

**ANNUAL  
REPORT  
2017  
GMM  
GRAMMY  
PUBLIC  
COMPANY  
LIMITED**

# G<sup>MM</sup>

---

## GRAMMY



MUSIC



GMM MEDIA



GMM ONE



MOVIE & OTHERS

# CONTENT

14

Message from  
Chairman and Group  
Chief Executive Officer

16

Securities and  
Shareholders Information

18

Management  
Structure

34

Board of Directors  
and Executive Team

50

Financial Highlight

53

Policy and Business  
Overview

56

Shareholding Structure

59

Revenue Structure and  
Business Description

74

Risk Factors

77

Presentation and Analysis  
of Financial Status and  
Operating Results

84

Report on the Board of  
Director's Responsibility  
towards the Financial  
Statements

85

Independent  
Auditor's Report  
and Statements of  
Financial Position

173

Audit Committee  
Report

175

Risk Management  
Committee Report

176

Report of the Nomination  
and Remuneration  
Committee

178

Report of the Corporate  
Governance and  
Ethics Committee

179

Corporate Governance

212

Internal Control and  
Risk Management

213

Connected Transactions

222

Corporate Social  
Responsibilities  
(CSR)

258

Details of the Head of  
Internal Audit, Company  
Secretary and Head of  
Compliance

261

General and Other  
Information

262

Companies in which  
GMM Grammy holds  
more than 10%  
of their Shares

265

Other Reference  
Persons





“

TO BE A LEADER  
IN FULLY INTEGRATED  
ENTERTAINMENT MEDIA  
AND PLATFORM  
BY CREATING  
THE MOST ENGAGED  
CONTENTS  
FOR ALL SCREENS.”



“

...THE GROUP HAS ALWAYS  
HELD TO THE BELIEF THAT  
BUSINESS OPERATIONS  
GO HAND-IN-HAND WITH  
A CREATIVE ROLE IN SOCIAL  
DEVELOPMENT, IN ORDER  
TO CREATE BALANCE  
BETWEEN ECONOMIC  
DEVELOPMENT SOCIETY  
AND ENVIRONMENT...

”





---

## Music

---

- Music & Distribution
- Digital Business
- Concerts & Showbiz
- Music Publishing
- Artist Management

---

## GMM Media

---

- GMM 25 Digital TV  
(Standard Definition)
- TV Production & Copyrights
- Radio & Showbiz

---

## GMM ONE

---

- ONE 31 Digital TV  
(High Definition)
- TV Production & Copyrights
- Acts Studio

---

## Movie & Others

---

- GDH 559
  - Home Shopping
  - Satellite Broadcasting
-

“

# MUSIC & DIGITAL”

STRENGTHENING LEADERSHIP WITH  
CONTINUOUS GROWTH

## MUSIC

**31,000+**  
SONG & MASTER RECORDS

**6,400+ & 17,000+**  
MV's KARAOKE RECORDS

**600+**  
CONCERTS

CO-OWN

**100%**  
OF COPYRIGHTS WITH ARTIST

## DRAMA & SERIES

**11,000+**  
EPISODES

## VARIETY PROGRAMS, SHOWS, REALITY & OTHERS

**54,000+**  
EPISODES









“

GMM MEDIA

”

ENGAGED MODERN LIFESTYLES  
ACROSS A MULTITUDE OF PLATFORM  
WITH PROFESSIONAL EXPERIENCES

Top-Rated Series and Teen' s Leading Content Production House



Integrated Online and On-Air Radio Stations with Highest Listener Engagements











# “ ONE 31 DIGITAL TV ”

FIRMLY RANKED AMONG TOP  
MOST POPULAR CHANNELS  
GEARING TOWARDS FREE TV STATION  
FULL OF HIGH QUALITY CONTENTS





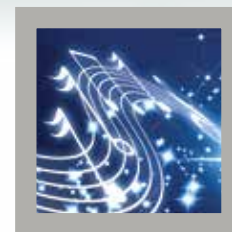




# “ MOVIE BUSINESS HOME SHOPPING AND OTHERS ”

ATTAINING A FAST GROWTH WITH MUTUAL  
TRUSTS FROM CUSTOMERS





## Message from Chairman and Group Chief Executive Officer

---

Dear Shareholders

Throughout the year even though the Company encountered many challenges, GMM Grammy has progressively operated its business with stability by strategically planning to deliver outstanding contents for international market along with strengthening music business as the flagship of GMM Grammy Group. The Company remains its leadership position in music business and continues to create a phenomenon to Thai music as always, especially in social media with widespread viewers and comments all over leading to several 100 million view records across music genres, while GMM Grammy Official on YouTube celebrated the success in Diamond Play Button Award with more than 10 million subscribers.

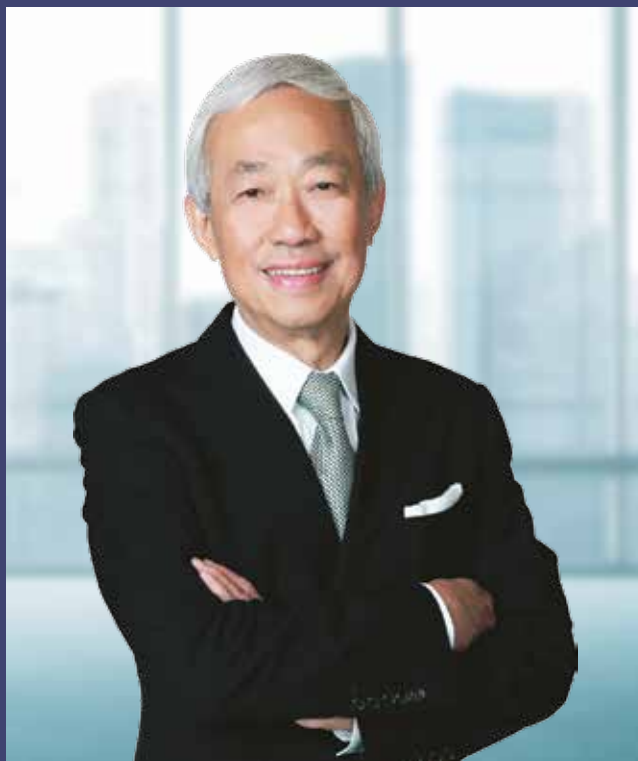
In 2017, the company took pride in anchoring investor confidence through strategic investment in Digital TV ONE31 and GMM25, which strengthen the channel potential and competitiveness based on high quality contents to reaching out mass consumer targets on every platforms. As for home shopping business growth remains positive despite overall market downturn, while the films premiered from GDH created the greatest phenomenon for “Bad Genius” won awards in several international film festivals and generated all-time high international box office revenue for Thai film in foreign countries.

The operating result of the past year showed significant improvement, following the completion of investment restructuring leading to positive business development, with growing revenue and profitability, while next-year prospects are trending upward from expected rising media advertising spending in line with economic recovery. The Company will step forward on its core strategy execution by effectively managing the assets to create new growth opportunities and reinforcing business strength through fostering human resource competency, as well as committing to good corporate governance and sustainable development. It has been a great pleasure that Thai Institute of Directors (IOD) awarded the company the ‘Five Stars’ rating which represents the ‘highest rank of excellence’ from good governance assessment of the listed company in 2017 which continued for seventh consecutive years so far. GMM Grammy will adhere to its business philosophy to remain the leadership in media and entertainment business with sustainable returns to all shareholders.

On behalf of the Board of Directors, we would like to express our gratitude to our stakeholders including shareholders, customers, business partners, financial institutions, government agencies, media agencies, artists, executives and all employees for all support and great contribution to drive for the Company’s excellence in creative produce, service and administration in order to deliver a profitable return to shareholders over the long term, as well as moving forward a healthy development in media and entertainment industry for the nation and society.

**Mr. Paiboon Damrongchaitham**  
Chairman

**Miss Boosaba Daorueng**  
Group Chief Executive Officer



Mr. Paiboon Damrongchaitham  
Chairman



Miss Boosaba Daorueng  
Group Chief Executive Officer



---

The Company will step forward on its core strategy execution by effectively managing the assets to create new growth opportunities and reinforcing business strength through fostering human resource competency, as well as committing to good corporate governance and sustainable development.

---







## Securities and Shareholders Information

### 1. The Company's Security

As of December 31, 2017, the Company has registered capital of 819,949,729 baht, consisting of 819,949,729 common shares with a par value of 1 baht per share. The Company paid-up capital is 819,949,729 baht.

### 2. Major Shareholders

2.1) Top shareholders according to the share registration book closing on May 3, 2017 are as follows:

Rank	Shareholders	No. of Shares	% Holding
1.	Mr. Paiboon Damrongchaitham*	392,834,599	47.910
2.	Mr. Thaveechat Jurangkool	133,051,623	16.227
3.	Mr. Nuttapol Jurangkool	78,205,100	9.538
4.	CREDIT SUISSE AG, SINGAPORE BRANCH	26,552,520	3.238
5.	Bualuang Long-Term Equity Fund	24,437,800	2.980
6.	Mr. Komol Juangroongruangkit	22,720,000	2.771
7.	Bangkok Bank Public Co.,Ltd.	12,278,693	1.497
8.	Mr. Fahmai Damrongchaitham*	9,000,000	1.098
9.	Mr. Rafha Damrongchaitham*	9,000,000	1.098
10.	Mr. Takonkiet Viravan	6,930,856	0.845
<b>Total</b>		<b>715,011,191</b>	<b>87.202</b>

\* Mr. Paiboon Damrongchaitham Group consists of Mr. Paiboon Damrongchaitham; holding 392,834,599 shares (equivalent to 47.910%), Geurtfah Co., Ltd.; holding 6,139,745 shares (equivalent to 0.749%), Mr. Fahmai Damrongchaitham; holding 9,000,000 shares (equivalent to 1.098%) and Mr. Rafha Damrongchaitham, holding 9,000,000 shares (equivalent to 1.098%). In addition, there are two shareholders who are not in the list of major shareholders, Miss Ingfah Damrongchaitham, holding 4,900,000 shares (equivalent to 0.598%), and Miss Fahchai Damrongchaitham holding 4,900,000 shares (equivalent to 0.598%)

The free float of minority shareholders on March 15, 2016 (the day of the registration book closing by the Company for reporting the "Distribution of Ordinary Shares Report Form" to the SET) amounted to 2,391 shareholders, equivalent to 21.26% of the Company's paid-up capital.

## Distribution of Shareholders by Nationality

The distribution of shareholders according to the nationality, as of the latest book registration closing date on May 3, 2017, is as follows:

Shareholders	Grand Total			Juristic Person			Ordinary Person		
	*No. of Shareholders	Number of Shares	%	*No. of Shareholders	Number of Shares	%	*No. of Shareholders	Number of Shares	%
Thai Shareholders	2,678	790,811,637	96.45	51	70,658,094	8.62	2,627	720,153,543	87.83
Foreign shareholders	28	29,138,092	3.55	14	28,710,992	3.50	14	427,100	0.05
<b>Total</b>	<b>2,706</b>	<b>819,949,729</b>	<b>100.00</b>	<b>65</b>	<b>99,369,086</b>	<b>12.12</b>	<b>2,641</b>	<b>720,580,643</b>	<b>87.88</b>

\* Information provided by Thailand Securities Depository Co., Ltd., the number of shareholders will be counted based upon different accounts or addresses.

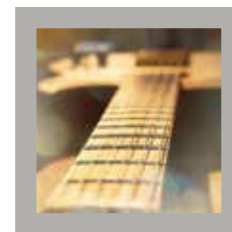
2.2) The major shareholder that has a significant influence on the management policies or the operation of the Company is Mr. Paiboon Damrongchaitham's Group.

## 3. Dividend Policy

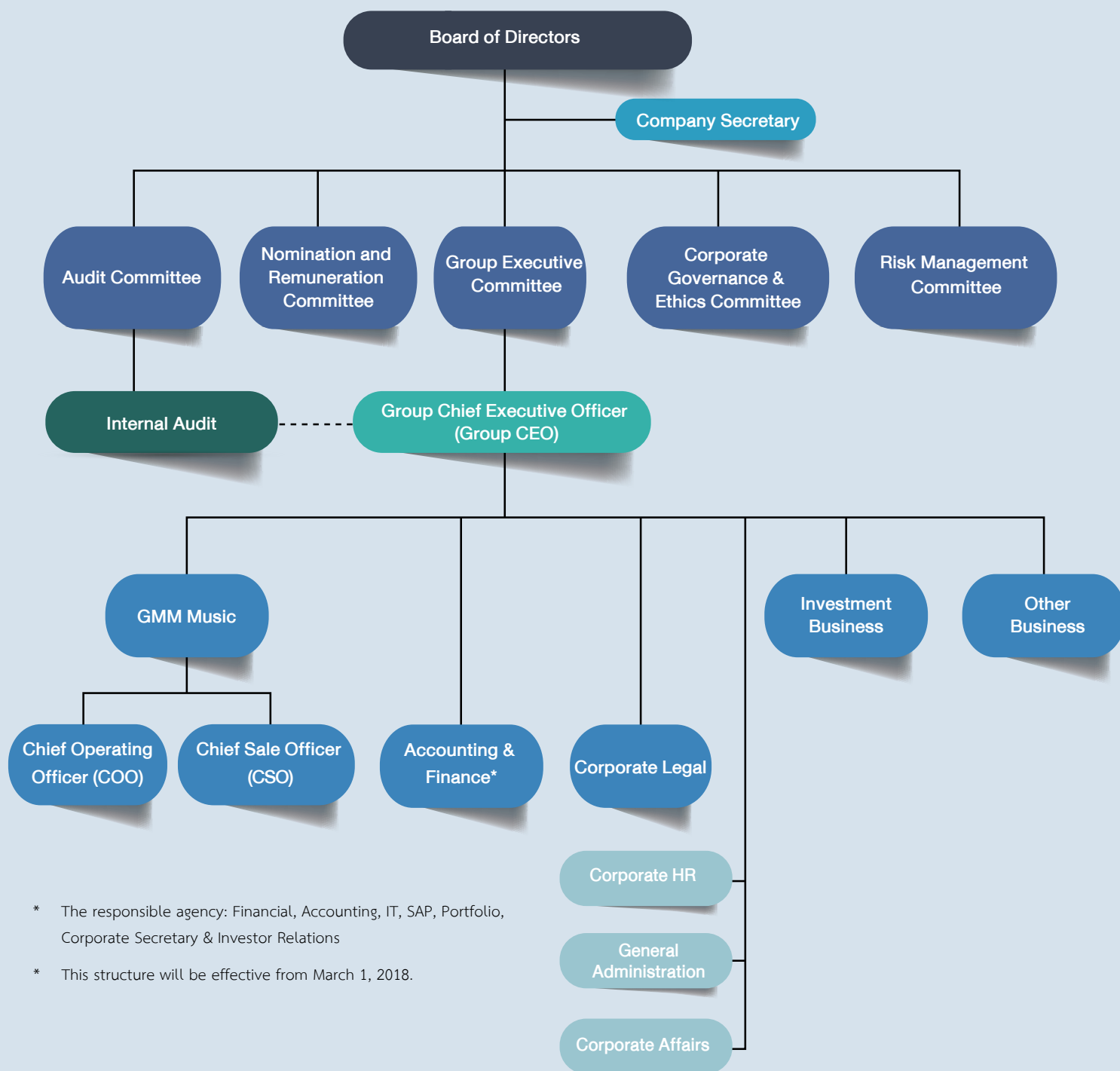
The Company and its affiliates have a policy of paying dividends to shareholders at a rate not less than 40% of the net profit after corporate income tax and regulatory reserve each year, based upon the Company separate financial statements, subject to the economic conditions and future operations.







## Management Structure



\* The responsible agency: Financial, Accounting, IT, SAP, Portfolio, Corporate Secretary & Investor Relations

\* This structure will be effective from March 1, 2018.

The Company's management structure as of December 31<sup>st</sup>, 2017 comprises Board of Directors and other 4 sub-committees were appointed by the Board of Directors in order to support and facilitate maximized efficiency and performance of the Board of Directors, namely (1) Audit Committee, (2) Nomination and Remuneration Committee, (3) Risk Management Committee and (4) Corporate Governance and Ethics Committee. Moreover, the Board of Directors also appointed Group Executive Committee of which the structure comprising of top executives by positions, as shown by the above organization chart.

## Board of Directors

Pursuant to the Company's Articles of Association, it is stipulated that the Board of Directors shall comprise of not less than 5 directors, provided that at least half (1/2) of the directors shall reside within the Kingdom of Thailand.

As of December 31, 2017, the Board of Directors consisted of 11 directors who are qualified with extensive skills, knowledge and experiences that are beneficial to the Company's strategy implementation and future success as follows:

- (1) 4 members were executive directors.
- (2) 7 members were non-executive directors, comprised of:
  - 4 independent directors, equivalent to 1/3 of the total number of directors.
  - 3 non-executive directors, who did not involve in daily operations of the Company.

Each year, 1/3 of total numbers of directors due to retire by rotation (according to the Company's Articles of Association). In 2017, the Board of Directors held 10 meetings. The meeting schedules were set in advance.

Names of the Company's directors, terms of the positions and their meeting attendance throughout the year are shown below:

Name	Title	Appointment Date at AGM	Meeting Attendance (times)	No. of Years for Directorship
1. Mr. Paiboon Damrongchaitham	Chairman	2017 Annual General Meeting (AGM)	10/10	23 years 9 months
2. Miss Boosaba Daorueng	Director / Vice-Chairman	2015 Annual General Meeting (AGM)	10/10	23 years 9 months
3. Dr. Naris Chaiyasoot	Independent Director	2016 Annual General Meeting (AGM)	8/10	4 years 9 months
4. Mr. Suvit Mapaisansin	Independent Director	2015 Annual General Meeting (AGM)	9/10	2 years 8 months
5. Mrs. Veeranuch Thammavaranucupt	Independent Director	2016 Annual General Meeting (AGM)	7/10	2 years 6 months
6. Mr. Chanitr Charnchainarong	Independent Director	2016 Annual General Meeting (AGM)	7/10	2 years 1 month
7. Mrs. Saithip Montrikul Na Audhaya	Director	2017 Annual General Meeting (AGM)	10/10	15 years 5 months
8. Mr. Phawit Chitrakorn <sup>1</sup>	Director	2017 Annual General Meeting (AGM)	5/6	0 year 8 months



Name	Title	Appointment Date at AGM	Meeting Attendance (times)	No. of Years for Directorship
9. Mr. Fahmai Damrongchaitham <sup>/2</sup>	Director	2016 Annual General Meeting (AGM)	4/5	0 year 7 months
10. Miss Suwimon Chungjotikapisit	Director	2015 Annual General Meeting (AGM)	10/10	7 years 1 month
11. Dr. Lackana Leelayouthayotin	Director	2017 Annual General Meeting (AGM)	10/10	2 years 6 months
Mr. Krij Thomas	Director	2014 Annual General Meeting (AGM)	3/4	9 years 0 month
Mr. Sataporn Panichraksapong	Director	2016 Annual General Meeting (AGM)	4/4	8 years 1 month

**Note :** Additional information and changes during the year 2017

<sup>/1</sup> Mr. Phawit Chitrakorn was appointed the director according to resolution passed at the 2017 Annual General Shareholder Meeting effective on April 28<sup>th</sup>, 2017 to replace the resigned director, Mr. Krij Thomas.

<sup>/2</sup> Mr. Fahmai Damrongchaitham was appointed the director according to resolution passed at the Board of Directors' Meeting No.5/2017 effective on May 12<sup>th</sup>, 2017 to replace the resigned director, Mr. Sataporn Panichraksapong.

For each of the Board of Directors' Meeting, the Company Secretary was responsible to send out the meeting notice including all agendas to the directors 7 days prior to the meeting date. All matters discussed in the meetings had been duly recorded in detail and minutes of the meetings were adopted by the Board of Directors in readiness for inspection by any directors and related parties.

### Directors with signing authority on behalf of the Company

Miss Boosaba Daorueng or Miss Suwimon Chungjotikapisit has to co-sign with one of the following Directors: Mrs. Saithip Montrikul Na Audhaya or Mr. Phawit Chitrakorn or Mr. Fahmai Damrongchaitham, on the document with a Company's seal.

### Duties and Responsibilities of the Board of Directors

The Board of Directors is accountable to shareholders and also plays an important role in supervision of executives team to operate the business according to the Company's objective and Articles of Association, related laws and resolution of the Shareholders' Meeting, as well as to performs their duties in good faith, with due diligence and care and fairly treatment, for the best interest of the Company and all shareholders.

Those of which could be summarized as follows:

1. To perform all duties using their knowledge, abilities and experience for the best benefit of the Company in accordance with the law, the Company's objectives and Articles of Association, Corporate Governance and Business Ethics Manual and resolution of the Shareholders' Meeting with honesty, integrity and prudence, to protect the Company's interests.
2. To set the corporate vision, mission, long term goal and Corporate Governance and Business Ethics Manual and to approve strategies, policies, business plans and budgets and to supervise the executives to make sure that they follow the established policies effectively and efficiently to increase economic value of the Company and maximize shareholders' wealth.
3. To clearly delineate and set forth the duties, responsibilities and authority of the Board of Directors, Sub-committees and executives team as specified in the Company's Corporate Authorization Index (CAI).

4. To approve or give consent to submit significant transactions to the Shareholders Meeting for approval such as new investments, acquiring or disposing assets, in accordance with the SEC and the SET rules and regulations and the Company's Corporate Authorization Index.
5. To approve or give consent to submit to the Shareholders Meeting for approval any connected transactions and transactions which may lead to potential conflicts of interest of the Company and subsidiaries, so as to be in compliance with the SEC and SET rules and regulations and the Company's Corporate Authorization Index.
6. To ensure that the Company has reliable accounting systems, financial reports and accounting audits.
7. To ensure that the Company has sufficient and effective internal controls and risk management systems, monitored by an internal audit department that collaborates with the Audit Committee on significant risks.
8. To be honest and loyal and to possess integrity and ethics in running the business; having a genuine interest in the Company and focusing on sustainable business operation.
9. To constantly aware of responsibility to shareholders and operate the business in the interest of shareholders and transparently disclose accurate and complete information to investors under high standard.
10. To be responsible for the executives team's performance and operations by ensuring that the team is well dedicated and cautious in operating the business.
11. To be responsible for financial reports by preparing a report of the Board of Directors' financial accountability in the annual report, together with the auditor's report.

According to the Corporate Authorization Index of the Company and its subsidiary companies, the Board of Directors has the authority to approve the following matters:

1. Policy and business operations of the Group.
2. Determination of the Corporate Authorization Index with exception to the matters which require the shareholders' approval such as, capital increase, capital decrease, debenture issuing.
3. Defining the organizational structure of the business line.
4. Approval of annual budget and manpower of the Group.
5. Employment, appointment, transfer and dismissal of the Chief Executive Officer.
6. Defining or changing of employee's provident fund.
7. Legal transaction with value equal to or greater than 100 million baht.
8. Loan, Bank Guarantee and Forward Exchange Contract with value greater than 1,000 million baht.
9. Short term investment with value greater than 50 million baht.
10. Long term investment with value greater than 20 million baht.
11. Debt restructuring and write off with value greater than 500 million baht per debtor.
12. New budget or new project on production of new program, or any project which is not included in the annual budget.
13. Legal transaction with respect to the transfer of intellectual property.
14. Legal transaction with respect to the grant of exploitation of Exclusive intellectual property right.
15. Write off fixed assets with value greater than 50 million baht.
16. Rules for the connected transactions with general commercial term and condition.



## Roles and Responsibilities of the Chairman

### Roles and Responsibilities towards the Company

**To establish** holistic and long term stability for the company and its subsidiary companies within the frame of corporate's vision and mission statement by encouraging good ethics for business operation and management such that it follows principles of Good Corporate Governance.

