

At the end of 2015, 2016 and 2017, ABOOK had current liabilities amounting to THB 920 million, THB 935 million and THB 792 million, respectively. Current liabilities at the end of 2017 accounted for 87.2% of total liabilities and shareholders' equity, and consisted of overdrafts and short-term loans from financial institutions, accounts payables, other payable, unearned revenues from magazine, accrued expenses and other current liabilities.

○ Bank overdrafts and short-term loans from financial institutions

At the end of 2015, 2016 and 2017, ABOOK had bank overdrafts and short-term loans from financial institutions in the form of promissory notes, which were used as working capital, amounting to THB 148 million, THB 65 million and THB 105 million, respectively. As at the end of 2016, the amount of bank overdrafts and short-term loans from financial institutions was lower than usual because in the last quarter of 2016, the company had a liquidity from the sale proceeds of special magazine commemorating the late King Bhumibol Adulyadej.

○ Accounts payable

At the end of 2015, 2016 and 2017, ABOOK had accounts payable amounting to THB 674 million, THB 753 million and THB 572 million, and the average payment periods for the same periods were 144 days, 158 days and 131 days, respectively. The average payment period of ABOOK for the years 2015 to 2017 was 144 days. At the end of 2017, accounts payable from related parties of ABOOK accounted for 30.0% of total accounts payable.

- Non-current liabilities

ABOOK had non-current liabilities as at the end of 2015, 2016 and 2017 amounting to THB 40 million, THB 46 million and THB 44 million, respectively. As at the end of 2017, non-current liabilities consisted of employee benefits obligations, provision for decommissioning costs, deposits and other current liabilities arising from financial leases made by the company in 2017 for leases of furniture and

decoration of branches amounting to THB 2.6 million. Non-current liabilities of ABOOK at the end of 2017 accounted for 4.8% of total liabilities and shareholders' equity.

▶ Shareholders' equity

At the end of 2015, 2016 and 2017, shareholders' equity of ABOOK amounted to THB 115 million, THB 35 million and THB 73 million, respectively. Shareholders' equity decreased in 2016 because of a net loss for the year of THB 80 million. However, shareholder' equity increased by THB 38 million in 2017 because of the net profit for the year of THB 7 million and the net effect of the adjustment of useful lives of buildings from 20 years to 30 years, amounting to THB 31 million.

▶ Commitments

At the end of 2017, ABOOK had commitment from bank guarantee in respect of electricity usage and space rental payment totaling THB 2.4 million

▶ Financial ratio

During 2015 to 2017, current ratio and quick ratio of ABOOK were almost constant at 0.7 times and 0.2 to 0.3 times, respectively.

Regarding leverage ratios, debt to equity ratio of ABOOK during 2015 to 2017 were 8.3 times, 27.9 times and 11.5 times, respectively. The reason for a significant high debt to equity ratio in 2016 was because ABOOK had net loss of THB 80 million resulting in a decrease in the ABOOK's retained earnings from the prior year. Since the majority of ABOOK's liabilities was accounts payable, debt to equity ratios of ABOOK were relatively high comparing with interest-bearing debt to equity ratio, which ranged from 0.1 times to 0.2 times during 2015 to 2017.

3.3. Economic and industry overview

3.3.1 Thailand's economic overview

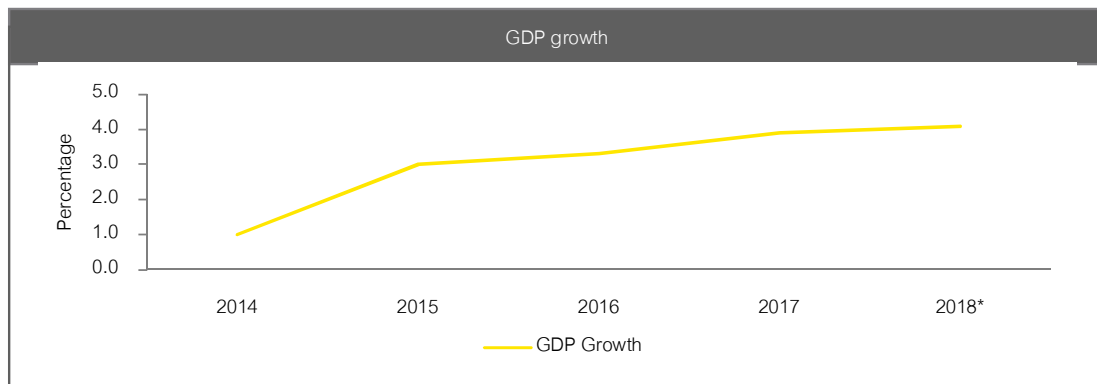
▶ Gross domestic products (GDP)¹

Thai economy grew by 3.9% in 2017, which represents an increase from 3.3% in 2016. The increase in GDP growth in 2017 was driven by increases in export, private investment, and private consumption. In particular, the value of export rose by 9.7% in 2017, which represents an improvement from 0.1% growth in 2016. Such increase resulted from an increase in demand from overseas markets following economic recovery of Thailand's trading partners, especially the United States, Europe, China, and Japan. Furthermore, the increase in export was also driven by higher prices of export products as a result of increases in global crude oil prices. Private investment grew by 1.7% in 2017, which was higher than 0.5% in 2016, due to increased investment in machinery. Moreover, private consumption grew by 3.2% in 2017, compared to 3.0% in 2016, primarily as a result of an increase in the general income base within the economy, as well as relatively low inflation and interest rates and improvement of consumer confidence. All of the aforementioned factors contributed to the overall expansion of the Thai economy despite the presence of negative factors, such as lower-than-expected public investment, slower growth of the agricultural sector, and fluctuations in the global economy and financial market.

In 2018, the Thai economy is expected to expand continually, driven mainly by potential increases in public and private investment, as well as the ongoing global economic recovery. Specifically, public investment is expected to increase based on the progress of infrastructure projects and an increase in government's budget. On the other hand, private investment is expected to increase as a result of improved business sentiment and an increase in utilisation rate of the industrial sector. Furthermore, the continual global economic recovery also contributes to the growth of export, tourism, and service sectors. However, the Thai economy still faces challenges from the expected slowdown in export growth, due to the slow growth in the global crude oil prices, slower growth of the agricultural sector, and fluctuations in the global economy and financial market. Based on the aforementioned

¹ NESDB Economic Report, Thai Economic Performance in Q4 and Outlook for 2018

reasons, the Bank of Thailand (“BOT”) forecasted that the Thai economy will expand in the range of 3.6% - 4.6% in 2018.



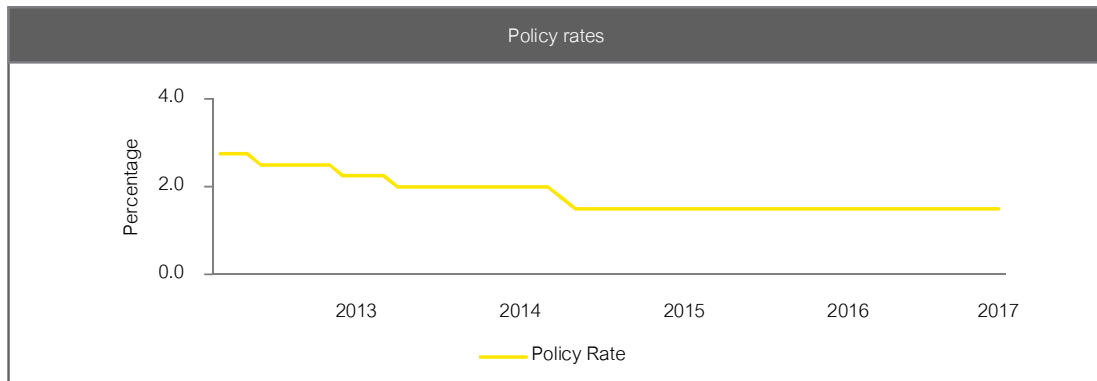
Source: Bank of Thailand February 2018

* Median of GDP estimates ranging from 3.6% – 4.6% is 4.1%

► Policy rate²

The Monetary Policy Committee (MPC) Meeting No. 1/2018 on 14 February 2018 decided to maintain the policy rate at 1.5% per annum, which has remained the same since the MPC Meeting No. 3/2015 on 29 April 2015. The MPC assessed that Thai economy has continued to expand due to an improved growth in the foreign sectors and a gradual improvement in domestic demand. Moreover, as overall financial stability remains sound, the MPC resolved to maintain the policy rate at 1.5% to help to foster economic growth and move headline inflation towards the target.

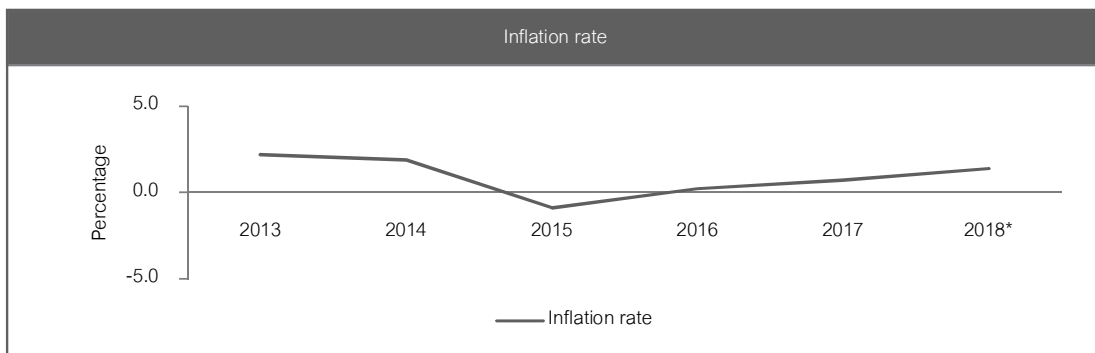
² Minutes of the Monetary Policy Committee Meeting (Edited) No. 1/2018 Bank of Thailand



Source: Bank of Thailand February 2018

► Inflation rate³

In 2017, headline inflation increased to 0.7% per annum, up from 0.2% per annum in 2016. The gradual increase was mainly driven by the Thai economic growth, rising fuel prices and higher excise tax rates. Headline inflation was still less than the BOT's inflation target, which ranges from 1.0% to 4.0%, mainly because of subdued food prices. However, headline inflation in 2018 gradually trended up toward the BOT's inflation target due to the recovery of domestic demand and the increase in oil prices. The National Economic and Social Development Board (NESDB) projected average headline inflation in 2018 to be 1.4%, ranging from 0.9% - 1.9%.⁴