### Roles and Responsibilities towards the Board of Directors

**To direct** and oversee the Board of Directors, ensuring that it has the appropriate structure and qualifications to operate in a fashion that yields maximum benefit for shareholders and all involved parties and in addition, to promote and ensure that the Board of Directors takes its part and responsibilities with dedication, honesty and integrity whilst prioritizing the Company's benefits.

### Roles and Responsibilities towards the Executives

**To encourage** the executives to operate and manage the business with transparency and utmost efficacy, as well as smoothly, within bounds of the law and regulatory agencies so as to achieve the Company's business plan goals and objectives, along with promoting continuous advancement of skills and expertise of the executives.

### Roles and Responsibilities towards Employees, Shareholders and Stakeholders

**To strengthen** employees, shareholders and stakeholders' confidence and trust in the Company by stressing ethical business operation and consideration for all involved parties, community and environment.

## Group Executive Committee

The Group Executive Committee's structure comprises of top executives appointed at the Board of Directors' Meeting No.1/2017 held on February 27, 2017, which passed a resolution to appoint the members of The Group Executive Committee, effective from February 27, 2017 onwards.

As of December 31, 2017, the Group Executive Committee comprised 13 members who were knowledgeable and experienced and met a total of 11 times. The names and meeting attendance of each member in 2017 were noted as follows:

Name	Title	Meeting Attendance (times)
1. Miss Boosaba Daorueng	Chairman	11/11
2. Mrs. Saithip Montrikul Na Audhaya	Member	11/11
3. Mr. Takonkiet Viravan	Member	8/11
4. Mr. Phawit Chitrakorn	Member	10/11
5. Mrs. Gina Osothsilp <sup>/1</sup>	Member	7/9
6. Mr. Chakchai Boonyawat <sup>/2</sup>	Member	9/9
7. Mr. Suwat Damrongchaitham <sup>/3</sup>	Member	9/9
8. Mrs. Karnsuda Sansuthi	Member	11/11
9. Miss Chitralada Hengyotmark	Member	9/11
10. Mrs. Montana Thawaranont <sup>/4</sup>	Member	8/9
11. Miss Prapawadee Thanirananon <sup>/5</sup>	Member	6/9
12. Mr. Fahmai Damrongchaitham <sup>/6</sup>	Member	8/9
13. Mr. Rafah Damrongchaitham <sup>/7</sup>	Member	0/9

**Note :** Additional information and changes during the year 2017

<sup>/1 /2 /3 /4 /5 /6 /7</sup> was appointed the member of The Group Executive Committee, according to resolution passed at the Board of Directors' Meeting No.1/2017 on February 27<sup>th</sup>, 2017.

The Board of Directors' Meeting No.2/2018 held on February 27, 2018, which passed a resolution to appoint the members of The Group Executive Committee, effective from March 1, 2018 onwards, were noted as follows:

Name	Title	Meeting Attendance (times)
1. Miss Boosaba Daorueng	Chairman	3/3
2. Mr. Phawit Chitrakorn	Member	3/3
3. Mr. Sompohb Budspawanich <sup>/1</sup>	Member	-/-
4. Mr. Fahmai Damrongchaitham	Member	2/3
5. Mrs. Karnsuda Sansuthi	Member	3/3
6. Miss Chitralada Hengyotmark	Member	2/3
7. Mrs. Montana Thawaranont	Member	3/3
8. Miss Prapawadee Thanirananon	Member	2/3

**Note :** Additional information and changes during the year 2018

<sup>/1</sup> was appointed the member of The Group Executive Committee, according to resolution passed at the Board of Directors' Meeting No.2/2018 on February 27<sup>th</sup>, 2018.

For each of the Group Executive Committee Meeting, Secretary of the Group Executive Committee was responsible to send out the meeting notice including all agendas to the committee members 7 days prior to the meeting date. All matters discussed in the meetings had been duly recorded in detail and minutes of the meetings were endorsed by the Executive Committee in readiness for inspection by any committee members and related parties.

#### **Roles and Responsibilities of the Group Executive Committee**

1. Setting and preparation of the Company's business strategies, policies, business plans and budgets to the Board of Directors for approval.
2. Performing through decision making, instruction relay and assignment execution determined by the Board of Directors, in accordance with the Company's Authorization and Procedure Manual as being approved by the Board of Directors.
3. Operating and managing business according to the policies and directions issued by the Board of Directors.
4. Monitoring of the executives under supervision of the Group Chief Executive Officer and carry out duties as determined by the Board of Directors.
5. Being responsible for other assignments periodically delegated by the Board of Directors.
6. Carrying out the Shareholders' and the Board of Directors' resolutions, abiding by laws with honesty and integrity for the benefits of the Company and in accordance with related laws and the Company's objectives and Articles of Association.

The above duties and responsibilities do not give the Group Executive Committee the authority to approve transactions in which they or any related persons that may have any potential conflicts of interest (as defined by the SEC) with the Company or subsidiaries. All transactions must comply with the SET announcement regarding related matters.



### Executives Team ('Executives' as defined by the SEC)

As of December 31, 2017, the Company's executives team ('Executives in this instance refers to the top four most senior members of the management team ranked below the Group Chief Executive Officer or Group CEO, irrespective of their positions, including the position equivalent to the fourth rank and senior executives in the Accounts and Finance Departments, or the position equivalent to the Chief Finance Officer or CFO), comprised 6 qualified members as follows:

Name	Title
1. Miss Boosaba Daorueng	Group Chief Executive Officer
2. Mrs. Saithip Montrikul Na Audhaya	Chief Executive Officer - GMM Channel Digital TV
3. Mr. Takonkiet Viravan	Chief Executive Officer - GMM One Digital TV
4. Mr. Phawit Chitrakorn <sup>/1</sup>	Chief Executive Officer - GMM Music
5. Mrs. Karnsuda Sansuthi	Chief Financial Officer
6. Miss Chitralada Hengyotmark	Chief Legal Officer

**Note :** Additional information and changes during the year 2018

<sup>/1</sup> Mr. Phawit Chitrakorn was appointed the Chief Executive Officer - GMM Music, according to resolution passed at the Board of Directors' Meeting No.9/2016 on November 10<sup>th</sup>, 2016 effective on January 1<sup>st</sup>, 2017 to replace Mr. Krij Thomas who was appointed the Chief Marketing Advisor - GMM Music.



The Board of Directors' Meeting No.2/2018 held on February 27, 2018, which passed a resolution to appoint the Company's executives team ('Executives in this instance refers to the top four most senior members of the management team ranked below the Group Chief Executive Officer or Group CEO, irrespective of their positions, including the position equivalent to the fourth rank and senior executives in the Accounts and Finance Departments, or the position equivalent to the Chief Finance Officer or CFO), comprised 6 qualified members , effective from March 1, 2018 onwards, were noted as follows:

Name	Title
1. Miss Boosaba Daorueng	Group Chief Executive Officer
2. Mr. Phawit Chitrakorn	Chief Executive Officer - GMM Music
3. Mr. Sompohb Budspawanich <sup>/1</sup>	Chief Operating Officer - GMM Music
4. Mr. Fahmai Damrongchaitham <sup>/2</sup>	Chief Sale Officer - GMM Music
5. Mrs. Karnsuda Sansuthi	Chief Financial Officer
6. Miss Chitralada Hengyotmark	Chief Legal Officer

**Note :** Additional information and changes during the year 2018

<sup>/1/2</sup> was appointed the Executive team, according to resolution passed at the Board of Directors' Meeting No.2/2018 on February 27<sup>th</sup>, 2018.

## Roles, Responsibilities and Operational Authority of Group Chief Executive Officer (Group CEO)

Group Chief Executive Officer (Group CEO) has the authority and responsibilities to manage the Company and all the companies in the Group in strict adherence to plans or budgets approved by the Board of Directors. The Group CEO is expected to perform the roles with loyalty, integrity, prudence, while maintaining the interests of the Company and all stakeholders. The Group CEO's scope of authority extends to various matters or businesses as follows:

1. Implementing vision and mission of the Company and its subsidiaries through specific strategies to achieve maximum benefit.
2. Managing the business of the Group under appropriate cooperation and mutual support in music business, media business, satellite TV business and related business lines.
3. Managing and supervising overall business operation of the Company according to purposes, policies, rules, regulations, Article of Association, Corporate Governance and Business Ethics Manual and Authorization and Procedure Manual of the Group by reporting to the Board of Directors regularly.
4. Setting policy on personnel management and supporting operations in all departments for sustainable development with full potential.
5. Providing advice, recommendation, or working experience, guidelines for business strategies to the executives team and employees for the best benefit of the GRAMMY Group.
6. Being responsible for effective financial and budgetary management.
7. Performing other duties as assigned by the Board of Directors, and/or Shareholders Meeting, according to the purposes, Articles of Association of the Company and related laws.

The authority of the Group CEO as outlined above shall be in compliance with the business lines under control and cannot be wielded in circumstances where the Group CEO has any conflicts of interest or vested interest in any way with the Company or its subsidiaries, unless it has been approved at a Board of Directors Meeting in the presence of Independent Directors.

## Changes to GRAMMY Shares Held by Directors and Executives

As of February 27<sup>th</sup>, 2018 the figures of individual shares holding (directly and indirectly) compared to 2016, were as follows:

No.	Director/Executive	Position	Number of Shares Holding As of February 27, 2018	Percentage (%)*	Number of Shares Holding As of December 31, 2016	Percentage (%)*	Number of Share Change Increase/ (Decrease) During the Year
1	Mr. Pailoon Damrongchaitham	Chairman	392,834,599	47.91	392,834,599	47.91	-
	Spouse/Immature Children		-	-	-	-	-
	Concert Party		33,939,745	4.14	27,800,000	3.39	6,139,745
	Related Juristic Person (Geurtfah)		-	-	6,139,745	0.75	(6,139,745)
2	Mrs. Boosaba Daorueng	Vice Chairman	1,150,120	0.14	1,150,120	0.14	-
	Spouse/Immature Children	Group CEO	600,120	0.07	600,120	0.07	-
	Related Juristic Person		-	-	-	-	-
3	Dr. Naris Chaiyasoot	Independent Director	-	-	-	-	-
	Spouse/Immature Children		-	-	-	-	-
	Related Juristic Person		-	-	-	-	-



No.	Director/Executive	Position	Number of Shares Holding As of February 27, 2018	Percentage (%)*	Number of Shares Holding As of December 31, 2016	Percentage (%)*	Number of Share Change Increase/ (Decrease) During the Year
4	Mr. Chanitr Charnchainarong	Independent Director	-	-	-	-	-
	Spouse/Immature Children		-	-	-	-	-
	Related Juristic Person		-	-	-	-	-
5	Mrs. Veeranuch Thammavaranucupt	Independent Director	-	-	-	-	-
	Spouse/Immature Children		-	-	-	-	-
	Related Juristic Person		-	-	-	-	-
6	Mr. Suvit Mapaisansin	Independent Director	-	-	-	-	-
	Spouse/Immature Children		-	-	-	-	-
	Related Juristic Person		-	-	-	-	-
7	Dr. Lackana Leelayouthayotin	Director	-	-	-	-	-
	Spouse/Immature Children		-	-	-	-	-
	Related Juristic Person		-	-	-	-	-
8	Ms. Suwimon Chungjotikapisit	Director	-	-	-	-	-
	Spouse/Immature Children		-	-	-	-	-
	Related Juristic Person		-	-	-	-	-
9	Mrs. Saithip Montrikul Na Audhaya	Director	120	0.00	120	0.00	-
	Spouse/Immature Children	CEO - GMM Channel Trading Co., Ltd.	-	-	-	-	-
	Related Juristic Person		-	-	-	-	-
10	Mr. Phawit Chitrakorn	Director	-	-	-	-	-
	Spouse/Immature Children	CEO GMM Music	-	-	-	-	-
	Related Juristic Person		-	-	-	-	-
11	Mr. Fahmai Damrongchaitham	Director	9,000,000	1.10	9,000,000	1.10	-
	Spouse/Immature Children	Chief Sale Officer- GMM Music	-	-	-	-	-
	Related Juristic Person		-	-	-	-	-
12	Mr. Sompohb Budspawanich	Chief Operating Officer- GMM Music	-	-	-	-	-
	Spouse/Immature Children		-	-	-	-	-
	Related Juristic Person		-	-	-	-	-
13	Mrs. Karnsuda Sansuthi	Chief Financial Officer	-	-	-	-	-
	Spouse/Immature Children		-	-	-	-	-
	Related Juristic Person		-	-	-	-	-
14	Miss Chitralada Hengyotmark	Chief legal Officer	-	-	-	-	-
	Spouse/Immature Children		-	-	-	-	-
	Related Juristic Person		-	-	-	-	-

No.	Director/Executive	Position	Number of Shares Holding As of February 27, 2018	Percentage (%)*	Number of Shares Holding As of December 31, 2016	Percentage (%)*	Number of Share Change Increase/ (Decrease) During the Year
	Mr. Krij Thomas <sup>/1</sup>	Director	1,742,960	0.21	1,742,960	0.21	-
	Spouse/Immature Children	Chief Marketing Advisor- GMM Music	-	-	-	-	-
	Related Juristic Person		-	-	-	-	-
	Mr. Sataporn Panichraksapong <sup>/2</sup>	Director	-	-	-	-	-
	Spouse/Immature Children		-	-	-	-	-
	Related Juristic Person		-	-	-	-	-
	Mr. Takonkiet Viravan <sup>/3</sup>	CEO	6,930,856	0.85	6,930,856	0.85	-
	Spouse/Immature Children	The One Enterprise Co., Ltd.	-	-	-	-	-
	Related Juristic Person		-	-	-	-	-

<sup>/1</sup> Mr. Krij Thomas resigned from the Board of Directors effective from April 28, 2017.

<sup>/2</sup> Mr. Sataporn Panichraksapong resigned from the Board of Directors effective from May 11, 2017.

<sup>/3</sup> Mr. Takonkiet Viravan was no longer included in the top four most senior members of the management team ranked below Group CEO in accordance with the management restructuring resolution passed at the board of Directors' Meeting No. 2/2018 on February 27<sup>th</sup>, 2018

## Company Secretary

Mrs. Somsuda Ruampumsuk, Director of Corporate Secretary, as the Company Secretary, effective as of May 13, 2015. This person is considered well qualified with great capabilities, possesses many years of useful experience, successfully participated in training seminars and related courses required and being able to carry out the duties of the Company Secretary so that the Company adheres to related laws and Good Corporate Governance regulations.

### Duties and Responsibilities of the Company Secretary

1. Being a Secretary to the Board of Directors by coordinating with all parties in organizing Board of Directors Meetings and Shareholders Meetings so that they adhere to principles of Good Corporate Governance and related regulations, the Company's Articles of Associations and best practices and related laws such as the Securities and Exchange Act and the Public Limited Company Act B.E. 2535.
2. Being responsible for disclosing the Company's information in line with the SET's and SEC's regulations and other regulatory bodies.
3. Providing basic advice to the Board of Directors and executives who have to follow the Company's Articles of Association, rules of the SEC and SET and any new regulations that may be relevant to the Company.
4. Preparing and storing important documents such as the registration of the Company's directors, the invitation letter and minutes of the Board of Directors Meeting, the invitation letter and minutes of the Shareholders Meeting, the Annual Report, shares holding report of directors and executives' team and reports of conflicts of interest filed by directors and executives.
5. Supervising various activities and events performed by the Board of Directors to ensure the efficiency and effectiveness of their works and the greatest benefits to the Company.
6. Coordinating with related parties to ensure that the resolutions from the Board of Directors Meetings and the Shareholders Meetings are carried out.
7. Executing additional duties as assigned by the Board of Directors.

## Remuneration of Directors and Executives

### 1) Remuneration of Directors and Sub-committee

#### 1.1) Remuneration of Directors

The Board of Directors has clearly and transparently set the policy on director's remuneration by assigning the Nomination and Remuneration Committee to determine guidelines and policies on the remuneration of the Board of Directors and sub-committees, both monetary and non-monetary in each year and presented to the Board of Directors and / or shareholders meeting for approval. The director's remuneration has been considered under appropriateness for duties and responsibilities, comparing with other companies in similar businesses, as well as the benefits to the Company. The Director's Remuneration Survey Report which conducted by the IOD (latest data), the information on remuneration of director and executive of listed companies by the SET was also taken into consideration.

Remuneration of Directors in 2017 was in accordance with the resolution from the 2017 annual shareholders' meeting on February 28<sup>th</sup>, 2017 at the amount of 6,650,000 baht based upon changing the remuneration criteria comprising of the monthly remuneration, the meeting allowance and annual bonus, for the Chairman of the Company, Independent Directors and Non-Executive Directors except the Executive Directors that will not receive monthly remuneration and meeting allowance because they already receive salary from being an employee of the Company; summarized as follows:

##### 1.1.1 Monthly Remuneration (paid for directors every month)

Unit: Baht/Person/Time

Position	Monthly Remuneration
Chairman	50,000
Independent Director	20,000
Director	20,000
Executive Director*	-

**Remark :** \* Because Executive Directors already receive salary from being an employee of the Company

##### 1.1.2 Meeting Allowance (paid for only directors who attended the meeting)

Unit: Baht/Person/Time

Position	Meeting Allowance
Chairman	20,000
Independent Director	20,000
Director	20,000
Executive Director*	-

**Remark :** \* Because Executive Directors already receive salary from being an employee of the Company

##### 1.1.3 Annual Bonus (1 time per year) The allocation was according to the shareholders' meeting resolutions as follows:

- Total annual bonus in 2017 for the Board was being paid from the amount approved by the shareholders as mentioned above, deducted by total monthly remuneration and meeting allowances paid to directors and independent directors during the year. The annual bonus was proportionated according to individual attendance records for the year, with an allocation rate for Chairman applied twice the number of attendance; while an allocation rate for independent director, director and executive director applied at one time the number of attendance by consideration and approval of Chairman of the Nomination and Remuneration Committee



1.1.4 Non-monetary/Other benefits

None

## 1.2) Remuneration of Sub-committees

## 1.2.1 Remuneration for the Audit Committee

Remuneration for the Audit Committee was in accordance with the resolution from the shareholders' meeting as follows:

## 1.2.1.1 Monthly Remuneration (paid for directors every month)

Unit: Baht/Person/Time

Position	Monthly Remuneration for the Audit Committee
Chairman of Audit Committee	30,000
Audit Committee (per person)	10,000

1.2.1.2 Meeting Allowance (paid for only directors who attended the meeting)

Unit: Baht/Person/Time

Position	Monthly Allowance for the Audit Committee
Chairman of Audit Committee	20,000
Audit Committee (per person)	20,000

1.2.1.3 Non-monetary/ Other benefits

None

## 1.2.2 Remuneration of other Sub-committees

Other Sub-committees (Group Executive Committee, Nomination and Remuneration Committee, Risk Management Committee and Corporate Governance and Ethics Committee) have not received any non-monetary or other benefits.

## 1.2.3 Remuneration of directors as directors of the subsidiaries

No compensation or any other benefits paid to directors of the subsidiaries.

In 2017, remuneration for 13 directors of the Board, was amounting to 6,650,000 baht in total, with details as follows:



Name	Title	Remuneration for the Board of Directors			Remuneration for the Audit Committee		Non-Monetary	Total Remuneration (Baht)
		Meeting Allowance (Baht)	Monthly Remuneration (Baht)	Director's Annual Gratuities (Baht)	Meeting Allowance (Baht)	Monthly Remuneration (Baht)		
1. Mr. Paiboon Damrongchaitham	Chairman	200,000	600,000	431,776	-	-	None	1,231,776
2. Dr. Naris Chaiyasoot	Independent Director	160,000	240,000	172,710	80,000	360,000	None	1,012,710
3. Mr. Chanitr Charnchainarong	Independent Director	140,000	240,000	151,121	100,000	120,000	None	751,121
4. Mr. Suvit Mapaisansin	Independent Director	180,000	240,000	194,299	100,000	120,000	None	834,299
5. Mrs. Veeranuch Thammavaranucupt	Independent Director	140,000	240,000	151,121	80,000	120,000	None	731,121
6. Miss Suwimon Chungjotikapisit	Director	200,000	240,000	215,888	-	-	None	655,888
7. Dr. Lackana Leelayouthayotin	Director	200,000	240,000	215,888	-	-	None	655,888
8. Miss Boosaba Daorueng	Director	-	-	215,888	-	-	None	215,888
9. Mrs. Saithip Montrikul Na Audhaya	Director	-	-	215,888	-	-	None	215,888
10. Mr. Phawit Chitrakorn	Director	-	-	107,944	-	-	None	107,944
11. Mr. Fahmai Damrongchaitham	Director	-	-	86,355	-	-	None	86,355
Mr. Krij Thomas <sup>1</sup>	Director	-	-	64,766	-	-	None	64,766
Mr. Sataporn Panichraksapong <sup>2</sup>	Director	-	-	86,355	-	-	None	86,355
Total (Baht)		1,220,000	2,040,000	2,310,000	360,000	720,000	-	6,650,000

**Note :** <sup>1</sup> Mr. Krij Thomas resigned from the Board of Directors effective from April 28, 2017.

<sup>2</sup> Mr. Sataporn Panichraksapong resigned from the Board of Directors effective from May 11, 2017.

## 2) Remuneration of Group Executive Committee Members and Top Executives (as defined by the SEC)

In 2017, the Company has evaluated the performance of top executives. (and all employees) in term of Key Performance Index (KPI). Each employee must set their KPIs together with action plans and submit to the Group Chief Executive Officer and/or Group Executive Committee and/or Board of Directors which will be in conjunction with compensation, salary adjustment and bonus. The performance evaluation with KPI is performed together with performance evaluation set by the Human Resources Department.

The Board of Directors has established a policy on the remuneration of the Group Chief Executive Officer (Top executive) for short-term by considering KPI and the success of the action plan, together with the performance evaluated by the Nomination and Remuneration Committee before submitting to the Board of Directors for approval. The long-term compensation will be in form of the provident fund based on period of employment.

Monetary remuneration for the Group Executive Committee and Top Executives ('Executives' in this instance refers the SEC's definition including Group Chief Executive Officer or Group CEO, the top four most senior members of the management team ranked below the Group CEO irrespective of their positions, including the position equivalent to the fourth rank and Chief Finance Officer) is in the form of salary, bonus, provident fund and other benefits such as company cars, car allowances in lieu of company cars and mobile phones usage fee.

In 2017, the total monetary remuneration for Group Executive Committee member and top executives in total 6 persons amounted to 58,688,000 Baht.

Remuneration Description	Amount (Baht)
Salary and Bonus	55,280,000
Other Benefits:	
- Provident Fund (Depend on the period of employment)	1,884,000
- Others	1,524,000
<b>Total</b>	<b>58,688,000</b>

## Human Resources

The Group's total numbers of workforce, both full-time and part-time employees (with a definite contract term), as of December 31<sup>st</sup>, 2017 were 2,632.

Company	2017		(Unit: Person)
	Full-time	Part-time	Total
GMM Grammy Plc.	661	33	694
Subsidiaries	1,836	102	1,938
<b>Total</b>	<b>2,497</b>	<b>135</b>	<b>2,632</b>

**Note :** Full-time employees are employees whose employment contracts do not indicate the date of their employment termination.

Part-time employees are employees whose employment contracts clearly indicate the date when their employment with the Company ends, such as contractual employees and freelancers.

Subsidiaries include subsidiaries, associates, and joint ventures.

The Group places great importance on human resources as they are key drivers of the Company's optimum operational efficiency and effectiveness, as well as achievement of targets and success guided by the Company's vision. Therefore, the Board of Directors has established a Human Resources Management Policy, as follows:

1. The Company believes in the value of human beings by treating employees as the most important resource that the Company would promote its policy on employee's development for the utmost working efficiency.
2. The Company regards each employee as a respected and honored colleague who should be well cared for.
3. The Company will ensure fair employment and offer fair career advancement opportunities.
4. The Company will operate under the basis of teamwork, where everyone works together as a single unit and will work to build excellent morale among employees at every level.
5. The Company will develop all employees in terms of their knowledge, ability, expertise, operational and management skills as appropriate so that they can continue to advance and grow.
6. The Company will promote and retain all talented employees to ensure they work with the Company as long as possible.
7. The Company will promote and support employees to ensure stability in their profession, with promotions being granted to employees who have suitable quality before seeking to recruit externally sourced candidates to fill the positions.
8. The Company will review benefits and other remuneration to remain on par with other companies in the same industry and commensurate with the position, experience, qualifications and quality of each employee. The pay will also be based on the Company's performance, as well as the country's socio-economic environment.
9. The Company considers that human resources management is a duty to be directly handled by immediate supervisor and that the human resources department serves as a consulting unit. Therefore, it is the supervisor's responsibility to closely monitor and ensure the well-being of their staff.



10. Employees should consult with their supervisor in order to discuss any suggestions or assistance to resolve the problems or may obtain advice and assistance from the Human Resources Department as well.

The Company has publicized the Company Employment Regulations and Welfare Manual through the Group's Intranet so that all employees can study, understand and use as a reference. The Company constantly revises and updates the content so that it remains appropriate for the Company's business operations, based on fairness and/or changes in rules, regulations and laws of concerned authorities.

#### Significant changes in the number of employees in the past 3 years

- None-

#### Major labor disputes in the past 3 years

- None-

#### Employee Remuneration and Benefits

The Board of Directors has prescribed a set of policies and guidelines on employee remuneration and benefits, as follows:

##### 1. Salary and bonus

The Group's policy in remunerating its employees is on the basis of reasonableness, fairness, knowledge, capability, performance and compatibility with the industry's average pay scale, as well as growth of the business and the Company.

The employee's compensation will be in conjunction with KPI and action plan which proposed to supervisor under the line of command. The salary adjustment and bonus payment will be based on KPI and performance evaluation set by the Human Resources Department.

##### 2. Other benefits

Other benefits such as the provident fund which is a post-retirement benefit, the percentage of employees' and employer's contribution rate is equivalent. The rate of contribution is dependent upon the period of employment, namely:

- Less than 5 years, contribution rate of 3%
- 5 years or more, contribution rate of 5%

In 2017, total salaries, bonuses and employer's contributions paid for the entire Group were amounting to 1,624.11 million Baht, details are as follows:

Company	2017 (Unit: Million Baht)			
	Salaries	Bonuses	Employer's contributions	Total
GMM Grammy Plc.	513.01	85.30	17.65	615.97
Subsidiaries	847.28	135.72	25.15	1,008.14
<b>Total</b>	<b>1,360.29</b>	<b>221.02</b>	<b>42.80</b>	<b>1,624.11</b>

### 3. Employee Welfare

Improving the quality of work life requires more than offering various benefits for staff according to the law. Therefore, the Company has adjusted and increased its welfare and fringe benefit offering to better match the Company's businesses. Some of these benefits are, for example, healthcare payments (in-patients, out-patients, dental and eye care), in-house medical care, group life and accident insurance and annual check-up for employees and other types of financial and non-financial assistance (such as funds for funeral arrangements of employees, their parents, children or legal spouse, monk ordinations, preparing reliable sources providing loan with special interest rate for house purchasing, special discount for some company's activities. These measures are aimed to provide moral support and enhance confidence in working with the Company. Moreover, these benefits help to alleviate employees' financial burdens and provide some stability for employees and their families, taking into account the maximum benefits to employees. Therefore, the Company has documented these measures into a Welfare Manual for the employee.

Moreover, the Employee Self Service (ESS) system was developed to allow employees to easily and promptly view information about themselves such as personal information, employment terms, income, education, work experience, information about their parents, children and spouse, tax deductible, salary slips and summary of their annual income. Employees are allowed to make changes to information pertaining themselves and tax deduction at all times, while data security is adequately and properly in place.

In 2017, the Company reviewed and ensured that the Human Resources Management Policies, Company Employment Regulations and Welfare Manual were fully and constantly being complied.





Board of Directors

Mr. Paiboon Damrongchaitham  
Chairman

Miss Boosaba Daorueng  
Vice Chairman

Dr. Naris Chaiyasoot  
Independent Director



Mr. Suvit Mapaisansin  
Independent Director

Mrs. Veeranuch Thammavaranucupt  
Independent Director

Mr. Chanitr Charnchainarong  
Independent Director





Dr. Lackana Leelayouthayotin  
Director



Miss Suwimon Chungjotikapisit  
Director



Mrs. Saithip Montrikul Na Audhaya  
Director



Mr. Phawit Chitrakorn  
Director



Mr. Fahmai Damrongchaitham  
Director

Executive Team



◀ Miss Boosaba Daorueng  
Group Chief Executive Officer



▶ Mr. Phawit Chitrakorn  
Chief Executive Officer GMM Music



▶ Mr. Fahmai Damrongchaitham  
Chief Sale Officer - GMM Music



◀ Mr. Sompohb Budspawanich  
Chief Operating Officer - GMM Music



◀ Mrs. Karnsuda Sansuthi  
Chief Financial Officer



▶ Miss Chitralada Hengyotmark  
Chief Legal Officer

## Board of Directors and Management Team

### Mr. Paiboon Damrongchaitham (68 years)

Chairman of the Board / Chairman of the Company Advisory Board

#### Date of Directorship

March 25, 1994

#### Education Background

- Bachelor of Arts (Mass Communications) (Honors), Chulalongkorn University
- Doctoral of Business Administration (Honorary), Christian University

#### Seminar Accomplishment

- The National Broadcasting and Telecommunications Commission : Broadcasting Executive Forum (BCF), Class 1/2013

#### Number of Share Holding (%) as of 27/02/2018

392,834,599 shares (47.91%), including related parties, according to Section 59 of the Securities and Exchange Act

#### Experience

##### Listed Companies

2008 - Present	Chairman of the Company Advisory Board, GMM Grammy Plc.
1998 - Present	Chairman of the Board, GMM Grammy Plc.
Jul 2011 - 13 Jul 2014	Member of the Nomination and Remuneration Committee, GMM Grammy Plc.
2005 - Jul 2011	Chairman of the Nomination and Remuneration Committee, GMM Grammy Plc.
1998 - 2008	Chairman of the Executive Committee Advisor, GMM Grammy Plc.

##### Other Companies

7 Dec 2017 - Present	Chairman of the Board / Authorized Director, GMM Channel Trading Co., Ltd
1 Dec 2017 - Present	Director, GMM Media Plc.
31 May 2017 - Present	Chairman of the Board, The One Enterprise Co., Ltd
Apr 2015 - Present	Director, Judtongton Co., Ltd
Nov 2011 - Present	Chairman of the Board, GMM CJ O Shopping Co., Ltd
2009 - Present	Director, Ruamfah Deawkan Co., Ltd
2009 - Present	Vice Chairman, Family Know-how Co., Ltd
2008 - Present	Chairman of the Company Advisory Board, GMM Media Plc.
2005 - Present	Director, Trinaga Co., Ltd
2002 - Present	Director, Hou Yuu Co., Ltd
2001 - Present	Director, Geurtfah Co., Ltd
1998 - Present	Chairman/Founder, Damrongchaitham Foundation
1987 - Present	Director, Ruamfah Co., Ltd
Mar 2012 - Sep 2012	Director, GMM Z Co., Ltd
2005 - 2009	Chairman of the Nomination and Remuneration Committee, GMM Media Plc.
2002 - 2009	Chairman of the Board, GMM Media Plc.
2007 - 2008	Advisor to the Executive Committee, GMM Media Plc.
2005 - 2007	Chairman of the Risk Management Committee, GMM Media Plc.
2002 - 2007	Chairman of the Executive Director, GMM Media Plc.





## Miss Boosaba Daorueng (65 years)

Vice Chairman of the Board (Authorized Director) / Chairman of the Risk Management Committee / Chairman of the Group Executive / Chairman of the Corporate Governance and Ethics Committee / Group Chief Executive Officer

### Date of Directorship

March 25, 1994

### Education Background

- Bachelor of Liberal Arts, Thammasat University

### Number of Share Holding (%) as of 27/02/2018

1,750,240 shares (0.21%), including related parties according to Section 59 of the Securities and Exchange Act

### Experience

#### Listed Companies

13 May 2017 - Present	Chairman of the Corporate Governance and Ethics Committee, GMM Grammy Plc.
May 2012 - Present	Chairman of the Group Executive Committee, GMM Grammy Plc.
Feb 2012 - Present	Group Chief Executive Officer, GMM Grammy Plc.
2008 - Present	Vice Chairman of the Board, GMM Grammy Plc.
2005 - Present	Chairman of the Risk Management Committee, GMM Grammy Plc.
Mar 1994 - Present	Director (Authorized Director), GMM Grammy Plc.
2009 - May 2012	Co-Chief Executive Director, GMM Grammy Plc.
2009 - Feb 2012	Co-Chief Executive Officer, GMM Grammy Plc.

#### Other Companies

19 Apr 2017- Present	Director, Z Trading Co., Ltd
21 Jul 2016 - Present	Director, Good Things Happen Co., Ltd
15 Jul 2016 - Present	Director, Sawasdee Thaweessuk Co., Ltd
15 Jul 2016 - Present	Director, Siangdee Thaweessuk Co., Ltd
15 Jul 2016 - Present	Director, Nadao Bangkok Co., Ltd
14 Dec 2015 - Present	Director, GDH 559 Co., Ltd
27 May 2015 - Present	Director, Ngandee Thaweessuk Co., Ltd
Jul 2013 - Present	Director, Digistream Co., Ltd
Oct 2012 - Present	Director, GDC Co., Ltd
Oct 2010 - Present	Director, GR Vocal Studio Co., Ltd
Feb 2006 - Present	Director, GMM Fitness Club Co., Ltd
Jul 2005 - Present	Director, Fan TV Co., Ltd

Apr 2004 - Present	Director, Scenario Co., Ltd
Apr 2004 - Present	Director, GMM Tai Hub Co., Ltd
2004 - Present	Director, Deetalk Co., Ltd
Jul 2003 - Present	Director, Digital Arms Co., Ltd
May 2000 - Present	Director, GMM Holding Co., Ltd
Aug 1999 - Present	Director, Mifah Co., Ltd
Dec 1998 - Present	Director, GMM Digital Domain Co., Ltd
Nov 1998 - Present	Director, MGA Co., Ltd
Nov 1998 - Present	Director, Digital Gen Co., Ltd
Nov 1998 - Present	Director, Grammy Publishing House Co., Ltd
Aug 1998 - Present	Director, GMM Music Publishing International Co., Ltd
Jan 1997 - Present	Director, GMM Studio Co., Ltd
Aug 1996 - Present	Director, Magic Film Co., Ltd
Nov 1995 - Present	Director, More Music Co., Ltd
Sep 1994 - Present	Director, Extraorganizer Co., Ltd
Aug 2015 - 7 Dec 2017	Director, GMM Channel Trading Co., Ltd
Aug 2015 - 12 Jan 2018	Director, A-Time Media Co., Ltd
Aug 2015 - 12 Jan 2018	Director, GMM TV Co., Ltd
2015 - 12 Jan 2018	Director, GMM Media Plc.
Sep 2013 - 12 Jan 2018	Director, GMM Channel Co., Ltd
May 2010 - 2 Jun 2017	Director, Acts Studio Co., Ltd
Sep 2015 - 1 Jun 2017	Director, Exact Scenario Co., Ltd
Sep 2013 - 1 Jun 2017	Director, GMM One TV Co., Ltd
21 Jul 2015 - 31 May 2017	Director, The One Enterprise Co., Ltd
Sep 2015 - 3 Mar 2017	Director, Memiti Co., Ltd
Sep 2004 - Liquidation completed	Director, Luckdee Thaweessuk Co., Ltd
Nov 1998 - Liquidation completed	Director, GTH On-air Co., Ltd
Jul 2005 - 1 Jul 2015	Director, Index Creative Village Plc. (Former Index Event Agency Plc.)
2003 - 2008	Advisor to the Executive Committee and the Board of Directors, GMM Media Plc.



## Dr. Naris Chaayasoot (62 years)

Independent Director / Chairman of the Audit Committee /  
Chairman of the Nomination and Remuneration Committee

### Date of Directorship

March 20, 2013

### Education Background

- B.A. Economics (Honors), Thammasat University
- M.A. Economics (English Program), Thammasat University
- Ph.D. Economics, University of Hawaii, USA

### Seminar Accomplishment

*The Thai Institute of Directors (IOD)*

- Chartered Director Class (CDC), Class 3/2008
- Director Certification Program (DCP), Class 82/2006
- Director Accreditation Program (DAP), Class 32/2005
- Finance for Non-Finance Directors (FND), Class 19/2005

### Number of Share Holding (%) as of 27/02/2018

-None-

### Experience

#### Listed Companies

May 2016 - Present	Chairman of the Board, AP (Thailand) Plc.
13 Nov 2015 - Present	Chairman of the Nomination and Remuneration Committee, GMM Grammy Plc.
Aug 2015 - Present	Chairman of the Board / Audit Committee, Banpu Power Plc.
Mar 2013 - Present	Chairman of the Audit Committee / Independent Director, GMM Grammy Plc.
Dec 2012 - Present	Independent Director and Chairman of the Audit Committee, Fortune Parts Industry Plc.
Mar 2013 - 13 Nov 2015	Member of the Nomination and Remuneration Committee, GMM Grammy Plc.
2009 - 2012	Director, Thai Oil Plc.
2008 - 2011	Director, PTT Plc.

### Other Companies

Oct 2015 - Present	Chairman, RX manufacturing Co., Ltd
Oct 2015 - Present	Advisor, Organization for Researches in art, culture, urban and leisure development (ORAC), Japan
May 2016 - 2017	Chairman of the Board, Thai Credit Guarantee Corporation
Jan 2015 - 30 Sep 2015	Deputy Permanent Secretary, Ministry of Finance
Jul 2014 - 30 Sep 2015	Chairman of the Board, Export-Import Bank of Thailand
Apr 2014 - 30 Sep 2015	Director, Bangkok Commercial Asset Management Co., Ltd
Oct 2011 - 30 Sep 2015	Chairman of the Board, Dhanarak Asset Development Co., Ltd
2010 - 30 Sep 2015	Chairman, Deposit Protection Agency
2011 - Dec 2014	Director-General, The Treasury Department, Ministry of Finance
2011 - Jun 2014	Chairman, Small and Medium Enterprise Development Bank of Thailand
2010 - 2011	Board Member, Capital Market Supervisory Board, The Securities and Exchange Commission
2010 - 2011	Director-General, Fiscal Policy Office, Ministry of Commerce
2009 - 2010	Deputy Permanent Secretary, Ministry of Finance
2006 - 2007	Inspector-General, Ministry of Finance
1998 - 2004	President of Chancellor, Thammasat University



## Mr. Suvit Mapaisansin (59 years)

Independent Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee / Member of the Corporate Governance and Ethics Committee

### Date of Directorship

April 29, 2015

### Education Background

- Bachelor of Economics, Chulalongkorn University
- Master of Business Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University

### Seminar Accomplishment

*The Thai Institute of Directors (IOD)*

- Course Audit Committee Program Class 37/2011
- Course Director Certification Program Class 12/2001

### Number of Share Holding (%) as of 27/02/2018

-None-

### Experience

#### Listed Companies

13 Nov 2015 - Present	Member of the Nomination and Remuneration Committee, GMM Grammy Plc.
13 May 2015 - Present	Member of the Audit Committee, GMM Grammy Plc.
13 May 2015 - Present	Member of the Corporate Governance and Ethics Committee, GMM Grammy Plc.
29 Apr 2015 - Present	Independent Committee, GMM Grammy Plc.

2012 - Present	Director, Kiatnakin Public Co., Ltd
2009 - Present	Director, Phatra Securities Public Co., Ltd
3 Apr 2014 - 1 Feb 2017	Independent Committee / Audit Committee, Golden Lime Plc.
2011 - 2012	Chairman of the Audit Committee / Audit Committee, Krungthai Card Plc.
2009 - 2012	Independent Director, Krungthai Card Public Co., Ltd
2003 - 2009	Chief Executive Officer, Phatra Securities Public Co., Ltd

#### Other Companies

2010 - Present	Director, Phatra Capital Public Co., Ltd
2011 - 2 Apr 2014	Independent Director / Member of the Audit Committee, Golden Lime Co., Ltd
2012 - 2014	Chairman of the Board of Directors, Phatra Asset Management Co., Ltd
2012 - 2014	Chairman of the Board of Directors, KK TRADE Securities Co., Ltd
26 Jun 2002 - 27 May 2003	Vice Chairman of the Board, The Stock Exchange of Thailand
6 Feb 2001 - 25 Jun 2002	Director, The Stock Exchange of Thailand
2000 - 2002	Managing Director, Merrill Lynch Phatra Securities Co., Ltd



**Mrs. Veeranuch Thammavaranucupt (46 years)**Independent Director / Member of the Audit Committee /  
Member of the Corporate Governance and Ethics Committee**Date of Directorship**

June 24, 2015

**Education Background**

- LL.B (Honors), Chulalongkorn University
- Barrister-at-Law, Thai Bar Association
- LL.M. (Commercial Law), University of Bristol, United Kingdom

**Number of Share Holding (%) as of 27/02/2018**

-None-

**Experience****Listed Companies**

24 Jun 2015 - Present Independent Director/  
Member of the Audit Committee/  
Member of the Corporate Governance  
and Ethics Committee,  
GMM Grammy Plc.

2008 - 2013 Senior Vice President of  
Legal Division,  
Total Access Communication Plc.

**Other Companies**

Apr 2017 - Present Partner/Director, Weerawong,  
Chinnavat and Partners Co., Ltd

4 Nov 2015 - Present Director, Thanaset Business &  
Development Co., Ltd

2 Feb 2016 - Apr 2017 Director, Weerawong, Chinnavat &  
Peangpanor Co., Ltd

Jul 2013 - Apr 2017 Partner, Weerawong, Chinnavat &  
Peangpanor Co., Ltd

**Mr. Chanitr Charnchainarong (54 years)**Independent Director /  
Member of the Audit Committee**Date of Directorship**

November 13, 2015

**Education Background**

- Bachelor of Science (Electrical Engineering), Purdue University, USA
- Master of Science (Electrical Engineering), Purdue University, USA
- Chartered Financial Analyst (CFA), CFA Institute, USA

**Seminar Accomplishment***The Thai Institute of Directors (IOD)*

- Director Certification Program (DCP), Class 52/2004

*Other Institutes*

- Senior Executives of Justice Administration, Class 19/2014, *Office of the Judicial Training Institute*
- Advanced Management Program (AMP), Class 185/2013, *Harvard Business School, Harvard University, USA*
- Public Economics Management for Executives, Class 9/2011, *King Prajadhipok's Institute*
- Capital Market Academy Leader Program, Class 2/2006, *Capital Market Academy*

**Number of Share Holding (%) as of 27/02/2018**

-None-

**Experience****Listed Companies**

Nov 2015 - Present Independent Director/Member of the  
Audit Committee, GMM Grammy Plc.

May 2015 - Present Independent Director/Chairman of the  
Audit Committee, UOB (Thailand) Plc.

**Other Companies**

Jul 2016 - Present Independent Director, Strategic Property  
Investors Co., Ltd

2016 - Present Senior Executive Vice President,  
Central Group

Oct 2015 - Present Independent Director/Chairman of the  
Board, Comanche International Co., Ltd

May 2015 - Nov 2016 Advisor, Vnet Capital Co., Ltd

Apr 2015 - Jul 2016 Member of University Council,  
Kasetsart University

Apr 2001 - May 2016 Director, CA Infomedia Co., Ltd

May 2015 - Apr 2016 Senior Advisor, The Quant Group Co., Ltd

Feb 2014 - Feb 2015 Senior Vice President,  
The Stock Exchange of Thailand (SET)

Feb 2006 - Feb 2014 President, Market for Alternative  
Investment (mai)

Feb 2006 - Jun 2011 Vice President,  
The Stock Exchange of Thailand (SET)

Nov 2004 - Dec 2005 Advisor, Market for Alternative Investment (mai)

## Dr. Lackana Leelayouthayotin (64 years)

Director

### Date of Directorship

June 24, 2015

### Education Background

- B.Sc (Chemistry), Chulalongkorn University
- MBA (Marketing), Catholic University of Leuven, Belgium
- DBA (Marketing), University of Southern Queensland, Australia

### Seminar Accomplishment

*The Thai Institute of Directors (IOD)*

- Director Certification Program (DCP), Class 225/2016

*Other Institutes*

- Global Brand Forum (2004)
- Unleashed the Power Within by Anthony Robbins, Singapore (2001)
- Asia Pacific Chief Executive Grid Seminar, Grid Organization Development and Change Management (2000)
- Advance Executive Program (AEP), Kellogg School of Management, North Western University, USA (1998)
- Data-Based Competitive Benchmark in Marketing, Asia Pacific Marketing Federation, Philippines (1994)
- Update in Strategic Management by University of California Berkley, Singapore (1994)
- Developing the First-Class Manager, Hawksmere, Hong Kong (1989)
- Marketing Manager, Queen's University, Canada (1984)

### Number of Share Holding (%) as of 27/02/2018

-None-

### Experience

#### Listed Companies

26 Feb 2016 - Present Chairman of the Audit Committee/ Independent Director/Member of Nomination and Remuneration Committee, Techno Medical Public Company Limited

24 Jun 2015 - Present Director, GMM Grammy Plc.

Apr 2015 - Present Independent Director, Lam Soon (Thailand) Plc.

2015 - 2017 Company Advisor, GMM Grammy Plc.

#### Other Companies

2017 - Present Director, Bangchak Retail Co., Ltd

2017 - Present Director, Aisance Co., Ltd

8 Aug 2016 - Present Independent Director/ Member of the Audit Committee, Shera Plc. (former is Mahaphant Fibre-Cement Plc.)

25 Jan 2016 - Present Managing Director, Advisor and Beyond Co., Ltd

15 Sep 2015 - Present Director/Chairman of the Audit Committee, Thailand Institute of Nuclear Technology (Public Organization)

25 Jul 2014 - Present Chairman, The Foundation for Education of The Marketing Association of Thailand

Jul 2013 - Present Company Advisor, Brand's Suntory (Thailand) Co., Ltd (former is Cerebos (Thailand) Co., Ltd)

1997 - Present Revenue commissioner, Hong Dai Boon at Thai Red Cross Society

1997 - Present Advisor/Director of The Recruitment and Promotion of Voluntary Blood Donor, National Blood Centre Thai Red Cross Society

Aug 2015 - 12 Jan 2018 Director, GMM Channel Co., Ltd

21 Jul 2015 - 31 May 2017 Director, The One Enterprise Co., Ltd

Oct 2007 - 13 Mar 2017 Director, Tipco F & B Co., Ltd

2010 - 2014 Executive Vice President & CEO of Health Supplement Division, Cerebos Pacific Limited

2006 - 2014 Board of Director, Cerebos Pacific Limited

2005 - 2009 Executive Vice President & CEO South East Asia, Cerebos Pacific Limited



## Miss Suwimon Chungjotikapisit (65 years)

Director (Authorized Director) / Member of the Nomination and Remuneration Committee / Company Advisor

### Date of Directorship

November 13, 2010

### Education Background

- Bachelor of Political Science (Honors), Chulalongkorn University

### Seminar Accomplishment

*The Thai Institute of Directors (IOD)*

- Director Certification Program (DCP), Class 12/2001

### Number of Share Holding (%) as of 27/02/2018

-None-

### Experience

#### Listed Companies

Jul 2014 - Present	Member of the Nomination and Remuneration Committee, GMM Grammy Plc.
Nov 2010 - Present	Director (Authorized Director), GMM Grammy Plc.
Nov 2005 - Present	Company Advisor, GMM Grammy Plc.