Source: Bank of Thailand and National Economic and Social Development Board February 2018

* Median of inflation rate estimates ranging from 0.9% – 1.9% is 1.4%

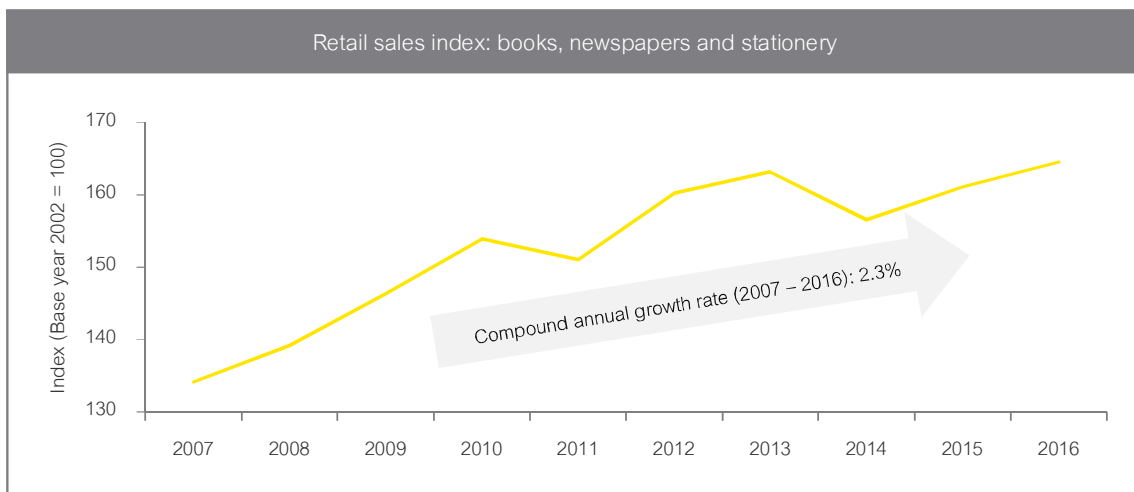
³ Monetary Policy Report December 2017 Bank of Thailand

⁴ NESDB Economic Report, Thai Economic Performance in Q4 and Outlook for 2018

3.3.2 Overview and trend of book business

The book business in Thailand consists of the printed book, magazine, newspaper and electronic book (e-book) businesses with the market value of approximately THB 10 billion in 2017.⁵ The major factors affecting the growth of book business are domestic economy condition and government supports for reading activities and campaigns such as running “A Decade of Reading” campaign in 2009 - 2018 and the appointment of national reading committee to promote reading, which are positive factors for the book business.

According to the Bank of Thailand, the retail sales index of books, newspapers and stationery continuously grew from 2007 to 2016, with the exception of 2011 and 2014, as a result of a decrease in consumer spending due to economic recession and political instability. In 2016, the retail sales index of books, newspapers and stationery increased by 2.1% from the previous year as consumer spending recovered due to the government’s economic stimulus measures.

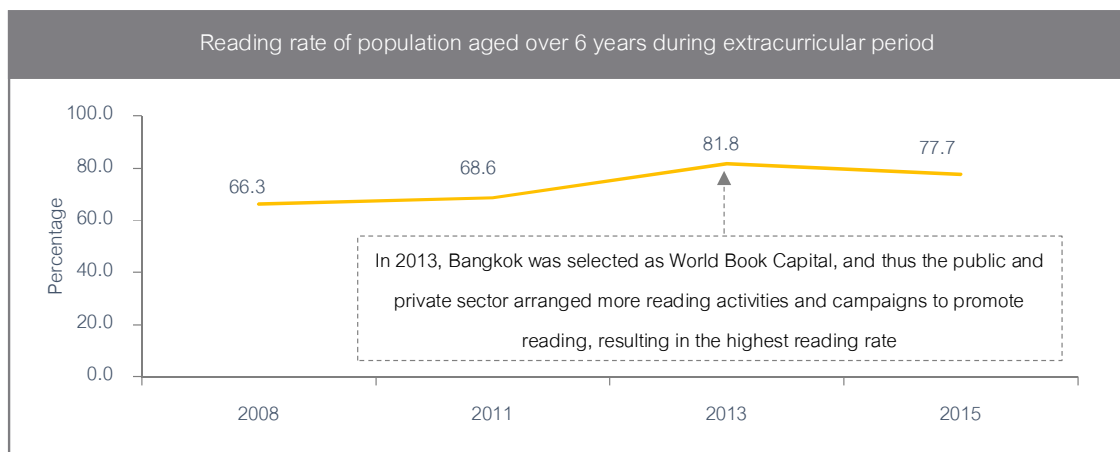


Source: Bank of Thailand, December 2017

Another factor contributing to the growth of the book business is people’s reading behavior. According to a survey of people’s reading behavior by the National Statistical Office between May and June 2015 with 55,920

⁵ Post today, March 2017

household representatives, extracurricular reading rate for the population aged over 6 years accounted for 77.7%. Compared with previous survey's results, the reading rate has an increasing trend, with a CAGR of 2.3% from 2007 to 2016. Based on the survey's results on the type of books that population aged over 6 years reads during extracurricular period, 50.2% of respondents read textbooks, books, documents, academic and general articles, 42.0% read journals and other regular issued documents, 41.8% read religious doctrine books/articles, 39.9% read magazines, and 37.0% read novels, cartoons, and fiction. ⁶



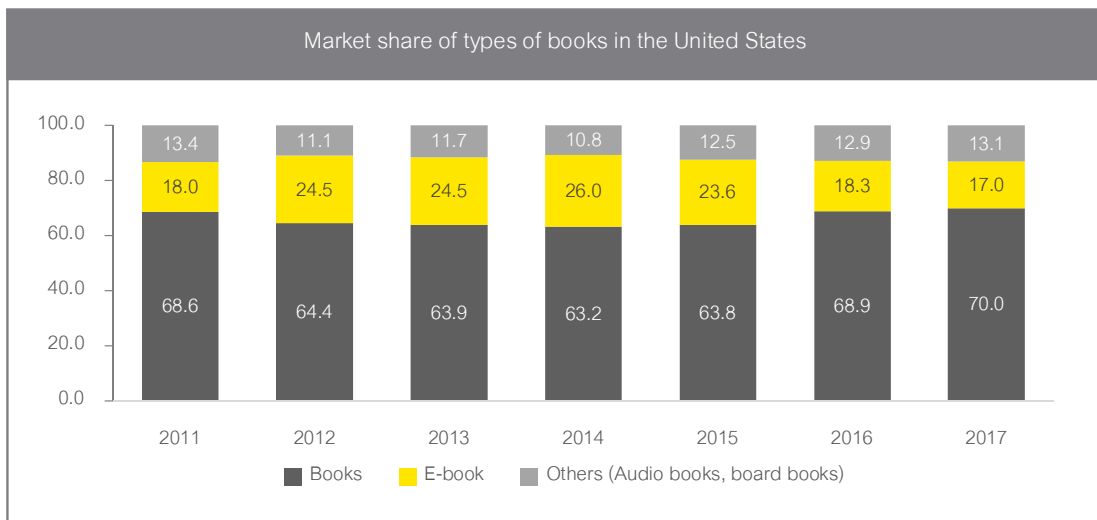
Source: Survey results on reading of population, National Statistical Office

At present, book business (both domestic and overseas) is facing increasing challenges from the rise of online media, which changes people's reading behavior. Moreover, there is a risk from substitute products such as electronic books (e-books), which are popular in overseas markets.

Nonetheless, the market share of e-books in Thailand is relatively low compared to that of printed books because, currently, there are low variety of e-book for customers to select and bookstores are still the major distribution and advertising channels for the book market in Thailand. In addition, the trend of e-books in the United States, where the market value of books is the highest, shows a continuous decline in popularity. In the first half of 2017, sales of e-books in the United States fell by 4.6% from the same period of the prior year, while sales of printed

⁶ Results of survey on reading of population, National Statistical Office 2015 (Respondents can select more than 1 type of book. The result was calculated after excluding "unknown type of book" responses)

books increased by 3.3%. As a result, the overall market share of e-books fell from 18.3% in 2016 to 17.0% in 2017. Such decline is mainly due to a change in consumer behavior that reduces the time they spend on electronic devices, consumers' perception that printed book is more attractive than e-book ⁷ and the increase in prices of e-books by more than those of the printed books, resulting in cheaper prices of some type of printed books.⁸



Source: Association of American Publishers 2017

Competition in the bookstore market in Thailand has an increasing trend as more entrepreneurs enter the market. However, the market is still dominated by major players such as SE-ED Stores, Naiin Stores and B2S Stores, who owned 393 stores, 158 stores and 101 stores, respectively.⁹ The book business needs to adapt accordingly to the changes in the book market, by adopting new business strategies such as expanding distribution channels, modernizing bookstores and changing book content to suit consumer behavior, offering more in-store services and activities, and linking online and physical channels (Omni-channel).

⁷ CNN, April 2017

⁸ Association of American Publishers 2017

⁹ SE-ED and B2S information are as of 30 September 2017 while Naiin information is as of 31 December 2017

4. Reasonableness and benefits of the transaction to AMARIN

4.1 Objectives and necessity of undertaking the transaction

The Investment in ABOOK conforms to the Company's strategic plan to become an integrated media and printing service provider. The Company focuses on enabling customer engagement through integrated marketing communications ("IMC") via AMARIN's Omni-Channel, including television channel, online, printing media, and physical store, in order to continuously create a good experience for customers. Therefore, it is necessary for the Company to acquire equity interests in ABOOK from connected persons in order to assume control over the strategic direction of ABOOK, which mainly focuses on in-store marketing, to ensure that it aligns with the AMARIN group's management policy.

Furthermore, after undertaking the aforementioned transaction, the status of ABOOK will change from related company to subsidiary company of AMARIN. Consequently, the minority shareholders and investors would be more confident about the transparency of related party transactions between the Company and ABOOK.

4.2 Advantages and disadvantages of undertaking the transaction

Advantages of undertaking the transaction

- Support the Company's strategy to assume control over the business operations of ABOOK, in order to ensure that they are consistent with the Company's management policies, and generate synergies from the business combination between the Company and ABOOK.

The Company aims to build its strength through IMC strategies, especially through the Omni-Channel that facilitates customers to access various contents and publications through all channels. The Investment in ABOOK will enable the Company to control distribution channels of ABOOK; such as Naiin Stores, wholesales, direct sales, and Naiin's website, in order to support other distribution channels of the Company and promote the sale of products and services of AMARIN group. In addition, it allows the Company to corroborate with ABOOK in order to utilise the available resources

for the benefits of AMARIN's group. For example, the Company can integrate ABOOK's customer database with that of the Company to analyse customers' behavior in order to develop contents and publications to correspond to customers' interests and to effectively improve the Company's marketing plan.

- Mitigate risk with respect to the key distributor of company and assume control over book distribution business, which is renowned and has leading market shares in Thailand

ABOOK is currently a sole distributor of the Company's products. Increase in equity interest in ABOOK will lead the Company to assume control over distribution channels of books and magazines published by the Company, which will mitigate risk with respect to distributors of various products of the Company in the future.

Furthermore, ABOOK is an operator of Naiin Stores, which are renowned for a long time. ABOOK currently has 158 branches of Naiin Stores nationwide and has an e-commerce channels through www.naiin.com and NaiinPann application. ABOOK also has customer database of over 760,000 people from Naiin Stores' members and Naiin website's members. Investment in ABOOK will lead the Company to immediately gain control over book distribution business, which will take less time and resources than creating new brand, customer database and chain of bookstores.

- Mitigation of potential conflict of interest in undertaking related party transactions between the Company and ABOOK in the future

The Company is a publisher of books and magazines which are distributed by ABOOK; therefore, the Company is required to pay distribution fees to ABOOK, which is a related company. As the Utakapan family and connected person are major shareholders of the Company (holding 21.7% as of 21 January 2018) and ABOOK (holding 73.0%), this may lead to conflicts of interest between the Utakapan family and other shareholders of the Company. After the Investment in ABOOK, the Company will be the only shareholder of ABOOK, leading to no conflict of interests among

shareholders. This will also ensure that related party transactions between the Company and ABOOK will maximize shareholder's benefit.

- Mitigation of burden of the future connected transactions

Following the Investment in ABOOK, future transactions between the Company and ABOOK will not be considered as connected transactions in accordance with Rules on Connected Transaction. As a result, the Company will have no obligations and expenses when undertaking some categories of connected transactions, such as holding a shareholder' meeting and appointing an independent financial advisor to provide an opinion on the appropriateness of the connected transactions.

Disadvantages of undertaking the transaction

- The Company may have risk exposure with respect to the return on investment in ABOOK.

The Investment in ABOOK carries risk which could cause the return on investment in ABOOK to fall short under the Company's expectations. This is because book and publication distributing business is affected by the state of domestic economy. If the economy slows down, revenue from sales of books and magazines will decline, as a result of recession of retail businesses and a decrease of customer's purchasing power.

Furthermore, book and publication distributing business is nowadays affected by changes in technology, which shift customer's reading behavior as well as risk from e-book that is substituting printed books. Thus, ABOOK needs to adapt its operational strategy to correspond to changes in customer's behavior in the future. At present, ABOOK has adjusted its business plan to correspond to the aforementioned changes including adjusting design and product mix of the stores to meet the needs of target customers.

ABOOK's future operating performance will impact the Company's performance in the consolidated financial statements. Should ABOOK's performance fall short of the Company's expectation, the Company may bear the risk of goodwill impairment in the future.

The aforementioned goodwill is the result of accounting requirements under the Thai Financial Reporting Standards No. 3 that requires the Company to recognise assets acquired and liabilities assumed at fair values as of the acquisition date and also recognise goodwill from the business combination. The IFA has estimated a preliminary indicative goodwill without considering the potential intangible assets that may be identified from later valuation, whereby the Company will need to engage a financial advisor to perform the valuation. The derivation of post-transaction goodwill from the Investment in ABOOK depends on the valuation results performed by the Company's financial advisor as well as the Company and its auditor. Therefore, the actual figures recorded in the Company's financial statements may differ from those of the IFA.

<i>Unit: THB million</i>	Dec 17
Consideration transferred of the Investment in ABOOK (81%)	445.5
Fair value of previously held interest in ABOOK (19%) ⁽¹⁾	104.5
Total purchase consideration (100%)	550.0
Net asset value	72.9
Excess purchase consideration	(a) 477.1
Fair value adjustment:	
- PPE (based on fixed asset appraisal reports)	251.4
Total fair value adjustment	[251.4]
Deferred tax liabilities	[(50.3)]
Net fair value adjustment after deferred tax	(b) [201.1]
Indicative goodwill ⁽²⁾	(a) – (b) [276.0]

Source: Management accounts of ABOOK for 2017 and fixed asset appraisal reports appraised by Fast and Fair Valuation Co., Ltd.

Note: Numbers may differ slightly due to rounding.

(1) Assume that the fair value per share of previously held interest in ABOOK equals to the Acquisition Price of this transaction

(2) The preliminary indicative goodwill is calculated based on the latest information that the IFA obtained as of the Report date (without considering the potential intangible assets that may be identified by later valuation, whereby the Company will need to

engage a financial advisor to perform the valuation) for illustrative purpose only. The aforementioned goodwill may differ from actual figures recorded in the Company's financial statements, which will be calculated from the information as of the actual transaction date.

4.3 Advantages and disadvantages of not undertaking the transaction

Advantages of not undertaking transactions

- The Company will not be exposed to the increased risks related to the investment in 81.0% equity interest in ABOOK and the uncertainty about the return on investment in ABOOK.

The Acquisition Price of 81% equity interest in ABOOK is based on negotiations between the Buyer and the Sellers by using the discounted cash flow method, which is based on management's assumptions that the change in ABOOK's strategy and business plan will improve the growth of ABOOK in the future from its historical performance. However, the performance of ABOOK may fall short under the Company's expectations. Therefore, should the Company's shareholding in ABOOK stays at the current 19.0%, the Company would not be exposed to the increased risks on the return on additional 81.0% investment in ABOOK.

Disadvantages of not undertaking the transaction

- The shareholding in ABOOK of only 19.0% of registered and paid-up capital will not give the Company an absolute control over ABOOK's strategic plan and direction because key decisions will require the approval of the board of directors or shareholders, which is controlled by the major shareholders. The Company may be unable to fully implement its IMC strategies, leading to delays in operations and a loss of competitiveness in current situation when communications with customers must be flexible, responsive and clear.
- The Company may incur additional expenses for the future connected transactions between the Company and ABOOK such as expenses incurred from shareholders' meeting and independent financial advisor's fee to provide opinion regarding the reasonableness of the connected transactions.

4.4 Comparison of advantages and disadvantages of undertaking the transaction with connected person and with a third party

ABOOK is the sole book distributor of the Company and the sole owner of Naiin Store. ABOOK has a well-established long-term relationship with the Company. Furthermore, Naiin Store is a renowned bookstore that has leading market shares in Thailand. The consumers are aware of the brand and well connect Naiin Store with the Company. Furthermore, the Company's holding of 19.0% equity interest in ABOOK caused some marketing policies of ABOOK to be consistent with the Company's strategy. Thus, the Investment in ABOOK by undertaking a transaction with a connected persons will facilitate the implementation of the Company's strategy with low integration cost and provide more benefit to the Company's shareholders than investment in other book distributing companies, which are Naiin Store's competitors or small distributing companies.

5. Reasonableness of the price and conditions of the transaction

5.1 Key assumptions applied in forming the IFA's opinion

The preparation of this Report is based on the following key assumptions:

- ▶ In performing the valuation of ABOOK, the IFA has considered all information obtained and documents made available to the public, information from the management and other databases up to 12 March 2018, and the unaudited financial statements of ABOOK as at 31 December 2017, in which the management has represented the accuracy of information. The IFA assumed that no events or facts occurring between 31 December 2017 and 12 March 2018 would materially affect the operating results of ABOOK with the exception of the events and facts specified in this Report.
- ▶ The IFA used the financial projections of ABOOK under the assumption that these were the best estimates of ABOOK's management in the current economic and industry conditions. However, events or circumstances may not be as expected, resulting in differences from the actual results. In performing the valuation of ABOOK, the IFA has studied the assumptions used in the projections by interviewing the management and obtaining an understanding of ABOOK's business plan as well as reviewing the assumptions together with analysing historical financial information, comparable companies' information, economic information and related industry information in order to analyse the feasibility of such projections.
- ▶ The IFA assumed that ABOOK will continue to operate its book distribution and bookstore business in the future without any significant changes. In addition, ABOOK does not have any plans to cease its operations or change its investment plan, dispose of or discard its operating assets. It was also assumed that no other events have occurred that would have a material adverse effect on ABOOK, including economic conditions, financial position or legal impositions that would have a material adverse effect on ABOOK's operating results unless specified in this Report.
- ▶ The IFA has provided an independent opinion with cautious and prudence under the professional standards. Neither the IFA nor any of its officers or employees assumes any responsibility for the accuracy

or completeness of the information provided. Nevertheless, over the course of this work, the IFA has no reason to doubt that the aforementioned information is materially inaccurate or incomplete that would adversely affect the analysis of the information.

Based on the above assumptions, the following methodologies were considered by the IFA in performing the valuation of ABOOK:

- 5.1.1 Discounted cash flow method (DCF)
- 5.1.2 Market comparable method
- 5.1.3 Transaction comparable method
- 5.1.4 Book value method
- 5.1.5 Adjusted book value method

5.1.1 Discounted cash flow method (DCF)

The DCF method is used to value a company by calculating the present value of the future cash flows from operations, using an appropriate discount rate. In valuing ABOOK, the IFA relied on cash flow projections for a period of 5 years, from 1 January 2018 to 31 December 2022, and terminal value. The projection period of 5 years is adopted since it appropriately reflects the change in ABOOK's strategy and business plan. In performing the valuation under DCF method, the IFA has considered the assumptions by incorporating historical performance, industry outlook and the review of financial projections obtained from ABOOK's management. The details are as follows:

- Cash flow projection

The assumptions applied in the projection are as follows:

- Revenue of ABOOK consisted of the following.

1. Revenue from sales of books

Revenue from sales of books is the major revenue of ABOOK. In 2017, the revenue from sales of books accounted for 78.4% of total revenue. From 2018 to 2022, the revenue from sales of books that the IFA adopted in

the valuation is expected to grow in the range of 3.5% - 5.4% per year. Although there was a downward trend in revenue from sales of books in 2016 and 2017, this was mainly attributed to (1) changes in the conditions of trade agreements made with significant trade partners from outright sales to consignment that caused ABOOK to accept returned books from wholesale channel and reverse its revenue from trade partners, (2) the shutdown of 17 branches and 34 branches of Naiin Store in 2016 and 2017, respectively, and (3) decrease in sales of books of small publishers due to unpopularity.

The IFA has analysed the forecasted growth of revenue from sales of books from 2018 to 2022 according to distribution channels as follows.