#### Other Companies

5 Jun 2017 - Present	Director, GMM Z Co., Ltd
Jan 2016 - Present	Director, Suea Tid Peak Krub Co., Ltd
Apr 2015 - Present	Director, Judtongton Co., Ltd
Dec 2010 - Present	Director, MGA Co., Ltd
Dec 2010 - Present	Advisor, GMM Media Plc.
Dec 2010 - Present	Director, GR Vocal Studio Co., Ltd
Dec 2010 - Present	Director, Magic Film Co., Ltd
Nov 2010 - Present	Director, A-Time Traveller Co., Ltd
Nov 2010 - Present	Director, GMM Music Publishing International Co., Ltd
Nov 2010 - Present	Director, GMM Holding Co., Ltd
Nov 2010 - Present	Director, Deetalk Co., Ltd
Nov 2010 - Present	Director, Grammy Publishing House Co., Ltd
Nov 2010 - Present	Director, Mifah Co., Ltd

Nov 2010 - Present	Director, GMM Fitness Club Co., Ltd
Nov 2010 - Present	Director, Digital Arms Co., Ltd
Nov 2010 - Present	Director, Extraorganizer Co., Ltd
Nov 2010 - Present	Director, GMM Studio Co., Ltd
Nov 2010 - Present	Director, GMM Tai Hub Co., Ltd
Nov 2010 - Present	Director, GMM Digital Domain Co., Ltd
Oct 2010 - Present	Director, More Music Co., Ltd
Oct 2010 - Present	Director, Hou Yuu Co., Ltd
Oct 2010 - Present	Director, Geurtfah Co., Ltd
Oct 2010 - Present	Director, Teen Talk Co., Ltd
Oct 2010 - Present	Director, Ruamfah Co., Ltd
Oct 2010 - Present	Director, Trinaga Co., Ltd
Oct 2010 - Present	Director, Exact Co., Ltd
2010 - Present	Director, Fan TV Co., Ltd
Jul 2009 - Present	Director, Ruam Fah Deaw Gun Co., Ltd
28 Jan 2008 - Present	Director / Treasurer, Damrongchaitham Foundation
Feb 2007 - Present	Director, U-Star (Thailand) Co., Ltd
Nov 2010 - 12 Jan 2018	Director, GMM Media Plc.
Oct 2010 - 12 Jan 2018	Director, GMM TV Co., Ltd
Nov 2010 - 12 Jan 2018	Director, A-Time Media Co., Ltd
Nov 2010 - Liquidation completed	Director, Luckdee Thaweewesuk Co., Ltd
Dec 2010 - Dec 2015	Director, Bliss Publishing Co., Ltd (Defunct)
Oct 2010 - Dec 2015	Director, Hou Yuu Central World Co., Ltd (Defunct)
Sep 2010 - Nov 2015	Director, A Gen Event Agency Co., Ltd
May 2010 - Sep 2015	Director, Acts Studio Co., Ltd
Dec 2010 - 4 Aug 2015	Director, In Publishing Co., Ltd
Dec 2010 - 4 Aug 2015	Director, GMM Times Co., Ltd
Nov 2010 - 4 Aug 2015	Director, Image Publishing Co., Ltd
Nov 2010 - 4 Aug 2015	Director, GMM Inter Publishing Co., Ltd
Dec 2010 - 1 Jul 2015	Director, Index Creative Village Plc.
Apr 2010 - 2014	Director, Image On-air Co., Ltd





## Mrs. Saithip Montrikul Na Audhaya (61 years)

Director (Authorized Director) / Member of the Risk Management Committee

### Date of Directorship

July 16, 2002

### Education Background

- Bachelor of Arts (Mass Communications), Chulalongkorn University
- Honorary Bachelor of Technology (Mass Communication of Technology), Rajamangala University of Technology Rattanakosin

### Number of Share Holding (%) as of 27/02/2018

120 shares (0%), including related parties, according to Section 59 of the Securities and Exchange Act

### Experience

#### Listed Companies

2009 - Present	Member of the Risk Management Committee, GMM Grammy Plc.
2002 - Present	Director (Authorized Director), GMM Grammy Plc.
Jan 2017 - 27 Feb 2018	Chief Executive Officer-GMM Media, GMM Grammy Plc.
May 2012 - 27 Feb 2018	Member of the Group Executive Committee, GMM Grammy Plc.
Oct 2014 - Dec 2016	Chief Executive Officer - GMM Channel Digital TV (GMM Media), GMM Grammy Plc.
Feb 2012 - Jul 2014	Chief Executive Officer-Media Business, GMM Grammy Plc.
2009 - May 2012	Co-Chief Executive Director, GMM Grammy Plc.
2009 - Feb 2012	Co-Chief Executive Officer, GMM Grammy Plc.
1989 - Feb 2009	Executive Director, GMM Grammy Plc.

### Other Companies

7 Dec 2017 - Present	Director / Chief Executive Officer, GMM Channel Trading Co., Ltd
Aug 2015 - Present	Director, Deetalk Co., Ltd
Aug 2014 - Present	Director, GMM Channel Co., Ltd
Mar 2012 - Present	Director, GDC Co., Ltd
Feb 2009 - Present	Chairman of the Board, GMM Media Plc.
2007 - Present	Director, A-Time Traveler Co., Ltd
Oct 2006 - Present	Director, Digital Arms Co., Ltd
2004 - Present	Director, Exact Co., Ltd
2002 - Present	Director, GMM Media Plc.
2000 - Present	Director, GMM TV Co., Ltd
1996 - Present	Director, GMM Digital Domain Co., Ltd
Nov 1995 - Present	Director, Teen Talk Co., Ltd
1989 - Present	Director, A-Time Media Co., Ltd
Mar 2012 - 19 Apr 2017	Director, Z Trading Co., Ltd
Dec 2010 - Dec 2015	Director, Bliss Publishing Co., Ltd (Defunct)
Sep 2010 - Nov 2015	Director, A Gen Event Agency Co., Ltd
Jun 2011 - Sep 2015	Director, Memiti Co., Ltd
May 2010 - Sep 2015	Director, Acts Studio Co., Ltd
Aug 2014 - Aug 2015	Director, GMM One TV Co., Ltd
Mar 2009 - Jul 2015	Director, Index Creative Village Plc.
2007 - Oct 2014	Chief Executive Officer, GMM Media Plc.
2002 - 30 Sep 2014	Managing Director, GMM Media Plc.
1989 - Sep 2014	Managing Director, A-Time Media Co., Ltd
Mar 2012 - 23 Jul 2014	Director, GMM Z Co., Ltd
2007 - Dec 2011	Managing Director, A-Time Traveler Co., Ltd
Aug 2008 - Feb 2009	Vice Chairman of the Board, GMM Media Plc.
2007 - Feb 2009	Chairman of the Risk Management Committee, GMM Media Plc.
1995 - Jan 2007	Managing Director, GMM TV Co., Ltd
2005 - 2007	Member of the Risk Management Committee, GMM Media Plc.
2002 - 2007	Executive Director, GMM Media Plc.



## Mr. Phawit Chitrakorn (42 years)

Director (Authorized Director) / Member of the Group Executive Committee / Member of the Risk Management Committee / Member of the Corporate Governance and Ethics Committee / Chief Executive Officer - GMM Music

### Date of Appointment

(as a director) April 28, 2017  
(as an executive) January 1, 2016

### Education Background

- Bachelor of Business Administration (Advertising),  
Assumption University

### Number of Share Holding (%) as of 27/02/2018

-None-

### Experience

#### Listed Companies

13 May 2017 - Present Member of the Risk Management Committee, GMM Grammy Plc.

13 May 2017 - Present Member of the Corporate Governance and Ethics Committee, GMM Grammy Plc.

28 Apr 2017 - Present Director (Authorized Director), GMM Grammy Plc.

1 Jan 2017 - Present Chief Executive Officer - GMM Music, GMM Grammy Plc.

26 Feb 2016 - Present Member of Group Executive Committee, GMM Grammy Plc.

Jan 2016 - Present Chief Marketing Officer, GMM Grammy Plc.

### Other Companies

19 Apr 2017 - 5 Jun 2017 Director, GMM Z Co., Ltd

2011 - 2015 Managing Director, Ogilvy and Mather Advertising

2008 - 2011 Managing Partner, Ogilvy and Mather Advertising

2003 - 2008 Business Director, Ogilvy and Mather Advertising

2002 - 2003 Group Account Director, Grey Worldwide Thailand

2000 - 2002 Account Director, DY&R Thailand

1997 - 2000 Account Manager, Grey Worldwide Thailand

1995 - 1997 Account Executive, Grey Worldwide Thailand



## Mr. Sompohb Budspawanich (52 years)

Member of the Risk Management Committee / Member of the Group Executive Committee /  
Chief Operation Officer - GMM Music

### Date of Appointment

(as an executive) February 27, 2018

### Education Background

- Bachelor of Business Administration (Accounting),  
Ramkhamhaeng University

### Seminar Accomplishment

#### Other Institutes

- Finance for the boss Class 34/2012,  
Management & Psychology Institute

### Number of Share Holding (%) as of 27/02/2018

-None-

### Experience

#### Listed Companies

Feb 2018 - Present	Member of Group Executive Committee, GMM Grammy Plc.
Feb 2018 - Present	Member of Risk Management Committee, GMM Grammy Plc.
2017 - Present	Chief Operating Officer - GMM Music, GMM Grammy Plc.
2016 - 2017	Vice of Chief Executive Officer - GMM Music, GMM Grammy Plc.
2014 - 2016	Vice of Chief Financial Officer, GMM Grammy Plc.
2007 - 2014	Vice President of Accounting, GMM Grammy Plc.

### Other Companies

2015 - Present	Director, GDH 559 Co., Ltd.
2015 - Present	Director, GMM Music Publishing International Co., Ltd
2012 - Present	Director, Teen Talk Co., Ltd
2014 - 2017	Director, Family Know - how Co., Ltd
2013 - 2016	Director, GMM One TV Co., Ltd
2013 - 2016	Director, Acts Studio Co., Ltd
2013 - 2016	Director, Exact Scenario Co., Ltd
2013 - 2016	Director, Memiti Co., Ltd
2012 - 2016	Director, GMM Z Company Limited
2011 - 2016	Director, GTH On - air Co., Ltd
2006 - 2016	Director, GMM Tai Hub Co., Ltd



## Mr. Fahmai Damrongchaitham (31 years)

Director (Authorized Director) / Member of the Group Executive Committee / Member of Risk Management Committee / Chief Sales Officer - GMM Music

### Date of Appointment

(as a director) May 12, 2017

(as an executive) February 27, 2018

### Education Background

- Bachelor of Arts in Communication, Faculty of Annenberg School for Communication, University of Southern California, USA

### Seminar Accomplishment

-None-

### Number of Share Holding (%) as of 27/02/2018

9,000,000 shares (1.10%), including related parties, according to Section 59 of the Securities and Exchange Act

### Experience

#### Listed Companies

27 Feb 2018 - Present Member of the Risk management Committee  
GMM Grammy Plc.

12 May 2017 - Present Director (Authorized Director),  
GMM Grammy Plc.

27 Feb 2017 - Present Member of the Group Executive Committee,  
GMM Grammy Plc.

1 Dec 2016 - Present Chief Sale Officer - GMM Music,  
GMM Grammy Plc.

22 Aug 2011 - Present Director, Investment Committee,  
GMM Grammy Plc.

9 Dec 2011 - Member of Risk Management Committee,  
12 May 2017 GMM Grammy Plc.

Oct 2014 - Managing Director - Artist,  
30 Nov 2016 GMM Grammy Plc.

16 Jun 2010 - Managing Director, Sanamluang Music,  
30 Sep 2014 GMM Grammy Plc.

2011 - Dec 2012 Co-Chief Operation Officer (Co-COO),  
GMM Grammy Plc.

9 Dec 2011 - Member of the Corporate Governance  
Mar 2012 and Ethics Committee,  
GMM Grammy Plc.

28 Jul 2008 - Marketing Officer ,  
15 Jun 2010 GMM Grammy Plc.

#### Other Companies

12 Jan 2018 - Present Director, A-Time Media Co., Ltd

12 Jan 2018 - Present Director, GMM TV Co., Ltd

12 Jan 2018 - Present Director, GMM Channel Co., Ltd

7 Dec 2017 - Present Director, GMM Channel Trading Co., Ltd

1 Dec 2017 - Present Director, GMM Media Plc.

31 May 2017 - Present Director, The ONE Enterprise Co., Ltd

Mar 2017 - Present Director, Z Trading Co., Ltd

Jan 2016 - Present Director, Suea Tid Peak Krub Co., Ltd

Apr 2015 - Present Director, Judtangton Co., Ltd

Oct 2012 - Present Managing Director, Z Trading Co., Ltd

2011 - Present Director, Hou Yuu Co., Ltd

2011 - Present Director, Geurtfah Co., Ltd

2011 - Present Director, Ruamfah Co., Ltd

2009 - Present Director, Ruam Fah Deaw Gun Co., Ltd

13 Sep 2007 - Present Director and Secretary,  
Damrongchaitham Foundation

Apr 2013 - Director,  
5 May 2017 3-RD Co., Ltd

Feb 2012 - Sep 2012 Marketing Director,  
GMM Z Co., Ltd





## Mrs. Karnsuda Sansuthi (48 years)

Member of the Risk Management Committee / Member of the Group Executive Committee / Chief Financial Office

### Date of Appointment

(as an executive) January 12, 2016

### Education Background

- Bachelor of Accountancy, Chulalongkorn University
- Master of Business Administration, Financial Management, National Institute of Development Association, Bangkok

### Seminar Accomplishment

*The Thai Institute of Directors (IOD)*

- Director Certification Program (DCP), Class 199/2015
- Company Secretary Program (CSP), Class 56/2014

### Number of Share Holding (%) as of 27/02/2018

-None-

### Experience

#### Listed Companies

26 Feb 2016 - Present	Member of Risk Management Committee, GMM Grammy Plc.
12 Jan 2016 - Present	Member of Group Executive Committee, GMM Grammy Plc.
12 Jan 2016 - Present	Chief Financial Officer, GMM Grammy Plc.
2013 - Aug 2015	Member of Executive Committee / Senior Vice President of Financial and Accounting, The Platinum Group Public Co., Ltd
2012 - 2013	Senior Vice President of Financial and Accounting, Subsidiary Companies of The Platinum Group Public Co., Ltd

### Other Companies

5 Jul 2016 - Present	Director, Family Know-how Co., Ltd
18 Mar 2016 - Present	Director, Digital Gen Co., Ltd
18 Mar 2016 - Present	Director, Deetalk Co., Ltd
18 Mar 2016 - Present	Director, GMM Tai Hub Co., Ltd
18 Mar 2016 - Present	Director, GMM CJ O Shopping Co., Ltd
18 Mar 2016 - Present	Director, GMM Z Co., Ltd
18 Mar 2016 - Present	Director, Digistream Co., Ltd
18 Mar 2016 - Present	Director, Z Trading Co., Ltd
18 Mar 2016 - Present	Director, G S-One Co., Ltd
18 Mar 2016 - 12 Jan 2018	Director, GMM Media Plc.
18 Mar 2016 - 12 Jan 2018	Director, A-Time Media Co., Ltd
18 Mar 2016 - 12 Jan 2018	Director, GMM TV Co., Ltd
18 Mar 2016 - 7 Jan 2017	Director, GMM Channel Co., Ltd
18 Mar 2016 - 2 Jun 2017	Director, GMM Channel Trading Co., Ltd
18 Mar 2016 - 2 Jun 2017	Director, Acts Studio Co., Ltd
18 Mar 2016 - 1 Jun 2017	Director, GMM One TV Co., Ltd
18 Mar 2016 - 1 Jun 2017	Director, Exact Scenario Co., Ltd
18 Mar 2016 - 31 May 2017	Director, The ONE Enterprise Co., Ltd
4 Jan 2017 - 5 May 2017	Director, 3-RD Co., Ltd
18 Mar 2016 - 3 Mar 2017	Director, Memiti Co., Ltd
Sep 2015 - Dec 2015	Chief Financial Officer, NIST International School
2002 - 2012	Finance Director, United Distribution Business Co., Ltd



## Miss Chitralada Hengyotmark (54 years)

Member of the Risk Management Committee / Member of the Group Executive Committee / Chief Legal Officer

### Date of Appointment

(as an executive) July 1, 2015

### Education Background

- Bachelor of Law, Chulalongkorn University
- Master of Business Laws, Chulalongkorn University

### Seminar Accomplishment

- Capital Market Academy Leader Program, Class 19/2014, *Capital Market Academy*
- TLCA Executive Development Program (EDP), Class 11/2013, *Thai Listed Companies Association*

### Number of Share Holding (%) as of 27/02/2018

-None-

### Experience

#### Listed Companies

26 Feb 2016 - Present	Member of Group Executive Committee, GMM Grammy Plc.
1 Jul 2015 - Present	Chief Legal Officer, GMM Grammy Plc.
9 Dec 2011 - Present	Member of the Risk Management Committee, GMM Grammy Plc.

1 Oct 2014 - 1 Jul 2015	Group Executive Vice President of Legal, GMM Grammy Plc.
1 Jan 2013 - 1 Oct 2014	Senior Vice President of Legal, GMM Grammy Plc.
1 Mar 2012 - 1 Jan 2013	Senior Vice President of Legal and Regulatory, GMM Grammy Plc.
1 Jan 2011 - 1 Mar 2012	Vice President of Legal, GMM Grammy Plc.

#### Other Companies

21 Jul 2015 - 31 May 2017	Director, The One Enterprise Co., Ltd
------------------------------	--

# “FINANCIAL HIGHLIGHT”

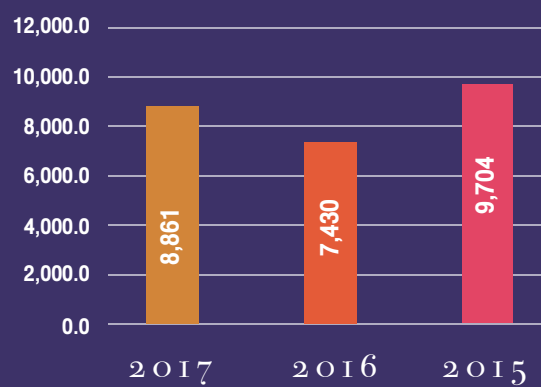


GMM Grammy Public Company Limited and its subsidiaries

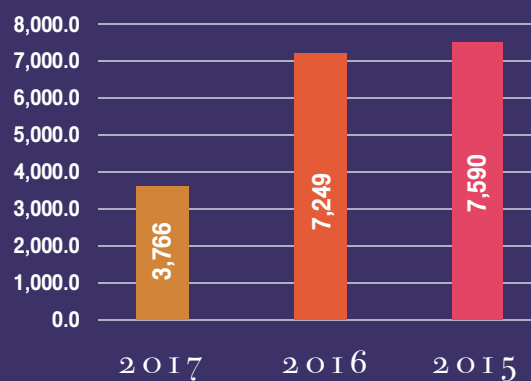
Consolidated (Unit : Million Baht)

Performance	2017	2016	2015
Total revenues	8,861.3	7,430.0	9,703.6
Revenue from sales and services	7,595.3	7,294.6	8,598.3
Total costs	4,917.1	4,586.3	5,742.9
Gross profit	2,678.2	2,708.3	2,855.4
Earnings/loss before Non-controlling interest of the subsidiaries	(349.7)	(533.4)	(1,135.2)
Net earnings/loss for the year	(384.3)	(520.1)	(1,145.5)
Dividend paid	-	-	-
Total assets	3,766.1	7,248.6	7,589.6
Total liabilities	2,658.8	5,780.1	5,555.9
Non-controlling interest of the subsidiaries	157.5	166.3	211.5
Equity attributable to the Company's shareholders	949.8	1,302.2	1,822.2
Weighted average number of ordinary shares (Million shares)	819.9	819.9	819.9
Net earning/loss per share (Baht)	(0.47)	(0.63)	(1.40)
Dividend paid per share (Baht)	-	-	-
Book value per share (Baht)	1.16	1.59	2.22
Net profit/loss margins	-4.34%	-7.00%	-11.80%
Return on equity	-34.13%	-33.30%	-47.09%
Return on assets	-6.98%	-7.01%	-10.39%

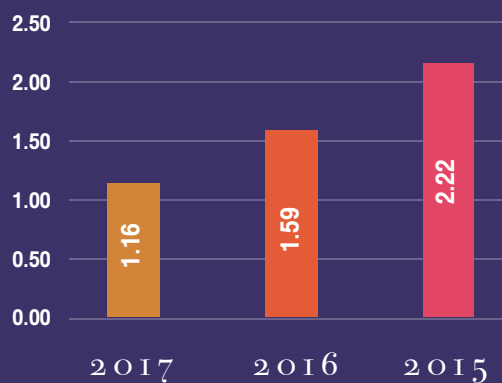
**Total  
revenues  
(Million Baht)**



**Total assets  
(Million Baht)**

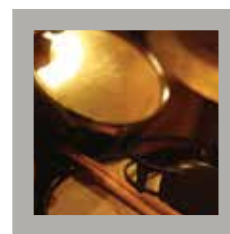


**Book value  
per share  
(Baht)**









## Policy and Business Overview

The Company reviews the Company's vision, mission and long term goal every year, so as to determine and adjust the Company's business targets and directions to suit the situation as appropriated.

### Vision, Mission and Long Term Goal

The Board of Directors will review the Company's vision, mission and long term goal every year, so as to determine and adjust the Company's business targets and directions to suit the situation as appropriated. In 2017 the Board's Meeting No.10/2017 on November 13, 2017 reviewed and affirmed vision, mission and long term goal as stated below.