1. Wholesales channel: In 2017, the revenue from wholesales channel constituted 34.3% of total book sales and grew by 9.2%. Such high growth was mainly attributed to changes in the conditions of trade agreements made with significant trade partners from outright sales (with return conditions) to consignment. From 2018 to 2022, the growth in revenue from wholesales channel is expected to grow in the range of 2.7% - 5.0% per year, which is consistent to the growth of each book category according to ABOOK's business plan. In addition, ABOOK has a plan to do continual marketing with strategic business partners, especially with chain stores that will boost the growth rate of revenue from sales of books through wholesale channel.

2. Retail channel: In 2017, the revenue from retail channel constituted 59.8% of total book sales and dropped by 7.9% due to the shutdown of 34 unprofitable branches of Naiin Store. In 2018, the growth in revenue from retail channel is expected to decline by 1.2% as a result of a drop in sales of special books. From 2019 to 2022, the revenue from retail channel is expected to grow in the range of 2.3% - 3.3% per year. In order to support the forecasted sales growth from retail channel, ABOOK has revised its strategy and business plan as follows:

- ABOOK has a plan to transform Naiin branches with potential into lifestyle shops and adjust product mix that better matches demand of target customers of each branch. The plan aims to increase the growth rate of revenue from sales through the retail channel through Naiin Store which is the major distribution channel of ABOOK. ABOOK has a plan to maintain 155 – 160 branches of Naiin Store.

- The growth of books that ABOOK is the sole distributor, and literature and novel books that are best sellers of Naiin Store, which the growth is expected to continue in the future.

3. Direct sales and magazine channel: In 2017, the revenue from direct sales and magazine channel constituted 3.8% of total book sales and dropped by 1.5%. The growth in revenue from direct sales and magazine channel is expected to grow by 64.5% in 2018 and in the range of 9.3% - 12.6% per year from 2019 to 2022, whereby ABOOK has a business plan to support the revenue growth of such channel as follows:

- ABOOK is going to start distributing textbooks for primary and kindergarten education that contain new curriculum contents to schools under Office of the Basic Education Commission (OBEC) in 2018. This project will provide ABOOK with steady revenue and growth due to increasing class levels that use textbooks distributed by ABOOK in the future.
- ABOOK has a project to offer comprehensive library management service to schools. This project will boost ABOOK's sales of general books and textbooks to libraries and schools.

4. E-commerce channel: In 2017, the revenue from e-commerce channel constituted 2.1% of total book sales and grew at relatively high rates of 72.3% and 69.7% in 2016 and 2017, respectively. From 2018 to 2022, revenue from e-commerce channel is expected to grow in the range of 10.0% - 47.8% per year from ABOOK's plan to focus on the e-commerce channel, with a project to improve its e-commerce system and carry out marketing to increase awareness and promote e-commerce sales.

2. Revenue from sales of magazines

In 2017, the revenue from sales of magazines accounted for 11.2% of total revenue. From 2018 to 2022, the revenue from sales of magazines is expected to decline in the range of (28.2%) – (47.2%) per year, which is line with the trend in revenue from sales of magazines (not including sales of special edition magazines) that has decreased continuously by (11.7%) and (31.1%) in 2016 and 2017, respectively, and the recession of magazine industry in Thailand as a result of changes in reading behavior, affected by technology disruption.

3. Revenue from other sales and services

Revenue from other sales and services consisted of revenue from non-book products such as e-books, stationery and other products related to books, including revenue from sales of non-book products under the library project, and revenue from services from direct sale channel. In 2017, the revenue from other sales and services accounted for 10.4% of total revenue and grew by 21.2%, which was higher than normal growth rate since ABOOK had revenue from teacher training programs under the Teacher's Occupational Development Project launched by OBEC.

From 2018 to 2022, the revenue from other sales and services is expected to grow in the range of 2.7% to 9.6% per year, which is lower than that in 2017 because higher competition in the aforementioned teacher training market is expected, resulting in a slowdown of revenue growth in the future. Nevertheless, revenue from other sales and services will be driven by sales of non-book products from the library project and sales of products via e-commerce and Naiin Store. In addition, ABOOK will transform Naiin Stores to the lifestyle shops and offer lifestyle products that will better meet the demand of target customers.

The aforementioned revenue growth rate assumptions adopted in the projections from 2018 to 2022 and historical growth rate from 2016 to 2017 are presented in the following table:

<i>Unit: Percent</i>	2016	2017	Estimated 2018 - 2022
Revenues from sales of book	(4.1) ⁽¹⁾	(1.5) ⁽¹⁾	3.5 – 5.4
Revenues from sales of magazines	26.7 ⁽²⁾	(36.6) ⁽²⁾	(28.2) – (47.2)
Revenues from other sales and services	5.7	21.2	2.7 – 9.6
Total revenues from sales and services	0.8	(5.5)	(1.7) – 3.7

Source: ABOOK

(1) Revenue from sales of books in 2016 and 2017 was affected by returns of books that were sold through wholesales channel after contracts were changed from outright sale to consignment and the shutdown of unprofitable branches of Naiin Store. If revenue from discontinued branches during 2015 to 2017 had not been included, growth of revenues from sales of book would have been (3.0%) and 2.5% in 2016 and 2017, respectively.

(2) Growth of revenue from sales of magazines from 2016 to 2017 included revenues from special edition magazines. Had revenues from special edition magazines been excluded, the growth rates would have been (11.7%) and (31.1%), respectively.

- Cost of sales and services

Cost of sales and services of ABOOK comprise costs of books, magazines and non-book products and cost of services. The proportion of cost of sales and services to revenue from sales and services decreased (from 71.7% for the year 2015 to 70.4% for the year 2017) as a result of the policy revision in the latter half of 2017 whereby discount promotions and stock clearance sales were reduced. As a result, ABOOK's gross profit margin has improved in 2017. ABOOK will continue to reduce discount promotions and stock clearance and adjust the product mix whereby more products with high gross profit margins are sold. This will help decrease the proportion of cost of sales and services to revenue from sales and services in the future. The proportion of cost of sales and services to revenue from sales and services is expected to slightly vary in a range of 69.7% to 70.0% throughout the projection period, which approximates the cost of sales and services of 70.4% of revenue from sales and services in 2017.

<i>Unit: Percent</i>	2015	2016	2017	Estimated 2018 - 2022
Cost of sales and services	71.7 ⁽¹⁾	72.6 ⁽¹⁾	70.4 ⁽¹⁾	69.7 – 70.0

Source: ABOOK

(1) Proportions of cost of sales and services to revenue after excluding extraordinary items (mentioned in Section 3.2.5 of this Report) during 2015 – 2017 were 70.9%, 71.0% and 69.4%, respectively.

- Selling, general and administrative expenses (SG&A) before depreciation and amortisation

SG&A before depreciation and amortisation of ABOOK mainly comprised expenses related to personnel, space rental¹⁰, distribution, marketing, utilities and other expenses. The balance is broken down into two major groups as follows:

¹⁰ ABOOK's space rental expenses are space rental expenses for the operation of Naiin Stores. Majority of space rentals are leased from shopping malls under short-term contracts (contract period ranges from 1-15 years), which are fixed space rental (approximately 40.0% of total space rental expenses) and variable space rental that varied with the gross profit margin (approximately 60.0% of total space rental expenses). In performing the valuation of ABOOK, the IFA has assumed that ABOOK will be able to renew its space rental contracts in accordance with its business plan.

1. Fixed SG&A before depreciation and amortisation principally consisted of expenses related to office personnel, fixed space rental, utilities and other expenses. Fixed SG&A before depreciation and amortisation is expected to grow at 3.1% to 3.6% per year.
2. Variable SG&A before depreciation and amortisation principally consisted of expenses related to personnel of Naiin Store and direct sales channel, space rental of Naiin Store, which varied with the gross profit margin, and distribution expenses. Variable SG&A before depreciation and amortisation is expected to grow in the range of 13.2% - 14.1% of total revenue.

The two groups of aforementioned SG&A before depreciation and amortisation are expected to be in the range of 27.4% to 28.6% of revenue from sales and services throughout the projection period, which approximates the historical SG&A figures ranging from 27.9% to 29.3% of revenue from sales and services from 2015 to 2017. Moreover, ABOOK has implemented a cost reduction program, taking measures such as closing down non-performing branches, controlling returned merchandises and increasing the efficiency of distribution and logistics, that will help to reduce future SG&A before depreciation and amortisation.

Unit: %	2015	2016	2017	Estimated 2018 to 2022
SG&A (before D&A) to total revenues from sales and services	29.3	28.9	27.9	27.4 – 28.6

Source: ABOOK

- Other income

Other income consists of revenue from leased space and shelf space in Naiin Store and Naiin card membership fees. From 2018 to 2022, other income is expected to be 0.6% - 0.8% of revenue from sales and services throughout the projection period, which is slightly lower than that of the past years ranging from 0.9% to 1.4% of total revenue from sales and services in 2015 to 2017 because the projection of other income does not incorporate other income that is considered uncertain and/or non-recurring according to ABOOK's history.

- Capital expenditures and depreciation and amortisation expenses

Capital expenditures consists of investment expenses related to the renovation costs to transform Naiin Stores into a lifestyle shops, investment in new branches of Naiin Store, fixed asset repair and maintenance expenses, and software-related investments.

Capital expenditures for 2018 is expected to be at THB 34 million because ABOOK plans to renovate some of Naiin Stores to become lifestyle shops, repair and maintain fixed assets and invest in software. From 2019 to 2022, the forecasted capital expenditures are THB 20 million, which will be used for investment in new branches of Naiin Store, fixed asset repair and maintenance, and software-related investments. The forecasted capital expenditures accounted for 0.8% - 0.9% of the projected revenue from sales and services from 2019 to 2022 and approximate the historical percentages, which were in the range of 0.5% - 0.8% of revenue from sales and services from 2016 to 2017.

Projected depreciation and amortisation was determined on the straight-line basis on the assumption that the effective useful lives of current fixed assets are based on the life cycle of each type of asset as follows.

<i>Unit: years</i>	Building and building improvements	Furniture and fixtures and vehicles	Office equipment	Newly invested assets
Useful life	8 – 30	5	3 - 5	5

Source: ABOOK

Depreciation and amortisation accounted for 1.4% - 1.8% of revenue from sales and services throughout the projection period.