#### Vision

To be the leader in fully integrated entertainment media and platform by creating the most engaged contents for all screens

#### Mission

- To create added value for all businesses and society
- To foresee new business potential and seize new opportunities to initiate new trends and form industry phenomena
- To be one step ahead of competitors in content creation, investment, and development
- To beneficially synergize and integrate the work of all sectors
- To set a clear business goal with a proven data in order to develop the endless possibility creative works

#### Long Term Goal

To be the leading content provider bringing high quality entertainment solutions into multimedia platforms through international standard

### Major change and development

In the past 3 years, the Company underwent significant changes in shareholders' structures, management and business operations as follows:

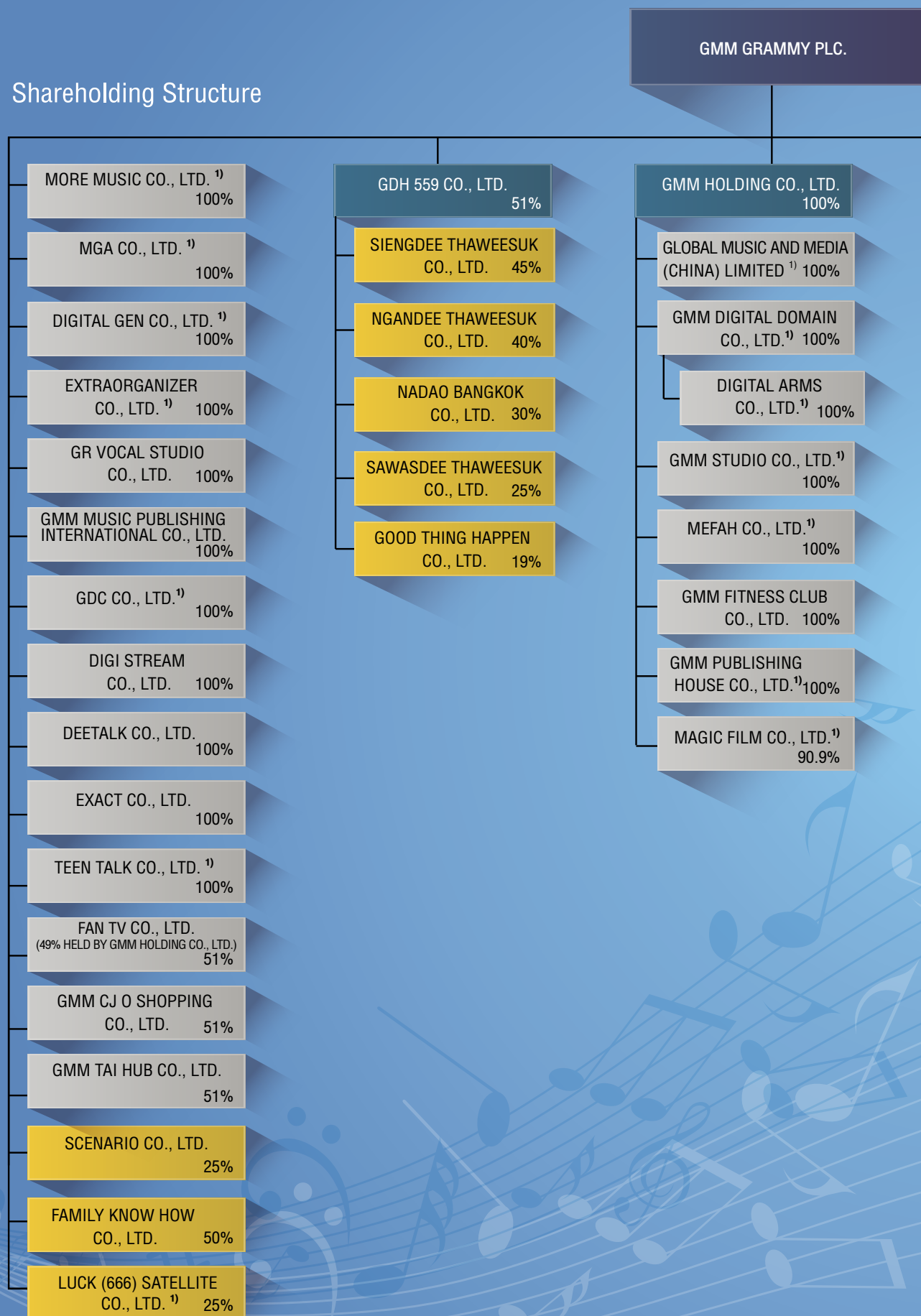
2015	
January	<ul style="list-style-type: none"> <li>• Disposed 49.55 million shares of SE-EDUCATION Public Company Limited ("SE ED") at the price of 6.00 baht per share to Mr. Nuttapol Jurangkool who is a connected person. The net amount received (after deducting related fee, tax etc.) was equal to 297.16 million baht.</li> </ul>
February	<ul style="list-style-type: none"> <li>• The Extraordinary General Meeting of Shareholders No.1/2015 approved the connected transaction and assets disposal regarding the partial waiver of subscription right to the capital increase of ordinary shares in GMM ONE TV TRADING CO.,LTD. to the Group of Mr. Takonkiet Viravan, who is a connected person of the Company. The transaction resulted to the Company's shareholder portion to be 51% in GMM ONE TV TRADING CO.,LTD. Moreover, the resolution regarding the disposal of the ordinary shares of ACTS STUDIO CO.,LTD. directly and indirectly held by the Company to GMM ONE TV TRADING CO.,LTD. was also approved.</li> </ul>

2015	
June	<ul style="list-style-type: none"> <li>Disposed total investment of 86,000,000 shares or 50% of paid-up capital in Index Creative Village Public Company Limited to Wave Entertainment Public Company Limited at the price of 5.00 baht per share, which is higher than the book value of 3.40 baht per share as of December 31<sup>st</sup>, 2014 amounting to 430 million baht.</li> </ul>
August	<ul style="list-style-type: none"> <li>Disposed entire investment in its Publishing Group to C True Company Limited at the value of 45 million baht, which is higher than the book value as of March 31<sup>st</sup>, 2015 at 28.89 million baht.</li> </ul>
December	<ul style="list-style-type: none"> <li>Shut down the operation of GMM Tai Hub Company Limited (GTH) from December 31<sup>st</sup>, 2015 onward. The Company will manage all the rights for movies produced by GTH until the official rights management person is announced later on. All projects currently in production shall be continued and completed.</li> <li>Established subsidiary named “GDH 559 Company Limited” (GDH 559) which concentrates on movie production and distribution, media advertisement, and artist management. GDH 559 currently has 5 million baht in paid-up capital and the Company hold 51% stake.</li> </ul>
2016	
January	<ul style="list-style-type: none"> <li>GDH 559 Company Limited (GDH 559), a subsidiary of the Company has increased paid-up capital to 150 million baht.</li> </ul>
February	<ul style="list-style-type: none"> <li>Z PAY TV service operated and owned by CTH group was discontinued, but such Pay TV service was no longer related to the Company after the divestment in 2014. At present, GMM Z actively manages satellite TV platform business providing free to air programs in both C-Band and KU-Band systems for the audiences.</li> </ul>
June	<ul style="list-style-type: none"> <li>GMM Bravo, the new business unit was formed as a content creator providing “New Content Solution” by transforming GMM massive library including music and artists and developed into exclusive contents both TV series and variety shows across multiple platforms, with unique creativity under the supervision of Ekachai Uekrongtham, the famous film director and producer.</li> </ul>
October	<ul style="list-style-type: none"> <li>The National Broadcasting Telecommunications Commission (NBTC) has advised television and radio stations to follow its guidelines following the death of His Majesty King Bhumibol Adulyadej. The operators shall refrain from hosting entertaining programs for a period of 30 days between 13 October - 14 November 2016, followed by a schedule plan continued for 100 days until 21 January 2017 taking into consideration the suitability in accordance with public sentiments. In compliance to the circumstances, the Company had set the schedule for special programs and released new contents as an expression of condolences during the mourning period, including “Born in the Reign of King Rama IX the Series”, “Sadudee Keeta Racha”, while broadcasting of commercial advertisements and selective programs were postponed under deep scrutiny.</li> </ul>
November	<ul style="list-style-type: none"> <li>The company entered into the Agreement of Sale and Purchase of Shares in One Enterprise (the “Share Sale and Purchase Agreement”) by virtue of Board of Directors Meeting No. 10/2016 convened on 25 November 2016. One Enterprise shall convene its shareholders meeting in order to increase its registered capital by 1,905,000,000 by issuing 19,050,000 newly-issued shares at the par value of THB 100 per share. The newly-issued shares will be offered to Pranaporn Co., Ltd. (“Pranaporn”) which will become a shareholder of One Enterprise after One Enterprise increases its registered capital. When combining the increase with the existing registered capital of THB 1,905,000,000, One Enterprise’s registered capital will be a total of THB 3,810,000,000.</li> <li>One Enterprise will divide the capital increase into two stages. After the completion of both capital increases, the Company will hold 25.50 percent, Mr. Takonkiet’s Group would hold 24.50 percent, and Pranaporn would hold 50 percent of the shares in the One Enterprise.</li> </ul>

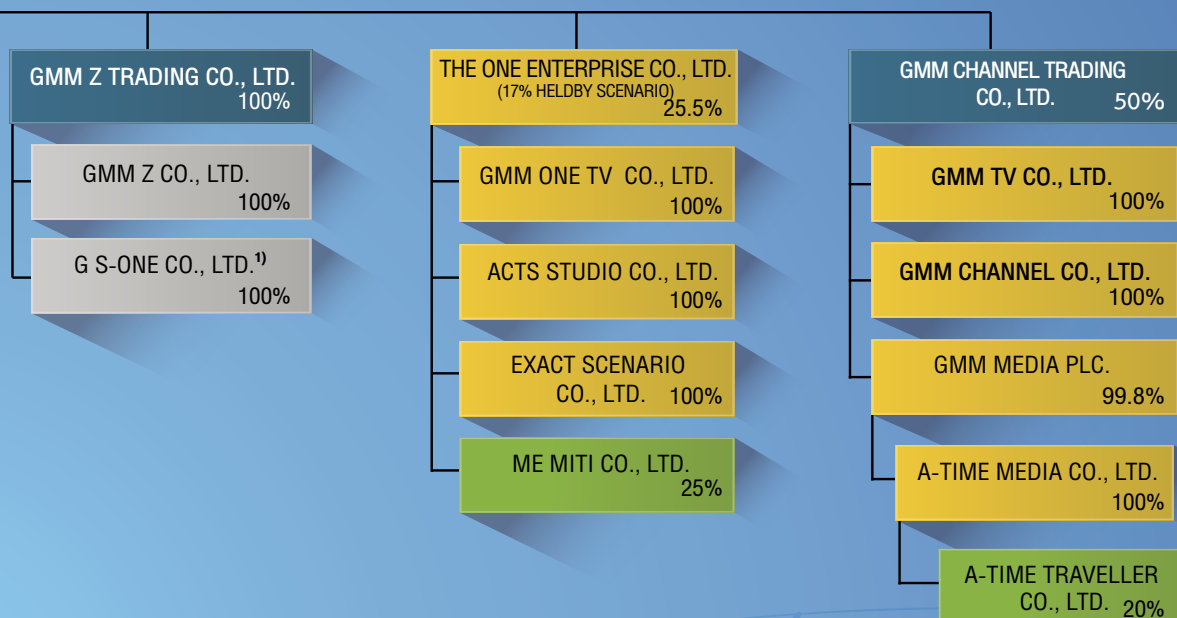
2016	
November	<ul style="list-style-type: none"> <li>The Company has duly entered into an agreement directly with UNION DES ASSOCIATIONS EUROPEENNES DE FOOTBALL (“EUFA”) in order for the Company to obtain the broadcasting rights of the European Qualifiers-Qualification Competitions for the 2018 FIFA World Cup. In addition, the Company has entered into a memorandum of agreement with Bangkok Entertainment Co., Ltd., and BEC Multimedia Co., Ltd. (collectively “BEC”) to grant the broadcasting rights of the European Qualifiers-Qualification Competitions for the 2018 FIFA World Cup to BEC for airing via BEC’s channels.</li> </ul>
December	<ul style="list-style-type: none"> <li>The chief of the National Council for Peace and Order (NCPO) exercised Section 44 of the interim constitution by issuing Order 76/2016 to relieve the burden for digital TV operators by granting an extension of the deadline to make license payments from 3 years to 6 years with interest rate charged based on Policy Rate by Bank of Thailand. Also the NBTC and the broadcasting development research fund administrative committee would subsidize the satellite uplink costs for all digital TV stations under the must carry rules for the next three years.</li> <li>In addition, NCPO’s order also grants authority to NBTC to revoke the radio frequency licenses totaling 537 channels from government agencies and state enterprises within 5 years instead of the old one which NBTC has to revoke the licenses in April 2017.</li> </ul>
2017	
May	<ul style="list-style-type: none"> <li>The Company disposed total investment of 90,000 shares or 50% of registered capital in 3-RD Company Limited (“3RD”), a subsidiary of the Company to TV Direct Public Company Limited at the price of THB 111.11 per share amounting to THB 10,000,000.</li> <li>The One Enterprise Co., Ltd., a joint venture successfully increased its registered capital by selling 19,050,000 shares to Pranaporn Co., Ltd. at a price of THB 100 per share totaling THB 1,905 million equivalent to 50% of registered capital. This resulted in changes in shareholding proportion in The One Enterprise of the Company and Mr. Takonkiet Viravan into 25.50 percent and 24.50 percent respectively; while each shareholder shall provide a guarantee against the debt obligation that The One Enterprise has against the financial institution amounting to 50 percent.</li> </ul>
August	<ul style="list-style-type: none"> <li>The Company entered into the Share Subscription Agreement for newly issued ordinary shares in GMM Channel Trading Co., Ltd. pursuant to a resolution of the Company’s Board of Directors Meeting No.8/2017, whereby the Subscriber is a juristic person in the category of private limited company with Mr. Thapana Sirivadhanabhakdi and Mr. Panot Sirivadhanabhakdi as its majority shareholders. When combining the increase with the existing registered capital of THB 800 million, GMM Channel Trading’s registered capital will become a total of THB 2,000 million. The conditions precedent specified in the Share Subscription Agreement required the Company to proceed with the restructuring of the investments by its group of companies, in order to have the target group of companies under the GMM Channel Trading comprising (1) GMM Channel Trading Co., Ltd (2) GMM Channel Co., Ltd (3) GMM TV Co., Ltd (4) GMM Media Public Company Limited (5) A-Time Media Co., Ltd and (6) A-Time Traveler Co., Ltd.</li> </ul>
September	<ul style="list-style-type: none"> <li>The Company entered into a settlement agreement with Fox Network Group Asia Pacific Co., Ltd. (“FOX”) under the Marketing and Distribution Licensing Agreement; whereby the Company agreed to make a payment of USD 10,000,000 to FOX with a view to not only settle the lawsuit filed at the Central Intellectual Property and International Trade Court (the “CIPITC”), but also to prevent any other claims which may arise from the agreement in dispute. Accordingly, FOX has filed a petition to withdraw the lawsuit at the CIPITC, and the CIPITC has granted its permission for FOX to withdraw the lawsuit.</li> </ul>
December	<ul style="list-style-type: none"> <li>The Company completed the restructuring of the investments by its group of companies as specified in the Share Subscription Agreement, thereby the Extraordinary General Meeting of Shareholders of GMM Channel Trading No.5/2017 passed a special resolution to approve the increase of the registered capital of GMM Channel Trading by issuing 12,000,000 new ordinary shares with a par value of THB 100 each, at the subscription price of THB 100 each to the Subscribers of GMM Channel Trading. After completion of the registration of capital increase, the Company will hold 50 percent of the registered shares in GMM Channel Trading; while the Subscribers being Siridamrongdham Co., Ltd wholly owned by Mr. Thapana Sirivadhanabhakdi hold 24.99 percent of the registered shares in GMM Channel Trading; and Bhakdivattana Co., Ltd. wholly owned by Mr. Panot Sirivadhanabhakdi held 24.99 percent of the registered shares in GMM Channel Trading.</li> </ul>



## Shareholding Structure



December 31, 2017



#### NOTE

1) Temporary discontinued operations.

-   Subsidiaries
-  Associate Companies / Joint Venture
-  Other related Companies

เรื่องราวความสัมพันธ์  
ของเพื่อนไม่จำกัดเพศ  
ที่จะกลับมา มิน (ส์) ซ่า แซบ ฮากว่าที่เคย

Sitcom จากทีมผู้สร้างเป็นต่อ

เลื้อ ะณี เก้ง

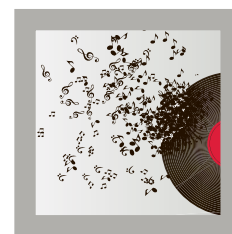
แกงส้ม ธนทัต

หญิง รฐา

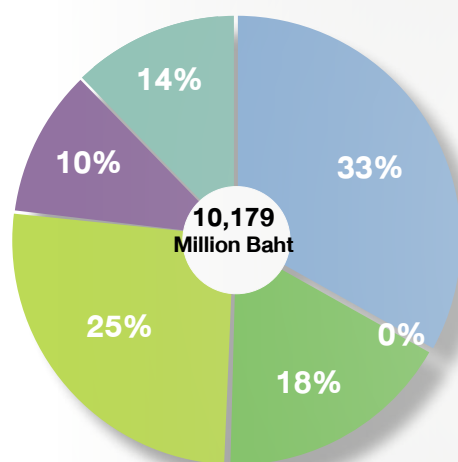
อ้อฟ ปองศักดิ์

ผลิตโดย บริษัท เดอะวัน เอ็นเตอร์ไพรส์ จำกัด บทโทรทัศน์โดย พงษ์พัฒน์ วชิรบรรจง กำกับโดย พงษ์พัฒน์ วชิรบรรจง  
กำกับการแสดงโดย อรรถกฤษณ์ งามศิริ งามศิริ อำนวยการผลิตโดย อรรถกฤษณ์ งามศิริ



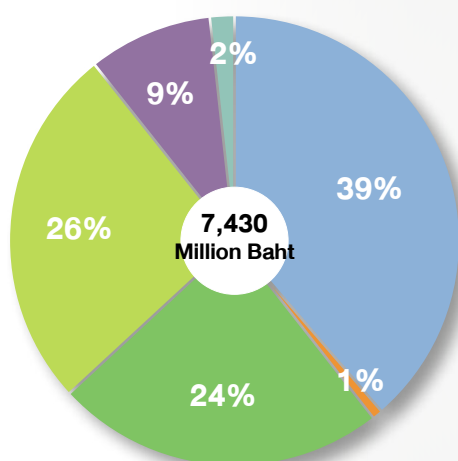


## Revenue Structure



### Revenue Structure 2017

Music	2,963	33%
Media - One Channel	-	0%
Media - GMM 25 Channel	1,551	18%
Merchandise	2,178	25%
Other Business	902	10%
Other income*	1,266	14%
<b>Total</b>	<b>8,861</b>	<b>100%</b>



### Revenue Structure 2016

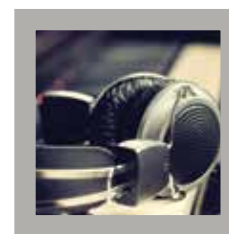
Music	2,876	39%
Media - One Channel	48	1%
Media - GMM 25 Channel	1,772	24%
Merchandise	1,953	26%
Other Business	646	9%
Other income*	135	2%
<b>Total</b>	<b>7,430</b>	<b>100%</b>



Product / Service Operated by	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Music and digital businesses</b>						
<b>Music</b>						
GMM Grammy Plc.	469.61	5.3	545.29	7.3	819.67	8.4
GMM Music Publishing International Co., Ltd.	209.84	2.4	219.82	3.0	219.74	2.3
Digistream Co., Ltd.	0.43	0.0	21.09	0.3	52.81	0.5
Fan TV Co., Ltd.	27.84	0.3	42.57	0.6	61.45	0.6
Other subsidiaries	21.36	0.2	16.00	0.2	20.54	0.2
<b>Total revenues from music</b>	<b>729.08</b>	<b>8.2</b>	<b>844.77</b>	<b>11.4</b>	<b>1,174.21</b>	<b>12.1</b>
<b>Digital Music</b>						
GMM Grammy Plc.	625.96	7.1	798.89	10.8	833.47	8.6
<b>Total revenues from digital music</b>	<b>625.96</b>	<b>7.1</b>	<b>798.89</b>	<b>10.8</b>	<b>833.47</b>	<b>8.6</b>
<b>Showbiz</b>						
GMM Grammy Plc.	1,608.42	18.2	1,232.53	16.6	1,244.02	12.8
<b>Total revenues from showbiz</b>	<b>1,608.42</b>	<b>18.2</b>	<b>1,232.53</b>	<b>16.6</b>	<b>1,244.02</b>	<b>12.8</b>
<b>Total revenues from music and digital businesses</b>	<b>2,963.46</b>	<b>33.4</b>	<b>2,876.19</b>	<b>38.7</b>	<b>3,251.70</b>	<b>33.5</b>
<b>Media businesses-One channel</b>						
<b>Ditgital TV and others</b>						
GMM Grammy Plc.	-	-	-	-	70.13	0.7
Exact Co., Ltd	-	-	-	-	356.86	3.7
Teen Talk Co., Ltd.	-	-	-	-	9.47	0.1
Me Miti Co., Ltd.	-	-	-	-	61.59	0.6
Acts Studio Co., Ltd.	-	-	-	-	63.39	0.7
The One Enterprise Co., Ltd.	-	-	-	-	-	-
GMM One TV Co., Ltd.	-	-	-	-	125.39	1.3
<b>Total revenue from media businesses-One channel</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>686.83</b>	<b>7.1</b>
<b>Media businesses-GMM25 channel</b>						
<b>Ditgital TV and others</b>						
GMM Grammy Plc.	3.37	0.0	8.38	0.1	20.99	0.2
GMM Media Plc.	65.11	0.7	148.34	2.0	140.86	1.5
GMM TV Co., Ltd.	465.53	5.3	384.13	5.2	364.53	3.8
Deetalk Co., Ltd.	53.20	0.6	61.37	0.8	98.73	1.0
A Gen Event Agency Co., Ltd.	-	-	-	-	5.78	0.1
GMM Channel Co., Ltd.	582.26	6.6	663.37	8.9	413.29	4.3
GMM Channel Trading Co., Ltd.	-	-	-	-	-	-
<b>Total revenue from digital TV and others</b>	<b>1,169.47</b>	<b>13.2</b>	<b>1,265.59</b>	<b>17.0</b>	<b>1,044.18</b>	<b>10.8</b>
<b>Radio</b>						
GMM Media Plc.	381.70	4.3	506.24	6.8	600.34	6.2
<b>Total revenue from radio</b>	<b>381.70</b>	<b>4.3</b>	<b>506.24</b>	<b>6.8</b>	<b>600.34</b>	<b>6.2</b>
<b>Total revenue from media businesses-GMM25 channel</b>	<b>1,551.17</b>	<b>17.5</b>	<b>1,771.83</b>	<b>23.8</b>	<b>1,644.52</b>	<b>16.9</b>

Product / Service Operated by	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Merchandise businesses</b>						
<b>Home Shopping</b>						
GMM CJ O Shopping Co., Ltd.	1,940.87	21.9	1,710.34	23.0	1,738.29	17.9
<b>Total revenue from home shopping</b>	1,940.87	21.9	1,710.34	23.0	1,738.29	17.9
<b>Set top box and broadcasting</b>						
GMM Z Co., Ltd.	-	-	1.13	0.0	7.53	0.1
Z Trading Co., Ltd.	237.42	2.7	241.93	3.3	383.45	4.0
<b>Total revenue from set top box and broadcasting</b>	237.42	2.7	243.06	4.8	390.98	4.0
<b>Total revenue from merchandise businesses</b>	2,178.29	24.6	1,953.40	26.3	2,129.27	21.9
<b>Other businesses</b>						
GMM Grammy Plc.	448.65	5.1	223.83	3.0	60.15	0.6
Exact Co., Ltd.	16.57	0.2	35.50	0.5	45.11	0.5
GMM Tai Hub Co., Ltd.	2.27	0.0	39.10	0.5	539.70	5.6
GDH 559 Co., Ltd.	402.27	4.5	240.19	3.2	-	-
Good Things Happen Co., Ltd.	-	-	40.53	0.5	55.81	0.6
Image Publishing Co., Ltd.	-	-	-	-	9.71	0.1
GMM Inter Publishing Co., Ltd.	-	-	-	-	11.58	0.1
GMM Times Co., Ltd.	-	-	-	-	8.27	0.1
Bliss Publishing Co., Ltd.	-	-	-	-	0.00	0.0
In Publishing Co., Ltd.	-	-	-	-	5.56	0.1
3-RD Co., Ltd.	32.35	0.4	109.45	1.5	150.06	1.5
Z Trading Co., Ltd.	0.00	-	-	-	-	-
Other subsidiaries	0.30	0.0	4.63	0.1	0.06	0.0
<b>Total revenue from other businesses</b>	902.42	10.2	693.23	9.3	886.00	9.1
<b>Interest income</b>	13.02	0.1	12.92	0.2	19.82	0.2
<b>Dividend received</b>	4.00	0.0	0.00	0.0	0.00	0.0
<b>Gain on sale of investments</b>	5.11	0.1	0.00	0.0	228.14	2.4
<b>Gain associated with the loss of control in subsidiary</b>	1,004.00	11.3	2.56	0.0	731.28	7.5
<b>Gain on deemed disposal of investment in joint venture</b>	138.72	1.6	0.00	0.0	0.00	0.0
<b>Other income</b>	101.06	1.1	119.92	1.6	126.01	1.3
<b>Total revenues</b>	8,861.26	100.0	7,430.05	100.0	9,703.58	100.0





## Business Description

The Group operates its business under the philosophy to work creatively in complete range with global quality contents and embrace up-to-dated technology to deliver unlimited happiness

The Group operates its business under the philosophy to work creatively in complete range with global quality contents and embrace up-to-dated technology to deliver unlimited happiness conform to customer's changing behavior in media market. The Group divides its business into 2 main categories as follows:

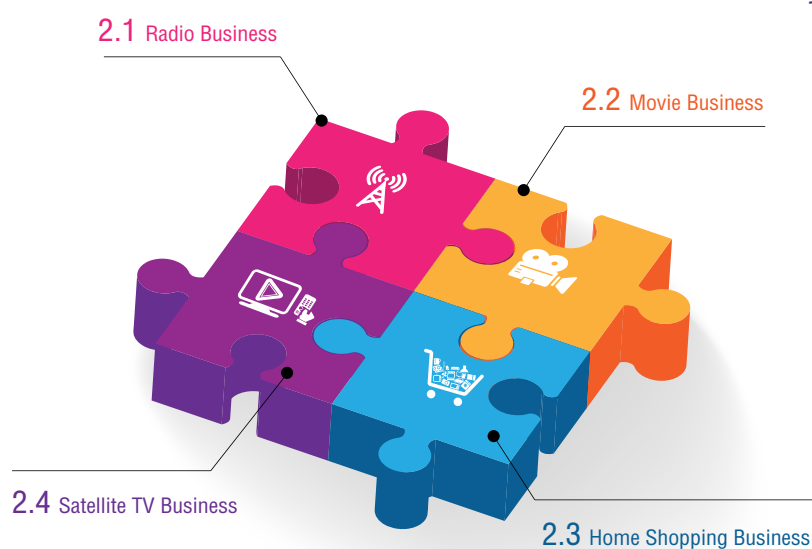
1. Core Business consisting of
  - 1.1 Music business comprises sale and distribution of physical products, Digital content, Copyright management, show business, and artist management
  - 1.2 Digital Terrestrial TV (Digital TV) Business comprises 2 channels; GMM 25 under standard definition and ONE 31 Channel under high definition
2. Other Business which supports and extends the main business, for sustainable growth of the Group over the long term, consisting of

The details of each business as follows:

### 1. Core Business

#### 1.1 Music Business

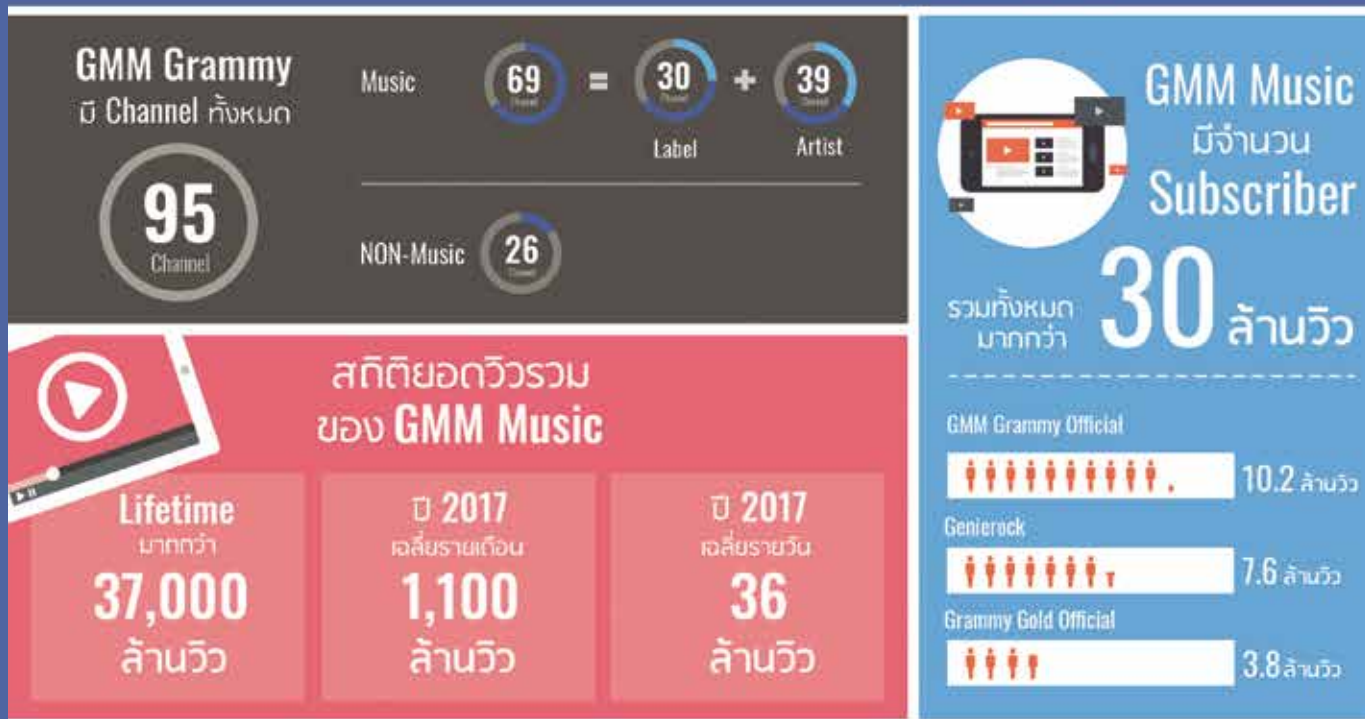
Music business operates under the "Total Music Business" model, including artist selection, music production, marketing, music content management, and product distribution in terms of physical products and digital products, focusing on variety of music production to satisfy the customer demand. The Group has more than 300 artists, singers, actors, and actresses under management, and more than 40,000 songs in its music library. Music Business can be arranged into 5 sub business as follows:





# GMM GRAMMY DIGITAL PERFORMANCE

# 2017



เฉพาะช่อง GMM Grammy Official มียอดวิวรวมมากกว่า **11,000** ล้านวิว (Lifetime)



### • Physical Products and Distribution Business

In 2017, the Group continued to release string and country songs for top-rated artists covering every consumer target groups, namely pop, rock, alternative, country (songs for life), R&B, soul, and compilation of top hits during the year. The Company plans to produce more universal songs to expand new audience base, for instance Thai country music has been developed to gain wider popularity as Pop music. Sales and distribution is carried out through modern trade channels (superstores and discount stores), traditional trade channels (wholesalers and retailers) throughout the country, and also opened booths at trade shows and shopping malls along with e-commerce and call center.

### • Digital Content Business

Fast developing technology together with the changing of consumer's behavior caused the music business to develop new channels of distributing the product to respond to consumer's behavior and generate more revenue to the Group. Digital content business is to convert music content into a digital form for distribution to mobile telephone networks, the internet and entrepreneurs, with categories of download services, such as ringtone, ring-back tone, full song and full MV, in both a la carte and subscription services through channel application 123GMM on both iOS and Android, website [www.gmmember.com](http://www.gmmember.com) and iTunes Store. Also included are the services for listening music on the internet without the needs to download "Music Streaming" through an application on computers and mobile phones which enable customers to enjoy the hot music tracks worldwide. Consumers can listen to play on demand tracks online, listen from playlists or download and save for listening offline. In addition, the Group content exposure has been expanded via GMM Grammy Official Account on YouTube with rapidly growing numbers of channels, subscribers and revenue sharing. For 2017 GMM Grammy Official on YouTube celebrated the success in diamond button award with more than 10 million followers. The Company has broadened its contents into digital platform through collaboration with Spotify, LINE, JOOX, OMU to strengthen music streaming service. At present, the revenue from digital music grew constantly and would contribute a significant source of revenue stream in tandem with world music industry trend.

### • Copyright Management Business

The Company manages and collects copyrights fees from food operators, restaurants, radio operators, karaoke outlets, and karaoke booths and other operators who use the Company's music for commercial purposes.

### • Showbiz Business

In 2017, the Group organized 20 large-scale concerts, including Labanoon Concert, Stage Fighter Round 2, 25 Year Poompuang Duangchan, Klear Concert: The First Space, J-DNA, NJ's Story Concert: The Original, Lomosonic Anti-gravity Concert, WhiteHaus 2-4 Chairs, 50 Year Pre-Retired Pang-Nakarin, as well as grand music festivals including Nung Lenn Festival 2, Urban Music Fest Live in Siam which featured the country's top rated artists from all music genres and record labels joining force in live performance on Siam Square Stage to please music lover communities, and celebrated the end of year with BMMF 2017 back to Khao Yai venue with highest number of ticket sold. Besides generating revenues from the sale of tickets and sponsorship, this business also generates additional revenues from the sale of media recordings of concert as well.



### • Artist Management Business

The Company has a policy to train and develop both Music and Non-music artists to enhance their capabilities in singing, acting, staging and dancing with an emphasis on artist development for genuine professionalism to reinforce performance results. In addition, it also tries to expand revenue channels for those artists in the forms of live performance in pubs and bars, as well as employment opportunities as product presenters under the Idol Business Model in order to extend the revenue stream. The Company has given priority to managing unique and talented artists leading to growing popularity through times, and bringing about sustainable revenue based on support and engagement of fan club as key success factor to maintain artist's popularity.

### Industry Outlook

As the leader of musical business, GMM Grammy is determined to move forward the industry during the transition period to the new era with influences of digital media widening opportunities for artist exposure to worldwide audiences and proven success records. In the past year, the Company executed business model to keep up with competition in the digital world to generate sustainable revenue in the future. The growing trend of musical streaming system or listening music on mobile application or computer providing convenient options for listeners to choose music or set the playlists from the various channel. This exhibited overall business landscape changing from B2C to B2B via the cooperation with platform service providers such as JOOX, Spotify, LINE, and YouTube. Therefore, GMM Grammy's policy is to search for new channel, especially digital channel, to better approach and fulfill consumers in terms of music video or streaming. Currently, the primary base of VDO Content was YouTube whereas the base of audio is JOOX, and other partners. The mission of GMM Grammy from now is to develop powerful and quality content which is the core principle of content provider.

In addition, the Company has an auditorium, Muang Thai GMM Live House, on the 8<sup>th</sup> floor, Central World to host shows, events and medium-sized concerts, which supports the Show Biz business and also brings in additional revenue for the music businesses.

### 1.2 Digital Terrestrial TV Business (Digital TV Business)

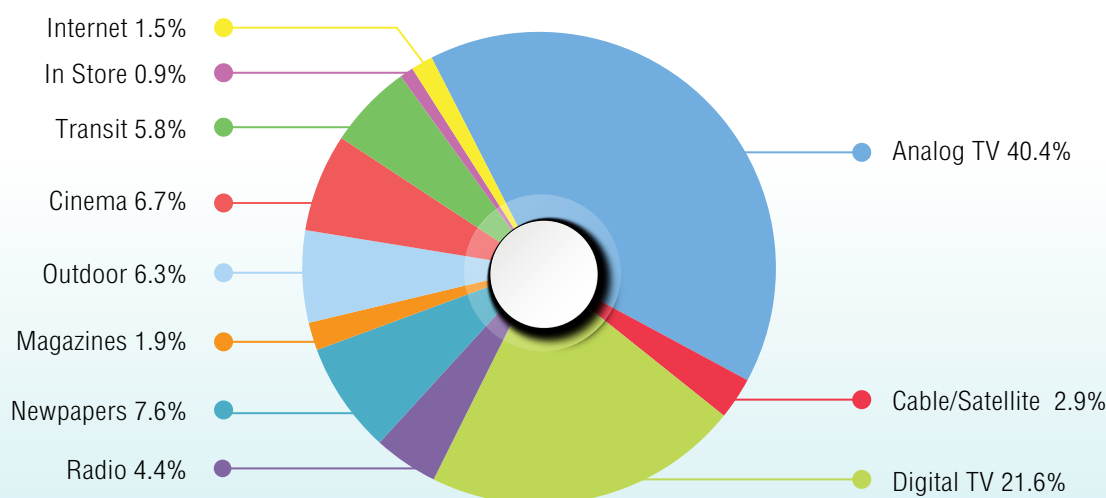
The Office of the National Broadcasting and Telecommunications Commission (NBTC) held an auction of 24 licences for commercial digital TV frequencies from December 26-27, 2013, separating the channels into 4 categories: 3 channels for children's and family programming, 7 news channels, 7 variety standard definition channels, and 7 variety high definition channels. The Company bid for and won 2 licences

Category	Standard Definition	High Definition
Channel name	GMM 25 	One 31 
Channel number	Channel 25	Channel 31
Channel format	All formats that bring in fun or a happy channel under the slogan "Enjoy every day, be together all the time".	High-quality variety programming to reach all target groups including news, top-rated sitcoms, and prime time dramas (For great drama, watch Channel One).
Target group	Teenagers and new generation with active lifestyle open up to the new creativity.	Modern mass, families and working people who are modern and having a good taste
Began broadcasting	April 2014	April 2014

## Industry Outlook

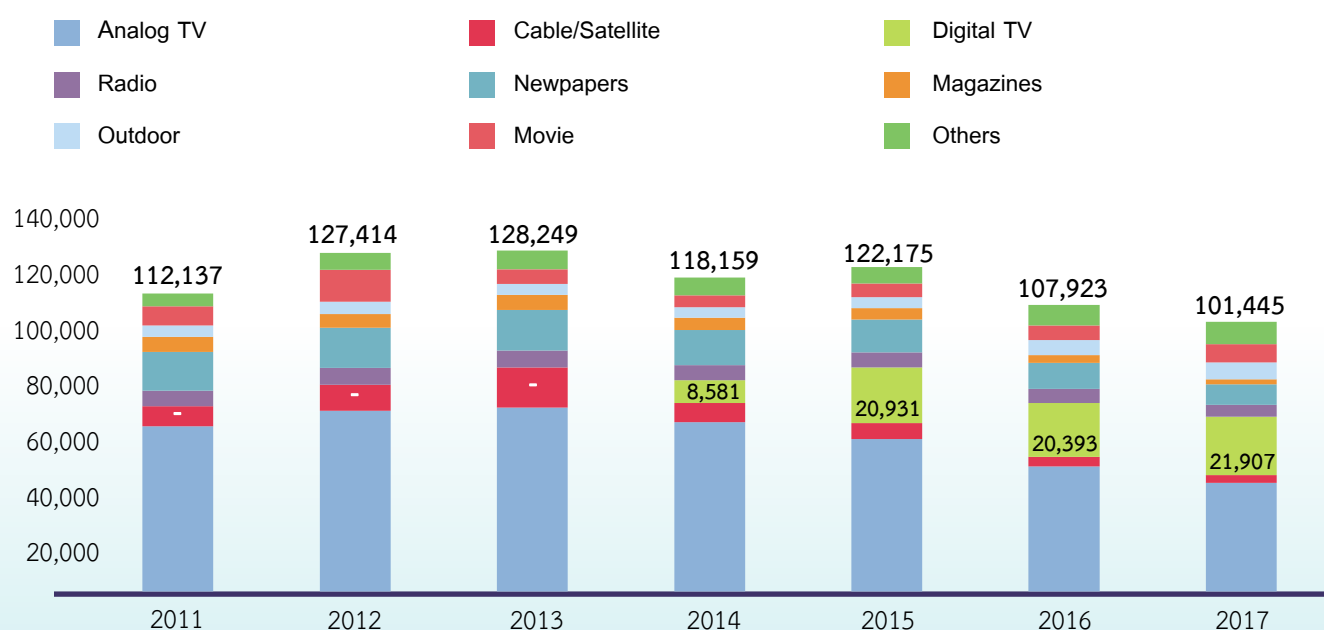
The overall advertising expenditure in all media decreased from 107,923 million baht in 2016 to 101,445 million baht in 2017, a decline by 6.0% Y-o-Y due to an economic recession and deteriorated consumer purchasing power especially in the rural area. The highest growth in media spending throughout this year belonged to In-Store media with a surge of 34.6 percent Y-o-Y, followed by Cinema Ads, Out of home media, Transit media, and Digital TV growth at 25.0% 12.8% 10.1% and 7.4% respectively. On the other hand, major advertising spending on Publishing, Newspaper, Satellite TV and Cable TV, Radio, Analog TV, and internet decreased by 33.6% 21.8% 15.6% 14.9% 13.1% and 12.6% respectively.

## Media Market Share of Advertising Expenditures in 2017



Source: AGB Nielsen Media Research (Thailand) Ltd.

## Value of Various Media Advertising Expenditures (Million Baht)



Source: AGB Nielsen Media Research (Thailand) Ltd.



In the past year, advertisement media industry decelerated constantly with the great change of media consuming behavior in the past two years caused by hugely increasing budget for online advertisement whereas the overall digital TV in the 4<sup>th</sup> year remained the same, and the budget was allocated to the high rating channels. However, in the end of 2017, the positive sign from the recovering economic situation of the country signaled together with the purchasing trend of consumers. Therefore, customers spent more money on advertisement media, particularly TV advertisement. The revenue of digital TV, although it decreased during the mourning period, was likely to recover because TV was the powerful media that approached all Thais and created brand perception very well. Furthermore, the contents of new digital TV channel among the leaders were interesting and attracted audiences so the advertisement revenue has grown continuously. It was expected that the total value of advertisement market would expand again in 2018 from the economic supportive factors such as the increasing value of stock exchange, the expanding export and tourism, and the stability of politic that would reassure the consumer confidence. Amongst the harsh competition of digital TV, each channel presented the smashing content to gain rating. All stations attracted audience with premium quality content that was unique and characterized to interest audience to watch live program rather than the online platform. This was the variable of creating rating for more advertisement revenue and creating brand recognition to audience.

The overall transition progress towards digital TV has made a significant inroad this year, with growing Thai audiences reaching the digital TV as evident from higher viewership at 86.96% for digital terrestrial TV and 13.04% for cable & satellite TV by the end of 2017, up from 2016 with viewership at 84% for digital terrestrial TV and 16% for cable & satellite TV. (Source: NBTC). The NBTC has increased digital TV public relations to provide an understanding on digital TV antenna, signal tuning and installation. As of 2017, a total of 17.55 million subsidy coupons had been distributed, with 9.83 million coupons or 56% were redeemed. (Source: NBTC). In 2017, the NBTC made an announcement to extend the period of Set Top Box redemption from December 2017 to 31 March 2018 to encourage more people to exercise the coupons. In addition, more upsides to digital TV industry in 2018 are derived from the government aid measures to extending the period of license payment, supporting the expense of satellite signal for 3 years, and reducing license fee (sliding scale) as the new criteria would enhance the turnover of digital TV business further.

The Company has set the following strategic plan to create distinctive characteristics and promote the digital TV channels to make them widely known:




- Focus on content that is outstanding, interesting and has variety since viewers select program based on content. Interesting programming will create an impression on viewers and make them remember the channel. The Company will create and develop high quality content in the form of drama, news, variety and game shows that offers a new choice for the audience.
- Create wider audience awareness of digital TV under GMM 25 and One 31 Channel. The Company is planning promotion through a variety of channels such as large advertising boards, online media, printed media and promotional activities at various locations and competitions, as well as running a campaign and participating in cross-marketing activities with partners to expand digital TV audience base by engaging partnership clientele.

The Company intends to establish both digital TV channels as leaders in Thai digital TV industry that is strong and has high quality.

## 2. Other Business

### 2.1 Radio Business

Production of contents or programs to be broadcasted through radio stations requires the frequencies that have to bid from various state enterprises. In 2017, the Company has 3 radio stations, each station has strong features and differentiated format to cover target customers.

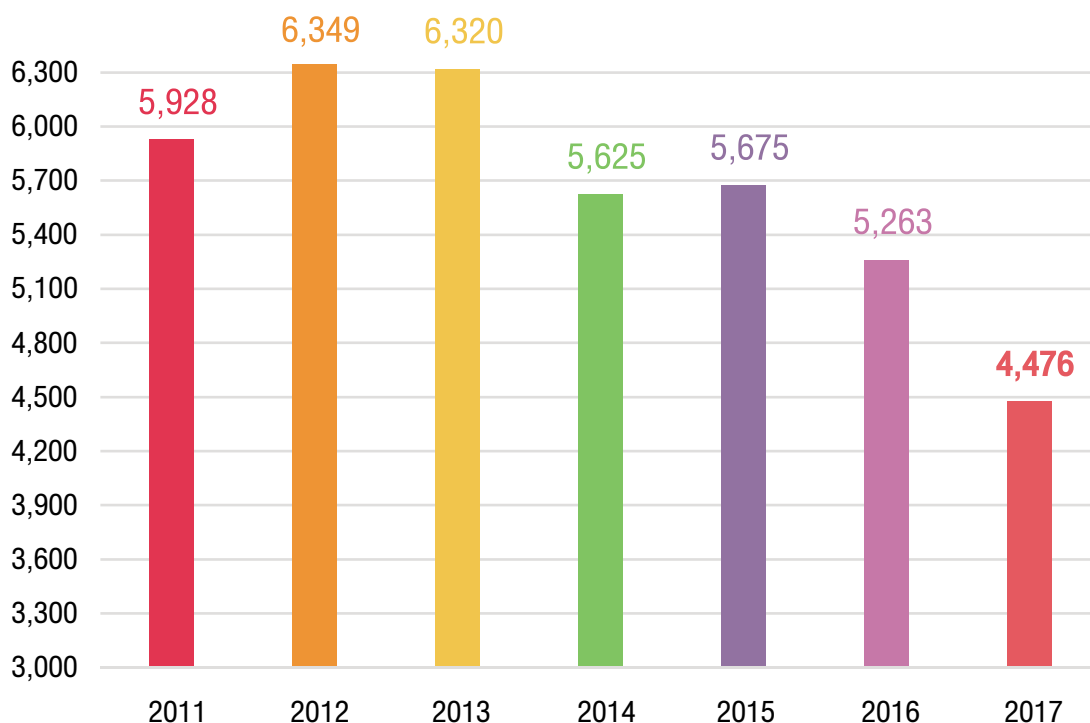
Radio Station	Day/Airtime/ Network Coverage	Type of Program	Target Group	Concession
Chill Online 	24 hours daily / Online	All-in-one lifestyle radio station for urban society covering dining-traveling-shopping together with fun and easy listening hit songs under the slogan "Entertaining songs, you can sing along all day."	Trendy young working professionals, aged between 25 - 35 who enjoy listening to unique trendy music.	-
EFM 104.5 MHz. 	24 Hours daily / Bangkok Metropolitan	Top ranked entertainment business-oriented radio station and the only station of its kind in Thailand. It is the "Talk of the Town" in being the fastest provider of accurate and in-depth reports under the slogan "Popular News & Great Songs, Together as one"	Teenagers and working professionals aged between 18 - 30 who admire modern things, and follow the latest trends in all forms of entertainment.	The Royal Thai Army Radio Station
FM 106.5 MHz. Green Wave 	24 Hours daily/Bangkok Metropolitan, Petchburi and Prachuab Khiri Khan	The first and the only program in Thailand that airs easy listening music program in all styles and from all eras. It has been operated for 25 years under the slogan "Good songs, Good feeling" and remains the nation's top-rated radio station, as guaranteed by rewards and recognition from several organizations.	Working professionals, both male and female aged 30 and up who are financially stable and possess high consumption power. The audiences consist of people who are modern, constructive, creative, thoughtful, and considerate, and care about the environment, as well as things happening around them.	The National Telecommunications Commission

The radio stations in Thailand broadcast on the FM band and AM band. All radio frequencies are owned by state enterprises, and managed and arranged by the NBTC in order to create a level playing field and allow public sector to take part. Private radio station operators have to work with state enterprises who own the frequencies in the forms of concessions, joint production or time rent, etc, considering contributions to the frequency owner, format of programs, and financial status of the operators. In December 2016, NCPO exercised power under article 44 of the interim constitution grants authority to NBTC to revoke the licenses from state agency within 5 years instead of the old one which NBTC has to revoke the licenses in April 2017 in order to promote broadcasting and allow radio operators to have more time to prepare for this situation, in effect, radio station owners can continue to hold the licenses for the next 5 years, while NBTC is preparing for the master frequency plan according to the roadmap that would benefit to the entire industry and listeners.

### Industry Outlook

In 2017, advertising expenditure for radio was 4,476 million baht, decreasing by 787 million baht from last year, or approximately 14.9%, with a 4.41% market share of total advertising expenditure.

### Advertisement Expense on Radio (Million Baht)



Source: AGB Nielsen Media Research (Thailand) Ltd.