<i>Unit: THB million</i>	2015	2016	2017	Estimated 2018 - 2022
Capital expenditures	27.8	18.8	10.6	20.0 – 34.0
Depreciation and amortisation expenses	69.3	62.7	49.1	33.0 – 40.5

Source: ABOOK

- Working capital

Working capital consists of trade accounts receivable, inventories, trade accounts payable, and unearned revenue from magazines. ABOOK projected the working capital based on the following assumptions:

- Trade accounts receivable: Projections of trade accounts receivable assumed a collection period of 22 - 23 days throughout the projection period, which are equal to the collection period in 2016-2017.
- Inventories: As ABOOK's policy for distribution of books is to enter into consignment agreement with publishers rather than outright purchase of books for its own distribution, it projected that inventories would decrease throughout the projection period, and the inventory holding period would decrease from 66 days in 2018 to 40 days in 2022, corresponding with trends in 2015-2017 when the holding period decreased from 81 days in 2015 to 68 days in 2017.
- Trade accounts payable: ABOOK has adjusted its strategy to work with publishing houses in order to increase revenue growth leading to acceleration of payment to its trade creditors. As a result, the payment period is assumed to be between 113 - 115 days over the projection period, which decreased from the average payment period of 144 days during 2015 - 2017.
- Unearned revenue from magazines: Projections of unearned revenue from magazines assume unearned revenue from magazines to be 16.6% to 20.4% of revenue from sales of AMARIN group's magazines, increasing slightly from 13.2% - 16.0% of revenue from sales of AMARIN group's magazines in 2015 - 2017. The increase is due to the trend of sales from magazine subscribers is not expected to drop despite declining overall magazine trend.

	2015	2016	2017	Estimated 2018 – 2022
Days sales outstanding (days)	30	22	23	22 - 23
Days inventories outstanding (days)	81	79	68	40 – 66
Days payables outstanding (days)	144	158	131	113 – 115
Unearned revenues from magazines (% of revenue from sales of AMARIN group's magazines)	16.0	13.2	14.6	16.6 – 20.4

Source: ABOOK

- Income tax

The income tax rate for ABOOK is 20.0% of profit before tax. Cumulative tax loss carryforwards can be utilised for no more than 5 accounting periods. As at the end of 2017, the outstanding cumulative tax loss was THB 87.5 million.

Historical operating results and projection

The following table summarises ABOOK's operating results from 2015 to 2017 and its projections from 2018 to 2022.

<i>Unit: THB million</i>	2015	2016	2017	2018	2019	2020	2021	2022
Revenues from sales and services ⁽¹⁾	2,382.3	2,400.4	2,269.1	2,230.0	2,313.6	2,398.0	2,478.6	2,555.5
Cost of sales and services ⁽²⁾	(1,709.1)	(1,742.0)	(1,596.4)	(1,554.2)	(1,620.5)	(1,671.8)	(1,728.5)	(1,781.9)
Gross profit	673.3	658.4	672.7	675.8	693.1	726.2	750.1	773.5
Selling and administrative expenses	(697.5)	(693.4)	(632.1)	(636.8)	(652.6)	(667.4)	(683.2)	(700.0)
Other income	33.8	22.5	20.8	13.3	17.5	18.3	19.1	19.9
EBITDA	9.6	(12.5)	61.4	52.2	58.0	77.1	86.0	93.5
Depreciation and amortisation	(69.3)	(62.7)	(49.1)	(40.5)	(34.6)	(33.0)	(33.8)	(34.6)
EBIT	(59.7)	(75.1)	12.3	11.7	23.4	44.1	52.2	58.9
Financial cost	(2.5)	(5.1)	(5.0)	(1.8)	(2.7)	(1.4)	-	-
EBT	(62.2)	(80.3)	7.3	9.9	20.7	42.7	52.2	58.9
Income tax expenses	-	-	-	-	-	-	(7.6)	(11.8)
Net income	(62.2)	(80.3)	7.3	9.9	20.7	42.7	44.6	47.1

Note: Numbers may differ slightly due to rounding

Source: ABOOK's management accounts for the years ended 2015 - 2017 prepared by ABOOK's management and financial projections.

- (1) Audited financial statements classified some portions of rental expenses paid to lessor as a deduction from revenue from sales and services according to related accounting documents; however, ABOOK's management and the IFA considered such transactions as rental expenses and classified such amount as part of selling and administration expenses for analysis purpose.
- (2) In ABOOK's management accounts, some portions of system development costs were classified as cost of sales, while in the financial statements they were classified as selling and administrative expenses.

Free cash flows to firm projections

The following table summarises the cash flow projections of ABOOK.

Unit: THB million	2018	2019	2020	2021	2022	Terminal Year
Operating profit before interest and tax	11.7	23.4	44.1	52.2	58.9	63.7
Income tax on operating revenue ⁽¹⁾	-	-	-	(7.3)	(11.8)	(12.7)
Net operating profit after tax	11.7	23.4	44.1	44.9	47.1	50.9
Depreciation and amortisation	40.5	34.6	33.0	33.8	34.6	29.8
Capital expenditures	(34.0)	(20.0)	(20.0)	(20.0)	(20.0)	(29.8)
Changes in working capital requirement	41.1	32.6	27.7	33.4	31.5	-
Changes in working capital requirement due to a change in policy ⁽²⁾	(100.8)	-	-	-	-	-
Free cash flows to firm	(41.5)	70.6	84.8	92.1	93.2	50.9

Note: Numbers may differ slightly due to rounding

- (1) Income tax on operating revenue was calculated based on operating profit before interest and tax, using the income tax rate of 20%, and assuming cumulative tax loss carryforwards can be utilised for not more than 5 accounting periods.
- (2) Changes in working capital requirements due to change in policy refers to the effect of changes in the payment policy, whereby ABOOK has adjusted its strategy to work with publishing houses in order to increase revenue growth leading to acceleration of payment to its trade creditors.

► Terminal growth rate

The book industry is affected by changes in economic conditions and at risk from changes in technology and consumers' behavior, resulting in high uncertainties and difficulties to forecast ABOOK's terminal growth rate. Therefore, the IFA assumed the terminal growth rate of ABOOK to be 0%, on a conservative basis.

- Discount rate

The IFA determined the discount rate based on ABOOK's WACC (Weighted average cost of capital).

Details of the WACC calculation of ABOOK are presented in the following table:

WACC	=	$K_e \left(\frac{E}{D+E} \right) + K_d(1-T) \left(\frac{D}{D+E} \right)$
Cost of equity (Ke)	=	11.6% - 12.6% (refer to Ke calculation below)
Cost of debt (Kd)	=	A rate of return on creditors of 6.2% calculated based on MLR rate
Tax rate	=	Income tax rate of 20.0%
Debt to equity ratio	=	The median of capital structure of comparable companies, which is 5.9% ⁽¹⁾
WACC (rounded)	=	11.0% - 12.0%

Source: (1) S&P Capital IQ referred to the median of capital structure of comparable listed companies that operate the book distribution and bookstore business, as presented in the table under Section 5.1.2. Since ABOOK did not determine a target capital structure and ABOOK's historical performance was volatile which resulted in fluctuation of debt to equity ratio, the IFA estimated ABOOK's long-term capital structure to be in-line with the median of capital structure of selected comparable companies in the industry in which ABOOK operates.

The IFA calculated the cost of equity or Ke using Capital Asset Pricing Model (CAPM) as detailed below.

Ke	=	$R_f + \beta(R_m - R_f) + \alpha$
Risk free rate (Rf)	=	Risk-free rate determined by the IFA based on the yield to maturity of 10-year Thai government bonds of 2.54% ⁽¹⁾
Unlevered beta (β)	=	The median risk return coefficient between investors' expected return on the stock market and the comparable company's closing stock price, which stands at 0.97 ⁽²⁾
Market risk premium (Rm - Rf)	=	The difference between the market return rate and risk free rate, which is 6.92% ⁽³⁾
Alpha	=	Company-specific risk, ranging from 2.0% - 3.0% ⁽⁴⁾
Ke	=	Cost of equity ranging from 11.6% - 12.6%

Source: (1) The Thai Bond Market Association (www.thaibma.or.th) as of 31 December 2017. The risk free rate is based on the yield to maturity of Thai government bonds with a term of 10 years, which appropriately reflects long-term investment horizon and has sufficient liquidity.

(2) S&P Capital IQ referred to β of comparable listed companies that operate the book distribution and bookstore business, as presented in the table under Section 5.1.2. The IFA considered that the median β of comparable companies should be representative of the risks of the industry in which ABOOK operates since it is the mid value of all data and is not affected by β of some comparable companies that differ largely from the peer group.

(3) Damodaran online (<http://pages.stern.nyu.edu/~adamodar/>)

(4) The IFA's analysis is based on comparison between ABOOK's characteristics and those of other comparable listed companies operating in the book distribution and bookstore business, as presented in the table under Section 5.1.2, by considering ABOOK's non-listed status, small size premium (Source: Small size premium of Micro-Cap companies of 3.67% according to 2017 Valuation Handbook – U.S. Guide to Cost of Capital), business risk (since ABOOK is in the midst of change in its strategy and business plan) as well as ABOOK's strengths which include its possession of renowned Naiin brand and bookstores with leading market shares in Thailand, and its relationship with AMARIN (a related company of AMARIN and a sole distributor of AMRIN's products) which is a SET listed company. Therefore, the IFA considered ABOOK's company-specific risk to be in a range of 2.0% - 3.0%.

Based on the above table, the IFA applied a discount rate within the range of 11.0% - 12.0% in the valuation of ABOOK based on the DCF method, as presented in the following table.

Unit: THB million	Discount Rate	
	12.0%	11.0%
Present value of projected cash flows of ABOOK (2018 – 2022)	202.2	208.5
Present value of terminal value	254.9	289.5
Enterprise value	457.0	498.0
Add: Cash ⁽¹⁾	67.8	67.8
Less: Interest-bearing debt ⁽²⁾	(107.6)	(107.6)
Add: Non-operating assets ⁽³⁾	123.3	123.3
Less: Deferred tax ⁽⁴⁾	(16.2)	(16.2)
ABOOK's equity value	524.4	565.3
Number of shares outstanding (shares)	100,000	100,000
ABOOK's share value (THB per share)	5,243.51	5,653.30

Note: Numbers may differ slightly due to rounding

(1) Cash consists of cash and cash equivalents.

(2) Interest-bearing debt is bank overdrafts and short-term loans from financial institutions and financial lease.

(3) Non-operating assets are the investment in Amarin Trading Co., Ltd. at book value (by excluding the investment in Amarin Food and Beverage Co., Ltd. since ABOOK fully recorded the allowance from impairment of the investment) and the non-operating land at fair value that was appraised by Fast and Fair Valuation Co., Ltd., as presented in the table under Section 5.1.5 (Land held for future development).