At present, even though radio media has been affected by advertising downturn across all traditional media, radio is still considered one of the mainstream medias to reach a wide group of consumers at reasonable costs while efficiently interacting with listeners on a real-time basis. Currently, the competition of radio business was intense among the changing behavior of consumers. Therefore, the entrepreneur needs to adjust the strategies to enhance audience access and win station popularity by gaining more exposure through variety of platforms. The radio media would survive in parallel with online media, hence over the past year the Company has transformed radio business towards online platform coupled with on-air in order to access more audiences, leading to growing listeners across all platforms despite overall market downtrend. By providing service via Atime Online application to fit the lifestyle of new generation, three radio programs: Greenwave 106.5, EFM 104.5 and Chill Online, gained a total of 15 million ID audiences each month and the audience base expanded throughout Thailand and worldwide. The radio operators should continuously develop format and content to be up-to-date, innovative, and distinctive together with developing the marketing plan such as creating ongoing activities like artist meet-and-greets and mini concerts to build relationships with customers and listeners. Indeed, regular development of staffs and DJs to cope up with changes and adaptive to market situations are an important factor in maintaining long-term competitiveness.

## 2.2 Movie Business

Movie Business of the Company operated under GDH 559 Co., Ltd., a subsidiary of the Company, with a total of two films released this year “Bad Genius” and “The Promise”. The company aims to continue releasing 3 - 4 high quality films a year. GDH intended to capitalize on its unique capability to produce variety of films and highest quality contents for the country. It is well-equipped in terms of production and personnel, comprising highly-skilled teams to create outstanding films that bring about differentiation and happiness for movie watchers.

## Industry Outlook

In 2016, industry earnings (box office only) were approximately 4,600 million Baht; of which foreign international movie took more than 90% of the share. The number of Thai movies also increased with 52 Thai movies were released; and independent producers and independent films becoming more active, while various alternatives of media and the situation of economic recovery leading to revenue underperformed with only few mainstream high-grossing films. However, this year witnessed Thai film strived to develop quality and the most successful film was “Bad Genius” from GDH with distinctive format and storyline presentation that upgraded Thai film standard, earning 112 million baht nationwide box office and was selected as the Opening film in The 16<sup>th</sup> New York Asian Film Festival-NYAFF in USA. Furthermore, it was the highest-grossing Thai film in oversea countries and awarded many international awards, especially Best Picture Award from the 16<sup>th</sup> NYAFF, the 27<sup>th</sup> Fukuoka International Film Festival, Fantastic Fest Austin 2017, Montreal International Film Festival 2017, and PIFFA Malaysia 2017, which was the pride of Thai film industry. Moreover, the new face “Aokbab- Chutimon Chuengcharoensukying” won the Best Actress Award from PIFFA Malaysia 2017 and Screen Rising Star Asia from the 16<sup>th</sup> NYAFF.

In fact, the movie business is a high-risk business because of high investment required. One movie requires a combined investment for production and promotion of 50 -70 million baht. Production time is relatively long, taking approximately 8 – 18 months from script to release in theaters, while the degree of a film’s success depends on the popular trends with the audience, which cannot be predicted in advance. Moreover, international films receive more popularity than Thai films due mainly to a better screenplay and advanced technology of production.

For 2018, industry trends expect growth of advertisement spending in theater following more branches opening especially in the provincial market. New film line-ups from leading operators would drive Thai film market to expand further, with positive viewpoint from operator in respect of production and presentation in Thailand and oversea countries. There are several internal and external factors that contribute to the success of Thai movies, including:

- Stories and scripts must be fresh and remarkable. Thorough research is needed to produce each story. The screenwriter must use writing skills and possess knowledge of the movie language and conversational language in order that the message is clearly conveyed to the target audience.
- Branding: Film producers and studios must ensure moviegoers of their quality in any movies they produce, and that their movies always receive great receptions and are successful.
- Analyses are needed in order to truly understand target customers, determine the movie genre, and prepare proper scripts, actors and actresses, and the right public relations plans. These will help meeting demands of target customers.

GDH 559 Co., Ltd. pledges to apply appropriate operating strategies so as to produce the works that will impress the audiences and gradually increase its popularity.

## 2.3 Home Shopping Business

Home shopping business is a business of 24-hour distribution of goods through program channel “O-Shopping”, where customers can choose products, even from their own residence. The business is managed by GMM CJ O Shopping Co., Ltd., a joint venture company of GMM Grammy Pcl and CJ O Shopping Co., Ltd., a leading home shopping operator in South Korea with international footprints in many countries including Thailand. With high market potential and business expertise of CJO shopping from South Korea, the Company aims to become the leader of Thailand’s home shopping business by creating a phenomenon of interactive home shopping programs that are superior, fresh, novel and unique, offering knowledge about products in a straight manner in all aspects, called Shopfortainment Channel (shopping, information, and entertainment), creating a family entertainment as well as a new alternative for shopping. The company focuses on variety of product selections with high quality standard, well-known and widely accepted by customers, as well as free-of-charge and fast delivery service all over the country. The company also provided multiple payment options as may be deemed appropriate by the customer, such as credit card or cash on delivery.



## Industry Outlook

Over the past year, home shopping industry was hit from economic regression, weak purchasing power and low growth rate of retail market, coupled with more players in online retail, especially the transnational marketplace with heavy promotion to compete with home shopping entrepreneur. However, the home shopping industry obviously posts a strong growth potential, as evident from leading developed countries such as Japan and Korea which had total home shopping market values more than 100 billion Baht a year, while Thailand is in the introductory stage with a market value of merely 10 billion Baht. Nevertheless, the industry outlook is continually growing as operators are investing heavily to compete, hence stimulating the entire home shopping business to grow. Although the sales volume of products did not meet the expectation in the first half of 2017, consumer regained more confidence to spend in the second half year with improved economic situations along with government stimulus to promote shoppers for tax exemption, altogether leading to more advertising activities resumed i.e. more promotions and marketing events. It was expected that the trend would be on track throughout 2018 which would be the positive signal for the industry. O Shopping had set the strategy to emphasize on e-Commerce with the strength on selling products in O Shopping as the new alternative for online shoppers. In 2017, the upward trend is expected to continue with rising competition, while O-shopping plans to secure the current customer base and expanding new customers which are growing in importance. The company is well aware of these factors and has prepared to confront the rivals in order to retain sustainable growth as follows:

- Creating interesting and reliable television content that is presented in formats that are easy to understand and induce consumers to purchase goods;
- Building confidence in the purchase of goods and services, including providing services as advertised, guaranteeing product quality, efficient delivery systems and secure payment systems;
- Increasing variety of goods and emphasizing on trendy products such as fashion goods, lifestyle goods and E-commerce goods offered to meet demand from consumers of all groups.
- Developing online, internet sales channels and application on smart phone and social media.
- Tuning brand communication to create customers' awareness that O shopping will be household assistant alike "A Trust Neighborhood" and building a relationship with Thai society via many public projects, for example, O Hug doing good deeds for the king, O Taekwondo, and Bike for Love, United Force for the Nation.

## 2.4 Satellite TV Business



Satellite TV business can be divided into 2 main components.

- 1) **"GMM Z" Satellite TV Platform** launched in March 2012 and is responsible for the sale of satellite TV set-top-box (STB) to consumers. GMM Z has a variety of products for the target audience of all levels.
  - 1.1) GMM Z HD Slim – the new model, enabling high definition transmission with Full HD 1080P, multiplicative function, high technology and smart remote control, well-organize groups of channels for ease of use.
  - 1.2) GMM Z HD Lite the model enabling high definition transmission with digital TV compatibility for customers who want to watch a high definition in an affordable price.
  - 1.3) GMM Z Smart for middle-level customer group, available for both C-Band and KU-Band satellite systems.
  - 1.4) GMM Z Mini for customers who have limited budgets but want to switch from antenna to satellite television.
  - 1.5) GMM Z Mini Gold is a new product with gold color façade and handy remote control.
  - 1.6) GMM Z ZEASON is the digital TV DVB-T2 set top box that enabling high definition Full HD, with a USB Port for watching movies and listening to music, embedded press buttons on cover, PVR system compatible, auto record your favorite contents, Biss Key, no more black screen problem, timeshift system enabling on-and-off broadcasting demand.

- 1.7) GMM Z STREAM is the internet protocol TV box with Android 5.1 operating system providing Ultra HD 4K and support Air Mouse Remote.
- 1.8) GMM Z HD WISE is the new model enabling high definition Full HD with PVR system, Time Shift system, and multiplicative media playing function.
- 1.9) GMM Z Music Box is the new portable jukebox products, offering about 3,200 popular tracks from GMM Grammy artists, both country and folk songs with genuine copyrights all in one.
- 1.10) GMM Z HD HD supported HD system with DOLBY DIGITAL 5.1 USB 2 PORT with PVR to record favorite programs on Hard Disk Multi Player. Unlimited watch series and listening music from Flash Drive or Hard Disk
- 1.11) GMM Z Mini Sky, the new look in white color with blue display screen, OTA system that adds channel automatically. Smart remote for simple use, LED screen has the new design of button for simple use.
- 1.12) 1.3) MP3 KARAOKE GMM Z STAR, free hit music from GMM GRAMMY copyright. Easy to connect with karaoke application. Applicable to Android and iOS phone with 2-way speaker power. Use as portable MP3 player.

**2) Satellite TV Media** is the production of TV shows to be aired on satellite TV channels. Compared to the past, this business requires relatively low investments due to good domestic and international coverage of satellite signal, mitigating the need to install additional receiving towers. All it needs to operate this business are television channel licenses and good contents for broadcasting.

By the end of 2017, the Group has produced free-to-air television programs for audiences of every platforms transmitted via Thai-Com altogether 2 channels as follows;

Channel	Type of Program	Target Group	First On Air
Fan Music 	GMM Grammy's song including pop, rock, dance, local Thai folk songs under the slogan "All Your Music"	General audience	Changing from Fan TV to Fan Music in 2015
Money Channel* 	Programs on financial matters and investments	General audience and working professionals with an interest in finance and investments	October 2009

\* The channel is jointly-owned (50% each) with the Stock Exchange of Thailand, through the Group's subsidiary, Family Know-How Co. Ltd.

## Industry Outlook

The satellite and cable TV business remains the television medium that has the greatest number of viewers in the country. Product owners and advertising agencies are therefore interested in the satellite and cable medium as an efficient method to reach their target groups. However, the satellite and cable TV platform has been severely affected from rising competition since the emergence of digital TV channels, coupled with NBTC regulated advertising airtime no longer than 6 minutes per hour, while this year the economic recession and advertising spending slow down persisted along with price discounts from small digital TV channel crossover to complete with home shopping; altogether leading to underperformance of satellite TV turnover. The entrepreneur has adapted and expanded to online channel as well as cooperating with strategic partners to sell contents to other platform. The direction was likely to stable following consumers lifestyle and preference change from traditional media to digital and online media. For the Group, the satellite television business has an important role in supporting the public relations of the other businesses such as the music businesses, giving them greater exposure across the country.



## Risk Factors



The Group Company has improved strategies in various areas on a continued basis, aiming to manage risks that may arise in both new and core businesses of the Group



The Board of Directors has placed high importance on risk management processes at both corporate and operational levels in line with the risk management policy and framework formulated by the Group to mitigate risks to be at an acceptable level, suitable to the environment of each business unit's nature of working or activities. The management and staff at all levels are encouraged to take part in the processes and risk management systems are put in place across the organization and instilled as part of the Group's culture, while the Risk Management and Internal Control Department is assigned to develop risk management systems in accordance with international practices and integrate risk management practices at each level with all related departments under the supervision of the Risk Management Committee. Besides, the Group's management has well implemented the risk management practices, including risk management follow-up and reporting to the Board of Directors on a regular basis.

In 2017, the Group has improved strategies in various areas on a continued basis, aiming to manage risks that may arise in both new and core businesses of the Group, such as preparation on production technologies and capital funds, improvement of organizational structures and work processes, and human resources development at high and middle levels in support of the Group's business management team in response to rapid business growth.

## Corporate Risk

### 1. Risk from Piracy

Piracy is one factor that uniformly affects music and movie business worldwide. Every year, the Group has to contend with adaptation and duplication of their music, which are then sold cheaply in large quantities. New forms of piracy have emerged with the latest technological developments, such as using the Group's products for commercial purposes on the internet. Consequently, the Group loses substantial valuable business opportunities every year.

Nonetheless, the government has issued various measures in a serious attempt to improve the protection and reduction of piracy. The latest measures are comprehensive, ranging from controlling the process of importing machines that can be used to produce pirated products, to controlling production and distribution processes. Penalties and fines have been increased against violators. Rewards are handed to police or to people



who offer leads to the production, storage and retail sites of pirated goods. In addition, both government and concerning private sectors which include the producers, copyright owners as well as the artists themselves have pushed, promoted and enticed the consumers into purchasing the copyrighted while avoiding pirated products.

Moreover, to promote legal purchase of goods, the Group has continuously developed goods and service as well as new digital service platforms to keep pace with the ever changing consumer's behavior and technological development while serving the consumer's convenience and supplementing the Group's revenue. These digital services include categories of download services, such as ringtone, ring-back tone, full song and full MV, in both a la carte and subscription services through channel application 123GMM on both iOS and android, website [www.gmmgrammy.com](http://www.gmmgrammy.com) and iTunes Store. Moreover, we include the service for listening the music on the internet without the need to download (Music Streaming) which customers can listen to the hot music tracks worldwide. We also expand the method of reaching the content of the Group via GMM Grammy Official Account on YouTube as well as other web-based and mobile applications.

## 2. Risk from Competition in Digital TV Business

Transforming into digital TV is a significant step where people have more option in selecting information they want to see (Fragmentation of Viewing). Such change causes high competition in advertisement rate and broadcast programs. Existing plus new players in the market generates fluctuation in advertisement rate (per minute), especially newly broadcast programs which have not been rated. Therefore, income derived from TV programs are depended on ratings of each program where most of the advertisement agencies and products or service providers would hold their decision to see the supplement factors such as government regulations, ratings standards or general image of each channel. Nonetheless, the transition from analog to digital television has been delayed due to many factors. For instance, an intermittent in expansion of digital television network (MUX-Multiplexer) and digital television subsidy coupons distribution scheme by NBTC causes availability to access to digital content in many areas.

The Company, as a professional operator with experience and expertise in production of television program, still commit to bring to our audience the appropriate and useful television programs. We have created and developed the content of drama, series, news, variety show, game show to constantly present to audiences through two digital TV channels namely ONE HD (31) and GMM25 (25). The Company is capable of producing a variety of contents therefore both digital TV channels are distinct and able to meet the needs of audiences. In order to expand the target audience and to compete in the domestic market and towards the ASEAN community, we have added online channel which enables audience to reach the content through computer or even smart-phones or tablets so as to lead the two digital TV channels to achieve leadership of digital television industry.

The Company has actively acquired strategic alliances to jointly invest in both digital TV channels to strengthen the business and enhance competitiveness in digital TV industry, with continuous development of contents and programs that meet target audiences preference to boost up popularity and channel rating further. Moreover, the Company supports the completed transition from analog television platform towards digital terrestrial television system in order to help managing the risk in the operation of digital TV business.

## 3. Risk of Business Interruptions due to Force Majeure

The Group has envisioned the importance of business operations continuity, without interruptions, especially for major business processes of the Group in case of force majeure such as natural disasters, man-made hazards, technological hazards or computer virus attacks, protests, disturbances, enactment of new legislation, etc.

The Company has therefore arranged the Disaster Recovery Site and conducted the rehearsal on restoration of information annually so as to reassure that staffs, systems and work places are ready to be managed emergencies and returned to normal operations quickly in case of any crisis. This is to absorb impacts and mitigate damage that may occur from Force Majeure or disaster that may hamper the business operation. Moreover, the Company also arranged the incident management plan to handle emergency cases which might happen and interrupt broadcasting operation of both digital TV channels.





#### 4. Risk from Retard Internal Process Adjustment to the Rapid Business Expansion

The Group runs various kinds of business and every business has its own characteristic which requires different staff's talent and expertise. In addition, the rapid business expansion of the Group may affect the internal process adjustment of each business group in various ways including the Group's organization structure, policy, etc. and may create overlap of processes between central business units and supporting units. Besides, some centralized policies issue may not support some processes of current business units or new business units. Consequently, these may cause risk from retard internal process adjustment to the rapid business expansion.

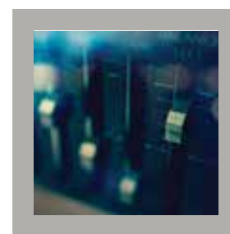
In order to sustain the business growth, however, such risk has always been efficiently managed by revising organization structure and adjusting key processes in order to effectively implement all centralized policies together with developing a standardized performance evaluation across all units in the Group.

#### 5. Risk from Relying on Individual Talent

The Group's business is mainly based on people. The business has been grown by staff with experiences and distinctive talent especially for the music business, radio business, television business. All staff, regardless of whether they are the artist or all the different supporting teams, are recognized as valuable members having high impact on the Group's operations. Hence, whenever they move to a different corporate affiliate or other companies, this means a valuable loss which requires the Group to spend additional time developing new artists or supporting teams to replace them.

However, the Group has continually managed the risk by focusing on rapport between the Group and its staff, emphasizing on promoting, among the staff, the understanding of the underlying business. In addition, it is the Group's policy that deserving talents, whether artists or supporting staff, are given the opportunity to participate in the management process and/or become business partners. As a part of the Group's strategic human resource plan, there exists a protocol outlining career paths for key management figures, top management executives and equally important, plan for recruiting and promoting talents. Furthermore, the Group has developed the standardized performance evaluation together with placing great importance on revising compensation package and benefits for staff to be competitive compared to the other companies in the same industry.

## Presentation and Analysis of Financial Status and Operating Results



The Group followed a policy of structuring its operations, according to the type and characteristics of each business. The core business groups are Music and Digital TV. Other businesses that play a supporting role are extensions of the core businesses in order to create growth



### (A) Operating Results

#### Overview of Operating Results

The Group followed a policy of structuring its operations, according to the type and characteristics of each business. The core business groups are Music and Digital TV. Other businesses that play a supporting role are extensions of the core businesses in order to create growth and synergies for the Group comprising Radio business, Movie business and Trading business. Operating results for each business segment can be summarized as follows:

- 1) Music business: The main sources of income are derived from music products and distribution channels, the digital contents and the show business. Income from the music business in 2017 totaled 2,964 million Baht, increased by 3.01% from last year owing to the successful execution of business model to compete in this digital era for sustainable incomes. At present, growing trends of music streaming offers variety of song options to listeners across times and music genres with playlists readily available so that consumers are able to listen to ever-growing song libraries more than ever. The Company, therefore, aims at extending massive contents on digital platforms through more collaboration with Spotify, JOOX, and OMU to strengthen the music steaming market. Currently a combined viewership for all GMM channels in YouTube comes to 37,000 million, specifically for GMM Grammy Official the view reaches 11,000 million. Meanwhile for 2017 a total of 35 songs under GMM Grammy surpassed 100 million views record, with Thai country music performed extra well in “Klub Kam Sa Hla” by Mike Phiromporn and “Si Tae Nong Hai Bork Nae” by Tai Orathai. Presently, revenue contribution from digital music grew constantly on top of physical products, and would become a significant revenue stream in tandem with world music industry trend. In addition, the Company also prioritizes artist management as another key growth driver for music business, with an emphasis on managing unique and talented artists for growing popularity through times and bringing about sustainable revenue. In 2017, the Group organized 20 large-scale



concerts, including Labanoon Concert, Stage Fighter Round 2, 25 Year Poompuang Duangchan, Klear Concert: The First Space, J-DNA, NJ's Story Concert: The Original, Lomosonic Anti-gravity Concert, WhiteHaus 2-4 Chairs, 50 Year Pre-Retired Pang-Nakarin, as well as grand music festivals including Nung Lenn Festival 2, Urban Music Fest Live in Siam, and celebrated the end of year with BMMF 2017 back to Khao Yai venue with highest number of ticket sold.

- 2) GMM Media: consist of GMM25 digital TV channel which offers standard definition variety programming, radio business, media and A-time showbiz. In 2017 the Company earned 1,551 million Baht, an increase of 12.5% from previous year, mainly as a result of changes to GMM Media Group investment and control structure at 50% in the last quarter of 2017, which led to GMM Channel Trading, previously a subsidiary, being reclassified as a joint venture and financially accounted for by using the equity method, with no financial data for the digital TV channel GMM25 and GMM Media Group presented in the consolidated financial statements but instead appears in the share of profit and loss from investment in joint ventures. Over the past year, GMM25 remains unique in its clear positioning as a smashing TV channel for the new generation with differentiated contents based on true story and reality sensation, along with creative and fun storyline to meet target audience with modern lifestyles. GMM25 distinctive contents won mass market popularity this year, reflecting from the success of drama "Long Fai" from "The Writers" project, along with "To be continued" drama project catering extra episode based on audience feedback in the sequel "Rak Long Jai Special Episode: Job Tam Jai". GMM25 contents has also expanded to foreign countries with prime-time drama "The Flower Ring" was exclusively simulcasted with China via an application during the year end. Meanwhile GMM Bravo hit the new generation audiences amazingly from "Bangkok Ruk Stories", becoming talk of the town with 4 series reaching more than 300 million in 6 months of broadcasting and standing on Twitter's Top Thai Trend. The proven success of GMM25 potential has brought confidence to investor and led to an important milestone for the channel following the capital increase this year with higher funding to ride out the competition via more investment in contents. At present, even though radio media has been affected by advertising downturn across all traditional media, radio is still considered one of the mainstream medias that would survive in parallel with online media, hence over the past year the Company has transformed radio business towards online platform coupled with on-air in order to access more audiences, leading to growing listeners across all platforms despite overall market downtrend. Meanwhile Atimeshowbiz remained successful in distinctive concerts organized and sold-out as always. Besides conducting business, GMM 25 continued the campaign "25 Doing Good Deeds following the Father's Steps" all year round.
- 3) Digital TV: ONE channel, which presents High Definition variety programming, underwent changes to its investment and control structure in the first quarter of 2015, which led to The ONE Enterprise Co., Ltd. (formerly GMM ONE TV Trading), previously a subsidiary, being reclassified as a joint venture and financially accounted for by using the equity method. This means that no financial data for the digital TV channel ONE presented in the consolidated financial statements but instead appears in the share of profit and loss from investment in joint ventures.



Operating results for Digital TV channel ONE31 experienced a significant growth in channel rating and beating the success from the past year with high-quality works that build phenomenon of happiness and entertainment. Coming up with various entertainment and updated contents, “You’re My Destiny” beat the top view of Thai dramas in China by reaching 860 million views while there are a lot of trendy and high-rating dramas such as “Rachinee Mor Lum”, “Sanaeha Diary”, “Chai Mai Jing Ying Tae”, and “La The Hunter”. While the programming strategy to broadcast marathon dramas over last year achieved the goal with expanded audience bases falling in love with Channel ONE 31 drama, along with new sitcoms and variety game shows, altogether leading ONE channel to becomes top-ranked channels this year. For the next step, ONE 31 plans to serve full-rounded quality content covering drama, sitcoms, series, news, and variety game shows for the whole family audiences, and integrates on-air broadcast with online platform including social media, website, Line TV, Youtube, and Facebook to drive further growth in revenue contribution from online and expand the audience base as well.

- 4) Movie business: Earnings for the year stood at 405 million Baht, a rise of 26.5% from last year despite a slowdown in Thai movie industry in 2017 mainly caused by the economic conditions and the growth of online media with variety of contents for people to consume online. GDH premiered a total of two films this year with “Bad Genius” earned 112 million baht nationwide box office and won awards in several international film festivals, as well as generated all-time high international box office revenue for Thai film in foreign countries, signifying new dimension for Thai film to extend audiences in ASEAN market, especially China with such a huge market and high growth potential. In addition, another film “The Promise” by GDH has earned 35 million baht box office revenue, together with teen series “Project S” which narrates love affections through sports got impressive feedback. In the next year, GDH continues to prepare for more films and variety of contents.
- 5) Trading Business: This consists of the home shopping business and satellite set top boxes. Home shopping revenues totaled 1,941 million Baht, increased by 13.5% Y-o-Y from a great success in beauty and healthy product sales, together with a strategy plan to step up towards e-Commerce by utilizing the strength in selling products via O-Shopping as an alternative for online shoppers, as well as reinforcing value creation through reliable services offering payment-on-delivery options, domestic free of charge shipping service and worry-free return policy; along with launching CSR program throughout the year.