(4) Deferred tax is an adjustment item resulting from temporary differences between book value and fair value.

The value of the ABOOK's shares determined under the DCF method is thus in the range of THB 5,243.51 – 5,653.30 per share.

- Sensitivity analysis

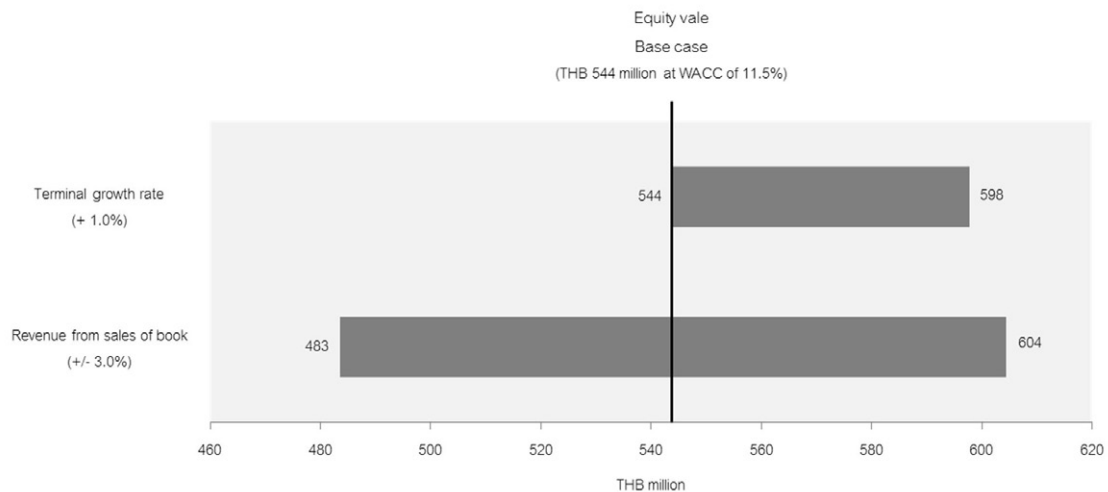
The IFA has prepared a sensitivity analysis as a supporting information for the shareholders based on key assumptions that significantly affect fair value of ABOOK and are affected by changes in technology which is the risk of book distribution business. The details are as follows:

- Revenue from sales of books through retail channel

Revenue from sales of books through retail channel accounted for approximately half of ABOOK's total revenue. An increase or decrease of 3.0% in revenue from sales of books through retail channel from the base case would increase the base case equity value of THB 544 million at WACC of 11.5% (the median of WACC range used by the IFA in valuing ABOOK) to THB 604 million or decrease to THB 483 million, respectively, representing a change of 11.1% from the base case.

- Terminal growth rate

An increase of 1.0% in terminal growth rate from the base case would increase the base case equity value of THB 544 million at WACC of 11.5% to THB 598 million or a change of 9.9% from the base case.



5.1.2 Market comparable method

The market comparable method relies on the assumptions that various financial ratios related to the market share prices of companies listed on stock markets should be comparable if their businesses have similar characteristics and operate in similar business environments.

The commonly used financial ratios may vary depending on the company to be valued. In valuing ABOOK under market comparable method, the IFA used the enterprise value to earnings before interest, taxes, depreciation and amortisation (EV/EBITDA) ratio, price to earnings (P/E) ratio, and price to book value (P/BV) ratio.

AMARIN and SE-ED are the only companies in Thailand that are listed on the stock market and have products or are engaged in a business similar to those of ABOOK. However, the ratios of only AMARIN and SE-ED may not reflect the market's view of the book distribution and bookstore business. Therefore, in selecting comparable companies, the IFA considered listed companies in other countries that operate in a business or have products similar to those of ABOOK and derive more than 50% of their revenue from book distribution and bookstore business as comparable companies.

The IFA selected the following comparable companies:

1. AMARIN is a company domiciled in Thailand and engaged media and publication business. The Company engages in five main businesses, namely 1) Printing Business 2) Magazine Business 3) Pocketbook Business 4) AMARIN New Media and 5) AMARIN Creative and Events. In 2016, the Company's revenue from the publication business (business 1 - 3) accounted for 72.2% of total revenue.

2. SE-ED is a company domiciled in Thailand and operates in the media and publication industry. The company has six main businesses, namely 1) SE-ED Book Center (SBC) and network stores in Bangkok and other provinces, 2) book distribution business, 3) books and educational journals publication business, 4) SE-ED Learning Center, 5) Pleampattana School and 6) BaesLab Co., Ltd. (subsidiary) which provides consultation relating to development, design and sale of software and hardware. In 2016, the company's revenue from book distribution and bookstore business accounted for 93.5% of total revenue.

3. Barnes & Noble, Inc. operates as a retailer of books through bookstores and websites. Its products range from books, e-books, digital content and educational products. It is also engaged in e-book business under the name "NOOK" in the United States. In 2016, the company's revenue from book distribution and book store business accounted for 96.8% of total revenue.

4. WH Smith PLC was founded in 1792 in the United Kingdom. It operates through two segments, High Street and Travel. The High Street segment sells stationery products, including greetings cards, gifting products, magazines, books and newspapers through bookstores and websites. The Travel segment offers convenience goods, books, and news for travelling customers, through outlets primarily located in airports, railway stations and hospitals. In 2016, the majority of the company's revenue was from business related to the sales of books¹¹.

5. Jiangsu Phoenix Publishing & Media Corporation Limited operates in China and is engaged in publishing and distribution of various kinds of books related to science, economics, literature, children's books and e-books. In 2016, the majority of the company's revenue was from business related to the publication and sales of books¹¹.

6. Shanghai Xinhua Media Co., Ltd. operates in China and is a subsidiary of Shanghai Xinhua Publishing Group. The company is engaged in wholesaling and retailing of books, magazines, videos, audio products and stationeries. It also engages in online publications, advertisement design, property management services and goods storage and delivery services. In 2016, the company had revenue from book-related business of 70.8% of total revenue.

7. Xinhua Winshare Publishing and Media Co., Ltd. was established in 2005 in China and is a subsidiary of Sichuan Xinhua Publishing Group. The company is principally engaged in printing and distribution. Its printing business publishes books, magazines, audio and visual products, digital products, e-books, movies, television programs and provides printing services. Its distribution business distributes textbooks and learning materials to

¹¹ According to the disclosure of the companies' financial information, the percentage of revenue related to the book distribution business cannot be identified with certainty. However, based on the analysis of publicly available information of the company such as financial statements, website and industry information, the business operations of both companies are mainly related to the sales of books.

schools. The company also engaged in book and publication retailing business. In 2016, the company's revenue from book-related business accounted for 98.4% of total revenue.

8. Northern United Publishing & Media (Group) Company Limited was established in 2006 in China and is a subsidiary of Liaoning Publishing Group. The company is engaged in publication and distribution of media-related products such as books, magazines, electronic publications, phonograph records and videos, and other publications in China. In 2016, the company's revenue from book-related business was 78.6% of total revenue.

9. Maruzen CHI Holdings Co., Ltd. was established in 2010 in Japan and it is a subsidiary of Dai Nippon Printing Co., Ltd. The company is engaged in various businesses such as the publication and distribution of magazines and academic books, sales of office stationery, and library service management. During the 12 month period ended 31 January 2017, the company's revenue from book related business accounted for 80.0% of total revenue.

10. Indigo Books & Music Inc. was established in 1940 in Canada. The company operates as a retailer of books, gift, toys, fashion items, household items, paper, calendars and electronic products. The company sells products through various retail stores such as Coles Indigospirit SmithBooks and The Book Company. In addition, the company also sells its products through website and mobile application. In 2016, all of the company's revenue was from book retailing related business.

11. Gyldendal ASA was established in 1925 in Norway. The company is a subsidiary of Erik Must AS. and is principally engaged in the manufacture and distribution of audio books and books such as textbooks, dictionaries and children's books. Its distribution channels are retail stores and the company's website. In 2016, the company's revenue from book-related business was 98.7% of total revenue.

12. Arnoldo Mondadori Editore S.p.A. was established in 1907 in Italy. The company is engaged in the publication and distribution of books and magazines, including novels, documentary books, general learning books, magazines and electronic books. In addition, the company organises events and provides advertising services. In 2016, all of the company's revenue was from business related to the publication and distribution of books and magazines.

The comparable companies and their EV/EBITDA ratios, P/E ratios, and P/BV ratios are presented in the following table.

Company name	Country	Stock symbol	Market capital (THB million)	Unlevered beta (β)	EV/EBITDA (times)	P/E (times)	P/BV (times)
AMARIN	Thailand	SET:AMARIN	5,840	0.71	26.36	n.m. ⁽²⁾	1.51
SE-ED	Thailand	SET:SE-ED	1,387	0.96	12.92	n.m. ⁽²⁾	1.59
Barnes & Noble, Inc.	USA	NYSE:BKS	15,862	2.24	5.36	29.83	0.92
WH Smith PLC	UK	LSE:SMWH	113,149	0.66	15.27	22.81	14.15
Jiangsu Phoenix Publishing & Media Corporation Limited	China	SHSE:601928	103,375	1.02	13.20	17.31	1.70
Shanghai Xinhua Media Co., Ltd.	China	SHSE:600825	32,291	0.92	n.m. ⁽²⁾	n.m. ⁽²⁾	2.47
Xinhua Winshare Publishing and Media Co., Ltd.	China	SEHK:811	64,716	1.06	18.42	15.35	1.63
Northern United Publishing & Media (Group) Company Limited	China	SHSE:601999	20,474	0.98	n.m. ⁽²⁾	n.m. ⁽²⁾	2.04
Maruzen CHI Holdings Co., Ltd.	Japan	TSE:3159	9,292	n.m. ⁽¹⁾	16.96	52.48	0.90
Indigo Books & Music Inc.	Canada	TSX:IDG	12,995	n.m. ⁽¹⁾	4.11	21.10	1.23
Gyldendal ASA	Norway	OB:GYL	3,582	n.m. ⁽¹⁾	6.68	14.28	1.43
Arnoldo Mondadori Editore S.p.A.	Italy	BIT:MN	21,296	n.m. ⁽¹⁾	8.36	15.06	1.71
Median or 50th percentile				0.97 ⁽³⁾	13.06	19.20	1.61
Ratio at 40th percentile ⁽⁴⁾ (times)					11.10	16.92	1.54
Ratio at 60th percentile ⁽⁴⁾ (times)					14.03	21.44	1.68

Source: S&P Capital IQ

(1) Beta of the company is not statistically material based on t-test, which means that the company's beta is equal to zero or the company's share price has no correlation to the market movements.

(2) Ratio of the company is materially different from those of comparable companies or unable to calculate due to negative EBITDA or earning of the company.

(3) Unlevered beta or the risk return coefficient between investors' expected return on the stock market and the comparable company's closing stock price is used in the calculation of discount rate as described in Section 5.2.1.

(4) The IFA calculated the valuation range from the ratios between 40th and 60th percentiles because such ratios cover the median for all data. The IFA calculated the valuation range based on the 40th and 60th percentile to obtain upper and lower bounds that cover 10% difference from the median.

The valuation of ABOOK using the EV/EBITDA ratio involves multiplying the adjusted EBITDA of ABOOK for the year 2017 by the EV/EBITDA ratio of the listed comparable companies. The following table presents the valuation of ABOOK using the EV/EBITDA ratio under the market comparable method.

Unit : THB million	40 th percentile	60 th percentile
Adjusted EBITDA ⁽¹⁾	82.2	82.2
EV/EBITDA ratio at 40 th and 60 th percentile (times)	11.10	14.03
Enterprise value	912.0	1,152.6
Add: Cash ⁽²⁾	67.8	67.8
Less: Interest-bearing debt ⁽³⁾	(107.6)	(107.6)
Add: Non-operating assets ⁽⁴⁾	123.3	123.3
Less: Deferred tax ⁽⁵⁾	(16.2)	(16.2)
Equity value	979.3	1,220.0
Number of shares outstanding (shares)	100,000	100,000
ABOOK's share value (THB per share)	9,793.46	12,199.81

Note: Numbers may differ slightly due to rounding

(1) Adjusted EBITDA is EBITDA excluding effect of extraordinary items presented in table in Section 3.2.5.

(2) Cash consists of cash and cash equivalents.

(3) Interest-bearing debt is bank overdrafts and short-term loans from financial institutions, and financial lease.

(4) Non-operating assets are the investment in Amarin Trading Co., Ltd. at book value (by excluding the investment in Amarin Food and Beverage Co., Ltd. since ABOOK fully recorded the allowance from impairment of the investment) and the non-operating land at fair value that was appraised by Fast and Fair Valuation Co., Ltd., as presented in the table under Section 5.1.5 (Land held for future development).

(5) Deferred tax is an adjustment item resulting from temporary differences between book value and fair value.

Under the market comparable method using the EV/EBITDA, ABOOK's share value is in the range of THB 9,793.46 – 12,199.81 per share.

The valuation of ABOOK using the P/E ratio involves multiplying the adjusted earnings per share of ABOOK for the year 2017 by the P/E ratio of listed comparable companies. The following table presents the valuation of ABOOK using the P/E ratio under the market comparable method.

Unit : THB	40 th percentile	60 th percentile
Adjusted earnings per share ⁽¹⁾	281.14	281.14
P/E ratio at 40 th and 60 th percentile (times)	16.92	21.44
ABOOK's share value (THB per share)	4,756.66	6,027.55

(1) Adjusted earnings per share is calculated by dividing profit excluding the effects of the extraordinary items presented in table in Section 3.2.5 by the number of issued and paid up shares of ABOOK

Under the market comparable method using the P/E ratio, ABOOK's share value is in the range of THB 4,756.66 – 6,027.55 per share.

The valuation of ABOOK using the P/BV ratio involves multiplying the book value per share of ABOOK for the year ended 31 December 2017 by the P/BV ratio of comparable companies. The following table presents the valuation of ABOOK using the P/BV ratio under the market comparable method.

Unit : THB	40 th percentile	60 th percentile
Book value per share	729.08	729.08
P/BV ratio at 40 th and 60 th percentile (times)	1.54	1.68
ABOOK's share value (THB per share)	1,121.95	1,221.77

Under the market comparable method using the P/BV ratio, ABOOK's share value is in the range of THB 1,121.95 – 1,221.77 per share.

5.1.3 Transaction comparable method

The transaction comparable method values a company by analysing multiples from precedent comparable merger and acquisition transactions. It is based on the assumption that multiples of transactions involving businesses with similar characteristics that operate in a similar business environment should be similar.

The commonly used financial ratios under this method vary depending on the limitations on the transaction information as well as the specific data of the company involved. Similar to the market comparable method, the IFA selected to use EV/EBITDA ratio, P/E ratio and P/BV ratio.

The IFA has considered merger and acquisition transactions of companies operating in the book distribution and bookstore businesses over the preceding 5 years for which information was publicly available, both in Thailand and overseas, and has selected merger and acquisition transactions in which target companies were principally engaged in the book distribution and bookstore businesses as comparable transactions as follows:

1. Books-A-Million Inc. was incorporated in 1917 in the United States. The company has three main businesses, namely 1) retail business comprises distribution of books, magazines and general merchandises such as cards, games, electronic devices and jewelries, 2) e-commerce business comprises distribution of books and general merchandises through website and 3) property development business comprises development and rental of property. In 2015, the company's revenue from books, magazines and general merchandises distribution business accounted for 99.4% of total revenue.

2. Popular Holdings Limited was incorporated in 1924 in Singapore. The company is engaged in retail and distribution business of books, magazines, stationeries and audio devices both in Singapore and overseas. The company is also engaged in restaurant business, website and software development services, and e-learning media for primary school under the name 'e-Smart' in Singapore, Malaysia, China and other countries. The company mainly derived its revenue from the retail and book distribution business.

3. SE-ED is a company domiciled in Thailand and operates in the media and publication industry. The company has six main businesses, namely 1) SE-ED Book Center (SBC) and network stores in Bangkok and other provinces, 2) book distribution business, 3) books and educational journals publication business, 4) SE-ED Learning Center, 5) Pleampattana School and 6) BaesLab Co., Ltd. (subsidiary) which provides consultation relating to development, design and sale of software and hardware. In 2015, the company's revenue from book distribution and bookstore business accounted for 94.5% of total revenue.

The following table presents the valuation using the EV/EBITDA ratio, P/E ratio, and P/BV ratio under the transaction comparable method.

Transaction date	Acquiree	Country	Acquirer	Transaction price (USD million)	Interest acquired (%)	EV/EBITDA ratio (times)	P/E ratio (times)	P/BV ratio (times)
10 Dec 2015	Books-A-Million Inc.	USA	Anderson family	22.2	42.4	4.88	13.63	0.49
18 Mar 2015	Popular Holdings Limited	Singapore	Grand Apex Holdings Pte Ltd	74.2	38.8	6.02	15.96	1.15
29 Jan 2015	SE-ED	Thailand	Mr. Wutthiphum Jurangkool	71.8	12.6	9.55	25.86	2.38
Median						6.02	15.96	1.15
Ratio at 40th percentile ⁽¹⁾ (times)						5.79	15.49	1.02
Ratio at 60th percentile ⁽¹⁾ (times)						6.73	17.94	1.40

Source: S&P Capital IQ and GMM Grammy PCL's report regarding disposition of the shares in SE-EDUCATION PCL

(1) The IFA calculated the valuation range based on the 40th and 60th percentile to obtain upper and lower bounds that cover 10% difference from the median.

The valuation of ABOOK using the EV/EBITDA ratio involves multiplying adjusted EBITDA of ABOOK for the year 2017 by the EV/EBITDA ratio of comparable transactions. The following table presents the valuation of ABOOK using the EV/EBITDA ratio under the transaction comparable method.

Unit: THB million	40 th percentile	60 th percentile
Adjusted EBITDA ⁽¹⁾	82.2	82.2
EV/EBITDA ratio at 40 th and 60 th percentile (times)	5.79	6.73
Enterprise value	476.0	552.7
Add: Cash ⁽²⁾	67.8	67.8
Less: Interest-bearing debt ⁽³⁾	(107.6)	(107.6)
Add: Non-operating assets ⁽⁴⁾	123.3	123.3
Less: Deferred tax ⁽⁵⁾	(16.2)	(16.2)
Equity value	543.3	620.0
Number of shares outstanding (shares)	100,000	100,000
ABOOK's share value (THB per share)	5,433.02	6,200.27

Note: Numbers may differ slightly due to rounding

(1) Adjusted EBITDA is EBITDA excluding effect of extraordinary items presented in table in Section 3.2.5.

(2) Cash consists of cash and cash equivalents.

(3) Interest-bearing debt is bank overdrafts and short-term loans from financial institutions, and financial lease.

(4) Non-operating assets are the investment in Amarin Trading Co., Ltd. at book value (by excluding the investment in Amarin Food and Beverage Co., Ltd. since ABOOK fully recorded the allowance from impairment of the investment) and the non-operating land at fair value that was appraised by Fast and Fair Valuation Co., Ltd., as presented in the table under Section 5.1.5 (Land held for future development).

(5) Deferred tax is an adjustment item resulting from temporary differences between book value and fair value.

The value of ABOOK's shares based on EV/EBITDA ratio under the transaction comparable method is in the range of THB 5,433.02 - 6,200.27 per share.

The valuation of ABOOK using the P/E ratio involves multiplying the adjusted earnings per share of ABOOK for the year 2017 by the P/E ratio of comparable transactions. The following table presents the valuation of ABOOK using the P/E ratio under the transaction comparable method.

Unit: THB	40 th percentile	60 th percentile
Adjusted earnings per share ⁽¹⁾	281.14	281.14
P/E ratio at 40 th and 60 th percentile (times)	15.49	17.94
ABOOK's share value (THB per share)	4,355.94	5,043.83

(1) Adjusted earnings per share is calculated by dividing profit excluding the effects of the extraordinary items presented in table in Section 3.2.5, by the number of issued and paid up shares of ABOOK

The value of ABOOK's share based on the P/E ratio under the transaction comparable method is in the range of THB 4,355.94 - 5,043.83 per share.

The valuation of ABOOK using the P/BV ratio involves multiplying the book value per share of ABOOK as of 31 December 2017 by the P/BV ratio of comparable transactions. The following table presents the valuation of ABOOK using the P/BV ratio under the transaction comparable method.

Unit : THB million	40 th percentile	60 th percentile
Book value per share	729.08	729.08
P/BV ratio at 40 th and 60 th percentile (times)	1.02	1.40
ABOOK's share value (THB per share)	742.79	1,018.46

The value of ABOOK's share based on the P/BV ratio under the transaction comparable method is in the range of THB 742.79 – 1,018.46 per share.

5.1.4 Book value method

The book value method values the company based on the book value of its net assets or shareholders' equity, as reported in ABOOK's financial statements at a particular date.

In valuing the company under this method, the IFA has adopted the unaudited financial information in ABOOK's financial statements for the period ended 31 December 2017, represented by ABOOK's management, as shown below:

Items	Amount (THB million)
Issued and paid-up capital (registered capital of THB 10 million at par value of THB 100 per share)	10.00
Retained earnings	62.91
Total equity of ABOOK (as of 31 December 2017)	72.91
Number of paid-up shares (shares)	100,000
ABOOK's share value (THB per share)	729.08

Source: ABOOK's financial statements as at 31 December 2017 prepared by ABOOK's management

The value of ABOOK's share based on the book value method is THB 729.08 per share.

5.1.5 Adjusted book value method

The adjusted book value method values the company's share price by adjusting the net book value of its assets or shareholder's equity as reported in ABOOK's financial statements as of a particular date to fair value.

In valuing ABOOK under the adjusted book value method, the IFA used the financial information in ABOOK's unaudited financial statements as at 31 December 2017, represented by ABOOK's management, and fixed asset appraisal reports dated 15 January 2018, 16 January 2018 and 19 January 2018, prepared by Fast and Fair Valuation Co., Ltd. The fixed asset appraisal reports were prepared for the purpose of calculating the market value of assets and was to be used for public purposes. The IFA is of the opinion that the valuation methodologies adopted by the appraiser are appropriate for the nature and type of assets.

Details of fair value adjustments to assets are shown in the following table:

Type of assets	Details of assets	Valuation method	Book value (THB million)	Fair value adjustment (THB million)	Fair value (THB million)
1. Land, buildings, head office and warehouses	<ul style="list-style-type: none"> - 11 plots of land containing 11 title deeds with 11 units of buildings and land improvements - 108 Moo 2, Bang Kruai-Jong Thanom Road, Mahasawat Sub-District, Bang Kruai District, Nonthaburi - Land size: 7 rai, 2 ngan, 62 square wah 	<ul style="list-style-type: none"> - Market comparable method for land appraisal - Depreciated replacement cost method for building and warehouse appraisal ⁽¹⁾ 	175.6	147.1	322.7
2. Warehouses	<ul style="list-style-type: none"> - 3 plots of land containing 3 title deeds with 3 units of 3-storey mini factories - 66/351-3 Buddhamonthon Sai 5 Road, Rai Khing Sub-District, Sampran District, Nakhonprathom - Land size: 2 rai, 17 square wah 	<ul style="list-style-type: none"> - Market comparable method for warehouse appraisal ⁽²⁾ 	12.6	23.4	36.0
3. Land held for future development	<ul style="list-style-type: none"> - 3 vacant plots of land containing 3 title deeds - Highway 345, Soi Wat Lampong, Lampo Sub-District, Bang Bua Thong District, Nonthaburi - Land size: 14 rai, 3 ngan, 61 square wah 	<ul style="list-style-type: none"> - Market comparable method for land appraisal ⁽³⁾ 	41.4	80.9	122.3
Total asset value			229.6	251.4	481.0
Less: Deferred tax from fair value adjustment					(50.3)
Net fair value					430.7

Source: Fixed asset appraisal reports dated 15 January 2018, 16 January 2018 and 19 January 2018

(1) The appraiser adopted the depreciated replacement cost method for building and land improvements appraisal because the asset comprises land and buildings, which the constructions are specifically designed. As such, there is insufficient market information for comparison purpose.

(2) The appraiser adopted the market comparable method for warehouse appraisal because there is sufficient market information of assets with similar nature and type in close proximity to the subject asset for comparison purpose. In addition, the market information is reliable and is the most similar to the subject asset in term of highest and best use.

(3) The appraiser adopted the market comparable method for land appraisal because the subject asset is a vacant land and there is sufficient market information of land with similar nature and highest and best use to the subject asset for comparison purpose.

Details of adjusted book value method are shown in the following table:

Items	Unit (THB million)
Issued and paid-up capital (registered capital of THB 10 million at par value of THB 100 per share)	10.0
Retained earnings	62.9
Total equity of ABOOK (as of 31 December 2017)	72.91
Add: Fair value adjustments of assets ⁽¹⁾	251.4
Less: Deferred tax on fair value adjustments ⁽²⁾	(50.3)
Adjusted shareholders' equity	274.0
Number of shares outstanding (shares)	100,000
ABOOK's share value (THB per share)	2,739.93

Note: Numbers may differ slightly due to rounding

Source: Financial statements of ABOOK as of 31 December 2017 prepared by ABOOK's management and reports on fixed asset appraisals dated 15 January 2018, 16 January 2018 and 19 January 2018

(1) Fair value adjustments of assets are fair value adjustments for land and buildings made in accordance with the fixed asset appraisal reports dated 15 January 2018, 16 January 2018 and 19 January 2018 prepared by Fast and Fair Valuation Co., Ltd.

(2) Deferred tax is an adjustment item resulting from temporary differences between book value and fair value.

The value of ABOOK's shares under the adjusted book value method is THB 2,739.93 per share.

5.2 Valuation of ABOOK's shares

The following table summarises the values of ABOOK's shares determined using various approaches, in comparison with the Acquisition Price of THB 5,500.0 per share.

Valuation method	Share price (THB per share)	Premium / (Discount) to the Acquisition Price (THB per share)	Appropriateness of valuation method
1 Discounted cash flow method	5,243.51 – 5,653.30	(256.49) – 153.30	Appropriate
2 Market comparable method			
EV/EBITDA	9,793.46 – 12,199.81	4,293.46 – 6,699.81	Inappropriate
P/E	4,756.66 – 6,027.55	(743.34) – 527.55	Inappropriate
P/BV	1,121.95 – 1,221.77	(4,378.05) – (4,278.23)	Inappropriate
3 Transaction comparable method			
EV/EBITDA	5,433.02 – 6,200.27	(66.98) – 700.27	Inappropriate
P/E	4,355.94 – 5,043.83	(1,144.06) – (456.17)	Inappropriate
P/BV	742.79 – 1,018.46	(4,757.21) – (4,481.54)	Inappropriate
4 Book value method	729.08	(4,770.92)	Inappropriate
5 Adjusted book value method	2,739.93	(2,760.07)	Inappropriate

Based on the above table, the share values of ABOOK assessed under the various valuation approaches range from THB 729.08 – 12,199.81 per share. The IFA's opinions on the appropriateness of the approaches are as follows:

▶ Discounted cash flow method (DCF)

DCF is a method that reflects the value of a company based on its projected future operating results, assuming the continuity of the company's operations.

Valuation under DCF can be based on assumptions that are consistent with a company's business plans. In valuing ABOOK, the projections incorporated the management's business strategies and plans related to continuity of book distribution and bookstore business in the future.

Given the above, DCF is considered to be an appropriate method for valuation of ABOOK as it reflects the intrinsic value of ABOOK based on its operating results under the assumption that ABOOK continues its current operations.

▶ Market comparable method

The market comparable method is a method that reflects the value of a company from investors' view of listed companies in the same industry. However, this method does not take into account a company's specific business plans. Therefore, this method is commonly adopted as a reasonableness check for valuation under other methods.

▶ Transaction comparable method

The transaction comparable method analyses multiples from precedent comparable transactions. The valuation of each transaction is driven by various factors specific to that transaction and the prevailing circumstances, such as the ability to obtain a controlling stake, the contingent liabilities resulting from the acquisition, the bargaining power, and the expected synergies.

Like the market comparable method, the transaction comparable method does not take into account a company's specific business plans. Therefore, this method is commonly adopted as a reasonableness check for valuation under other methods.

▶ Book value method

The book value method reflects the book value of a company only at a particular date. The book value depends on accounting policies and assumptions and does not take into consideration the fair values of a company's assets and liabilities. Furthermore, this method does not take into account future operating results, or overall economic and industry trends. This method is generally used to determine the floor value of a company.

▶ Adjusted book value method

The adjusted book value method reflects the fair value of a company's assets and liabilities at a specified date and does not take into account the company's future operating results, or overall economic and industry trends.

Like the book value method, this method is widely used to determine the floor value of a company.

Based on the above, the IFA is of the opinion that the discounted cash flow method is the most appropriate method for determining ABOOK's value, and that ABOOK's share value is in the range of THB 5,243.51 – 5,653.30 per share. The Acquisition Price of THB 5,500.00 per share is thus within the range of share values appraised by the IFA.



6. IFA's opinion regarding resolution of shareholders

The IFA is of the opinion that the Investment in ABOOK is reasonable, based on the following factors.

1. The reasonableness and benefits of the transaction

Investment in ABOOK through undertaking of the transaction with connected persons is reasonable because acquiring control and management authority over the business of ABOOK supports the Company's strategy to become a provider of integrated media and publication services. The Company also expects to achieve synergies from the business combination, especially in terms of marketing. Moreover, it provides an opportunity to mitigate potential conflicts of interest arising from the undertaking of transactions between the Company and ABOOK.

2. The reasonableness of the Acquisition Price and conditions of the transaction

The Acquisition Price for ABOOK of THB 5,500.00 per share is reasonable as it is within the range of THB 5,243.51 – 5,653.30 per share appraised by the IFA using the discounted cash flow method. The IFA is of the opinion that this is the method most appropriate for the valuation of ABOOK, as described in Section 5.2 of this Report (Valuation of ABOOK's shares). Furthermore, the conditions of the transaction are based on voluntary agreement between the two parties. Such conditions do not provide any unfavorable conditions to the Company. Therefore, the IFA considers that the conditions of the Investment in ABOOK are appropriate.

Therefore, the IFA is of the opinion that the shareholders should approve the Investment in ABOOK. However, the shareholders should consider the disadvantages and risks in undertaking the transaction, including the risk of returns from investment in ABOOK not meeting the expectations of the Company and the risk that changes in technology and consumers' behavior may affect the business operations of a company in the book industry.

The IFA has based its opinions on the assumption that the publicly available information, information obtained from the Company and ABOOK, as well as interviews with the management of the Company and ABOOK,

are accurate, complete, and reflective of the management's views on the economic conditions and other factors that may affect the business operations of ABOOK.

The shareholders should review and analyse other relevant information and use their own discretion in making a final decision whether to approve the transaction.

The IFA hereby certifies that in rendering the above opinion we have exercised careful consideration in accordance with relevant professional standards, taking into account the shareholders' best interests.

Yours sincerely,

EY Corporate Services Limited

Mr. Vorapoj Amnauypanit

Partner
(Supervisor)

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This is a translation of the original Thai document. To the extent the translated version of this report conflicts with the Thai version, the Thai version shall prevail.