Satellite TV business revenue totaled 237 million Baht, slightly dropped by 2.3% from previous year, in line with softer advertising spending on satellite and cable TV platform. By redirecting sales strategy to focus on the product lines that address the preferences of today’s consumers, as well as providing good customer services and focusing on efficient merchandising management to keep costs under control, altogether effectively mitigating the impact from slower advertising trend in cable TV platform.







- 6) Other incomes rose Y-o-Y from 2016 because this year the Group recorded revenue from granting the broadcasting rights of the European Qualifiers for 2018 FIFA World Cup to air on alliances platform, started on September 2016 and continued to 2017.

The Group's Operating revenues, comprising sale of goods, service income, and revenue from copyright in 2017 was 7,595 million Baht, increased by 4.1% from previous year due mainly from successful execution of music business model towards the digital world leading to sustainable revenue growth, coupled with rising trends for showbiz and artist management, and outstanding performance in home shopping and movie business. While total revenue in 2017 was 8,861 million Baht, rose by 19.3% Y-o-Y from rising other income with extraordinary gains from investment restructuring and disposal at THB 1,148 million which consists of gain on deemed disposal of investment in joint venture under The One Enterprise amounting THB 139 million, and gain on deemed disposal of investment in joint venture under GMM Channel Trading at THB 1,004 million, and gain from disposal of subsidiary investment in 3-RD at THB 5 million.

Meanwhile SG&A expenses increased by 20.7% Y-o-Y as a result of one-time items, including an adjustment of goodwill associated to the change of GMM shareholding in The One Enterprise amounting THB 156 million, bad debt and provision for doubtful debt amounting THB 285 million, legal dispute settlement expenses at THB 418 million, impairment for intangible assets at THB 44 million. Meanwhile the Company also incurred tax expense from sales of shares under the Group Company investment restructuring at THB 224 million. Altogether, the company posted a net loss for 2017 at 384 million Baht, and also recorded some profit items in other comprehensive income stated under equity holder section at THB 697 million. In 2018, the media industry is expected to recover in line with overall economic expansion and improved purchasing power, thereby leading to a substantial turnaround for the Group Company operating performances.

## (B) Financial status of the GMM Grammy Group at year-end 2017

### 1) Assets

The Group ended 2017 with total assets of 3,766 million baht, a fall of 3,482 million baht from 2016. Significant items are as follows:

- Cash and cash equivalents and temporary investments totaled 905 million baht, a reduction of 214 million baht from GMM25 license fee payment to NBTC, together with contents and copyright costs.
- Trade and other receivables are largely comprised of trade receivable from unrelated parties covering outsiders who are unconnected to companies in the Group, whose settlement periods differ from one another depending on the terms and agreements. The total amount stood at 763 million baht, a reduction of 634 million baht following settlement of receivables, along with doubtful debts provision based on assessing the likelihood of individual debt collection after due payment for all business segments, and reclassification of the shareholding in GMM Channel Trading resulted in the absence of financial data reported in the consolidated financial statement.

- Inventory consists largely of merchandise such as cds, vcds, dvds, products from TV shows that have already completed filming or that are in progress, and receivers for satellite and digital TV. Total value was 146 million baht, which represents a drop of 224 million baht due to reclassification of the shareholding in GMM Channel Trading resulted in the absence of financial data reported in the consolidated financial statement While trading business had fewer inventories in satellite set-top-boxes following the stock management at appropriate levels with sales promotions at regular intervals.
- Other current assets totaled 99 million baht, a reduction of 195 million baht due to deferred tax assets from GMM Channel Trading, which was deconsolidated in the financial statements following the share restructuring; along with 2016 withholding tax balance transferred to other non-current assets.
- Investments in joint ventures totaled 782 million baht, a rise of 239 million baht from additional investment in ordinary shares of GMM Channel Trading, and realized loss in investment of The One Enterprise Company Limited during the year.
- Leasehold improvement and equipment had a total value of 287 million baht, representing a reduction of 143 million baht as a result of depreciation during the year, coupled with sales of assets and reclassification of the shareholding in GMM Channel Trading resulted in the absence of financial data reported in the consolidated financial statement.
- Other intangible assets totaled 297 million baht, decreased by 1,996 million baht from yearly amortization and reclassification of the shareholding in GMM Channel Trading resulted in the absence of financial data reported in the consolidated financial statement.

## 2) Liabilities

The Group's total liabilities at year-end 2017 stood at 2,659 million baht, decreased 3,121 million baht from previous year. The significant details are as follows:

- Account overdrafts and short-term bank loans dropped from repayment of bank loan
- Trade and other payables total 1,194 million baht, a reduction of 16 million baht due to the settlement of outstanding payments and reclassification of the shareholding in GMM Channel Trading resulted in the absence of financial data reported in the consolidated financial statement
- Unearned income total 189 million baht, dropped by 256 million baht due to reclassification of the shareholding in GMM Channel Trading resulted in the absence of financial data reported in the consolidated financial statement
- Spectrum licenses payable including current portions due within a year dropped from reclassification of the shareholding in GMM Channel Trading resulted in the absence of financial data reported in the consolidated financial statement
- Long-term loans including current portions due within a year, totaled 598 million baht, a drop of 1,497 million baht due to reclassification of the shareholding in GMM Channel Trading resulted in the absence of financial data reported in the consolidated financial statement
- Income taxes payable total 174 million baht, an increase of 165 million baht from tax expenses incurred based on operating results this year

## 3) Shareholders' equity

At year-end 2017, the Group had shareholders' equity of 1,107 million baht, a reduction of 361 million baht from previous year due to the operating losses incurred during the year.

## Liquidity and Cash Flow

Cash and cash equivalents totalled 744 million baht, a decrease of 125 million baht. This consisted of 110 million baht from operating activities, while cash used in investing activities stood at 426 million baht covering

the digital TV license payment during the year. Cash flow from financing activities totalled 189 million baht. Overall, liquidity and cash flow status at the end of 2017 was fairly maintained, demonstrating a firm financial position of the Group.

4) Significant Ratios in 2017

	2017	2016	Additional remarks
<b>Profitability ratio</b>			
Gross profit margin (%)	35.26	37.13	Lower from GMM25 sales impact caused by bad debts and doubtful debts provision based on assessing the likelihood of individual debt collection after due payment, while music business succeeded in driving revenue and keeping cost well, while movie and home shopping generated higher gross profits from efficient cost management.
Net profit / loss (%)	(4.34)	(7.00)	The reduction was due to cost efficiency of each business unit, while driving for revenue growth.
Return on assets (%)	(6.99)	(7.18)	The improvement was driven by a drop in net loss, while assets dropped from lower receivables, from payment for digital TV license fee, and from realized loss of the investment in joint ventures during the year along with reclassification of the shareholding in GMM Channel Trading resulted in the absence of financial data reported in the consolidated financial statement.
Return on equity (%)	(34.36)	(39.94)	The improvement was the result of a drop in net loss driven by strong performance of all businesses segments.
<b>Liquidity ratio</b>			
Liquidity ratio (times)	1.05	0.78	The increase was due to lower liabilities for Long-term loans including current portions due within a year and the absence of spectrum licenses payable after reclassification of the shareholding in GMM Channel Trading.
Average collection period (days)	35	49	The reduction was due to a fall in accounts receivable from efficient collection process.
Inventory period (days)	19	30	The reduction was a result of efforts to control the quantity of inventory such as tapes, CDs DVDs, movie and cartoon products and set top box of satellite TV and digital TV.
Payment period (days)	67	76	The ratio decreased from lower unearned income.
<b>Financial ratio</b>			
Debt to equity (times)	2.44	3.94	The decrease was due to repayment of bank loans both long-term and short-term, along with reclassification of the investment in GMM Channel Trading, while shareholder's equity dropped from operating net loss during the year.
Interest coverage ratio (times)	3.99	(1.04)	The increase was due to better operating results together with lower interest expense from reclassification of the investment in GMM Channel Trading.
Interest-bearing debt to equity ratio (times)	0.58	1.65	The decrease was due to repayment of bank load and reclassification of the investment in GMM Channel Trading resulted in lower interest bearing debts.

## 5) Main factors and influences on future business operations and financial status

Media advertising industry faces the regression for 2 years due to the economic factors, weak purchasing power, and the country's grief period, resulting in the reduction of entertaining activities that affect products and brands to decrease advertisement spending in response to lower sales. The regression of most advertisement occurs to the traditional media groups which are analog TV, radio and publishing while digital media grows continuously. However, the positive sign was signaled since the third quarter of last year, regarding the growing number of export and travel. The state's investment has proceeded and GDP increases. Meanwhile, the advertising spending resumed growth over the final quarter and continued to 2018, it was found that the economy apparently improves reflecting from higher stock market and expansion of exports and tourism sector, stable political situation leading to better consumer sentiments and positive factors for the business sector. It is expected that, in 2018, the advertising industry will grow again and the entertainment business will be prosper. The media that keeps growing and the brands keep allocating a budget for advertising and public relation more are television media, out of home media, and internet; this is the growth according to the lifestyle of today consumers. Additionally, it is anticipated that the government's measure to aid digital TV entrepreneurs with extended terms for license payment, transponder subsidy 3 years, as well as the new criteria of license fees, altogether reinforcing the operating results further.

Among the changes, i.e. behavior of audiences, stronger online platform; the growth strategy for digital TV will be driven by managing and developing new content to approach audiences on every platform; moreover, to search for new allies for cooperating in new programs is the collaboration to make difference, leading to faster advancement of the channel. For the competition in the year 2018, it is expected that it will be more intense as many channels release new contents upon the beginning of year with the big formats. Concerning digital TV under Grammy group, ONE channel has the accepted potential to creatively create quality programs. This year, the channel is ready to step ahead on planning contents, dramas, sitcoms, and series serving prime-time dramas daily after news. Continuing on from last year, ONE31 is able to remain one of the top rating channel all along, and winning the audiences with high purchasing power in Bangkok and urban provinces. At the same time, GMM25 determines to create the differentiated contents and perception through the mixed media, leading to participation with the target and conforming to the behavior and lifestyle of modern consumers, as evident from widespread shares of contents through online and social media.

In 2018, the overall music capacity remains firmly. There are a lot of artists releasing their works. The Company determined to develop the capacity of artists who have quality and unique image to build popularity in the next generation and we also pay attention to link fan clubs who are the influencers in spreading artists' works better than the other media. If an artist has their strong fan club base, they will promote and prolong this artist in the successful path. Concurrently, the overall concert and showbiz tends to grow by leap and bound due to the return of celebration atmosphere and the growing preference of consumers looking for live entertainment. GMM Grammy has planned the strategy that mainly focuses on building true music lover community through communication promotion that attracts the target to engage. Plus, we focus on developing strong branding with the allies to organize music festivals and activities for promoting new creative ideas and responding to audiences' lifestyle well, resulting in the best music experiences.

The financial status of the Company remains strong as the restructuring of the business has led to a significant reduction in liabilities and the debt-to-equity ratio had improved to 0.58 times at the end of 2017. This puts the Group on a firm position to move the business forward and we believe that this will deliver further growth in the operating results for 2018.



## Report on the Board of Director's Responsibility towards the Financial Statements

The Board of Directors recognizes the importance of the Corporate Governance Management Policy and the preparing process of the financial statement and financial information as reported in the annual report enable to ensure that the statements are prepared in accordance with the Thai generally accepted accounting standards, using appropriate and consistent accounting policy and sufficient information is disclosed in the notes to financial statements. The Board of Directors has appointed the Audit Committee, which comprises independent directors, to be responsible for the quality of financial reports and internal control. This also provides a reasonable assurance on the reliability of the financial statement and effectiveness of internal control such as safeguarding of assets connected or potential conflict of interest transactions and the compliance to applicable laws and regulations, which the Audit Committee's opinion is stated in the Audit Committee Report.

At the Board of Directors' meeting on February 27, 2018, which every Audit Committee members, management and internal audit department attended to evaluate the sufficiency of the Company's internal control system for the year 2017. The system, set by the management which compliance with the SET regulations and COSO guideline. The Board agreed with the Audit Committee that the Group's quarterly and the annual financial statement for the year 2017 (which has been audited by the external auditor) has been prepared in accordance with generally accepted accounting principles and disclosed sufficiently, accurately and reliably. In general, the internal control system of the Company and subsidiaries was fairly established and appropriate to the Company business. There were no internal control deficiencies which would affect the accuracy and reliability of financial statement and the achievement of the entity's business goal. The Board of Directors has expressed the opinion on the sufficiency of the Company and subsidiaries' internal control system in "Internal Control" section.

Furthermore, the Board encourages the Management in continuous developing the GMM Grammy Group's quality of internal control system, risk management and good corporate governance. The adequate and appropriate supervision should also be in place to enable the achievement of the established objective and goal.



**Mr. Paiboon Damrongchaitham**  
Chairman



**Miss Boosaba Daorueng**  
Group Chief Executive Officer

# Independent Auditor's Report

## To the Shareholders of GMM Grammy Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of GMM Grammy Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of GMM Grammy Public Company Limited (the Company) for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GMM Grammy Public Company Limited and its subsidiaries, and of GMM Grammy Public Company Limited as at 31 December 2017, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

## Emphasis of Matter

I draw attention to Note 34.5 to the financial statements regarding the legal case in which the Company was sued by a contract partner. During the current year, the Company entered into a settlement agreement to end the current dispute and/or any future disputes with such contracting party. The Company agreed to make a payment of USD 10 million to the contracting party, as agreed by both parties, and recorded such payment as expense in the current year income statement. The contracting party has proceeded to withdraw the lawsuit accordingly and returned the bank guarantee to the Company. My opinion is not modified in respect of this matter.

## Key Audit Matters

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

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

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

### **Loss of control in subsidiary and fair value measurement of investment in joint venture**

As discussed in Note 1.2 to the financial statements regarding the restructuring of the investments by the Group and partial waiver of subscription rights to the additional ordinary shares of GMM Channel Trading Company Limited, the Company partially waived its rights to subscribe to the additional ordinary shares of that subsidiary and, as a result, its shareholding decreased from 100 percent to 50 percent and the Company had only joint control over such company. At the loss of control date, the Company recognised the investment retained at its fair value, and this fair value was regarded as the cost on initial recognition of investment in joint venture. I have focused on this business transaction since it is material to the financial statements as a whole, and management was required to exercise substantial judgement when anticipating the results of future operations, determining a discount rate and determining significant assumptions, in order to assess the fair value of the investment. Therefore, there is a risk with respect to the recognition of the investment at fair value and the recognition of gain associated with the loss of control in subsidiaries in the consolidated financial statements.



The procedures I performed to obtain sufficient and appropriate audit evidence were as follows:

- Reviewed the terms and conditions of the shareholders' agreements, including the minutes of meetings of the Group, and inquired of the management as to the nature and objectives of the business transaction in order to evaluate whether the transaction meets the criteria for classification as investment in joint venture
- Tested the calculation of the gain associated with the loss of control in subsidiaries and the fair value measurement of the investment and the disclosures related to these matters in the notes to the financial statements
- Assessed the appropriateness of the measurement of the fair value of investment in joint venture, by considering the appropriateness of the assumptions and estimates applied by management, gaining an understanding of management's decision-making process, and evaluating whether the decisions made were consistent with the Group's historical information, and industry and related economic information. I also gained an understanding of and assessed the following:
  - The assumptions applied in preparing plans and cash flow projections for the joint venture, based on the understanding I gained of the process by which the figures were arrived at, comparison of the assumptions with external and internal sources of information and comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgement in estimating cash flow projections, and comparison of the long-term growth rate of the Group with economic and industry forecasts.
  - The discount rate, based on comparison of the average cost of capital and other data with those used by comparable organisations.
  - The assumptions and approaches used by management in calculating the fair value of investment.

In carrying out these procedures, I relied on the knowledge and expertise of my specialist in considering external information in order to assess the suitability of management's assumptions. I considered the scope and probability of potential changes in the key assumptions (both individually and collectively as a group) and in particular the growth rates applied in preparing the cash flow projections, and I performed a sensitivity analysis on the returns expected to be realised on the investment. In addition, I reviewed the disclosure of information with respect to the fair value measurement of investment in joint venture.



## **Impairment of investments in subsidiaries, joint venture, associates and other investments**

As discussed in Note 12 - 15 to the financial statements, the Group has investments in subsidiaries, joint venture, associates and other investments at cost totaling Baht 9,891 million and has impairment losses on investments in subsidiaries, associates and other investments totaling Baht 6,765 million. In determining the impairment loss, management had to exercise judgement with respect to its projections of future operating performance, plans for each investee, and determination of an appropriate discount rate and key assumptions. There is thus a risk with respect to the amount of impairment loss recorded on investments in subsidiaries, joint venture, associates and other investments.

I assessed the management's identification of cash generating units and selection of a financial model, by gaining an understanding of management's decision-making process and evaluating whether the decisions were consistent with its financial history and industry trends. In addition, I gained an understanding of and assessed the following:

- The assumptions applied in preparing plans and cash flow projections for each company, based on the understanding I gained of the process by which the figures were arrived at, comparison of the assumptions with external and internal sources of information and comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgement in estimating cash flow projections, and comparison of the long-term growth rate of each company with economic and industry forecasts.
- The discount rate, based on comparison of the average cost of capital and other data with those used by comparable organisations.
- The assumptions and approaches used by the management in calculating the fair value of assets.

I considered the scope and probability of potential changes in the key assumptions (both individually and collectively as a group) and in particular the growth rates applied in preparing the cash flow projections, by comparing them to economic and industry forecasts. In addition, I reviewed the disclosure of information with respect to impairment of investments in subsidiaries, joint ventures, associates and other investments.

## Deferred tax

The Group has disclosed its accounting policy and details relating to deferred tax in Note 4.17 and Note 28 to the financial statements. A deferred tax asset is recognised when it is highly probable that the Group's taxable profit will be sufficient to allow utilisation of the deferred tax in the future. Determining whether there will be sufficient future taxable profit to utilise temporary differences or taxable losses requires significant management judgement with respect to preparation of business plans and projections of future taxable profit based on approved business plans. Therefore, there is a risk with respect to the amount of deferred tax assets.

I gained an understanding of and tested the key related controls over the preparation and approval of the estimates of future taxable profit for the purposes of deferred tax asset recognition by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I assessed the estimates of future taxable profit by checking the required information and key economic assumptions used in the projections against information from both internal and external sources, with consideration of information and assumptions that directly affect revenue growth and gross profit margin, such as interest rates, consumer spending and gross domestic product. Furthermore, I performed comparative analysis based on industry information from external sources, and compared the past projections with actual taxable profits to assess the exercise of management judgement in estimating taxable profits. I also tested the calculation of future taxable profit based on the above information and assumptions, and considered the effects of changes to key assumptions on the projected future taxable profits, especially in respect of long-term revenue growth. In addition, I reviewed the disclosure of information regarding temporary differences and unused tax losses for which deferred tax assets were not recognised by the Group.

## Revenue recognition

The Group's revenue is significant to the financial statements and directly affects its operating results, to which users of financial statements pay attention. The Group has numerous types of revenue and it is derived through various channels, under agreements with a large number of customers that contain a variety of conditions, pertaining to matters such as sales promotions and discounts. In addition, changes in consumer behavior and industry trends have directly affected the competitive environment in media and entertainment industry. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales and service agreements to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for sales and service transactions occurring during the year and near the end of the accounting period, and with special consideration given to expanding the scope of the examination supporting documentation for transactions occurring near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end, with special consideration given to expanding the scope of sampling of documentation.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.



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

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

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

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

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

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

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

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



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

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

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

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

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



Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

EY Office Limited

Bangkok: 27 February 2018

# Statement of financial position

GMM Grammy Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	744,049,679	868,821,210	313,463,030	401,324,810
Current investments	8	161,394,327	250,650,590	150,000,000	231,178,214
Trade and other receivables	9	763,214,560	1,397,272,280	505,403,617	880,088,032
Prepaid expenses		28,561,728	62,387,315	7,844,605	27,920,709
Inventories	10	146,367,884	370,797,111	68,922,327	115,409,065
Advance payments		24,922,395	27,111,615	13,245,305	8,217,932
Other current assets	11	74,294,248	267,588,585	6,350,299	44,490,218
<b>Total current assets</b>		<b>1,942,804,821</b>	<b>3,244,628,706</b>	<b>1,065,229,183</b>	<b>1,708,628,980</b>
<b>Non-current assets</b>					
Investments in subsidiaries	12	-	-	936,404,348	2,001,868,143
Investments in joint ventures	13	508,434,621	263,233,090	1,971,549,400	971,549,700
Investments in associates	14	272,384,258	276,672,051	213,641,357	25,000,000
Other long-term investments	15	1,630,908	3,655,635	1,630,908	1,655,935
Loans to related parties	6	-	-	39,245,000	50,180,000
Leasehold improvement and equipment	16	287,149,550	429,879,043	184,270,472	187,952,041
Cost of spectrum license	17	-	1,608,498,811	-	-
Other intangible assets	18	296,957,547	684,312,803	295,382,239	566,940,831
Deferred tax assets	28	215,239,653	486,471,235	156,629,423	123,266,301
Other non-current assets	19	241,498,463	251,234,404	125,714,013	79,707,486
<b>Total non-current assets</b>		<b>1,823,295,000</b>	<b>4,003,957,072</b>	<b>3,924,467,160</b>	<b>4,008,120,437</b>
<b>Total assets</b>		<b>3,766,099,821</b>	<b>7,248,585,778</b>	<b>4,989,696,343</b>	<b>5,716,749,417</b>

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

## Statement of financial position (continued)

GMM Grammy Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from banks	20	-	322,905,262	-	
Trade and other payables	21	1,194,410,297	1,210,404,479	641,680,934	481,458,039
Unearned income		188,827,065	444,960,726	90,335,547	174,198,567
Short-term loans from related parties and directors	6	-	3,890,000	423,500,000	1,924,500,000
Current portion of long-term loans	22	48,000,000	1,497,182,404	48,000,000	-
Current portion of liabilities under finance lease agreements		11,481,341	14,600,349	10,195,788	8,246,355
Current portion of cost of spectrum license payable	23	-	409,883,586	-	-
Income tax payable		173,675,701	9,112,817	167,932,133	-
Other current liabilities	24	241,689,508	266,332,306	150,076,363	182,908,820
Total current liabilities		1,858,083,912	4,179,271,929	1,531,720,765	2,771,311,781
Non-current liabilities					
Long-term loans - net of current portion	22	549,635,861	597,206,017	549,635,861	597,206,017
Liabilities under finance lease agreements - net of current portion		30,330,147	26,593,846	28,538,929	20,046,282
Cost of spectrum license payable - net of current portion	23	-	679,911,740	-	-
Provision for long-term employee benefits	25	220,717,574	297,086,277	186,537,978	161,451,645
Deferred tax liabilities	28	24,194	77,536	-	-
Total non-current liabilities		800,707,776	1,600,875,416	764,712,768	778,703,944
Total liabilities		2,658,791,688	5,780,147,345	2,296,433,533	3,550,015,725

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



## Statement of financial position (continued)

GMM Grammy Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Shareholders' equity</b>					
Share capital					
Registered					
819,949,729 ordinary shares of Baht 1 each		819,949,729	819,949,729	819,949,729	819,949,729
Issued and fully paid					
819,949,729 ordinary shares of Baht 1 each		819,949,729	819,949,729	819,949,729	819,949,729
Paid-in capital					
Share premium		4,847,628,795	4,847,628,795	4,847,628,795	4,847,628,795
Transferred of share premium to offset deficit in separate financial statements		271,203,657	271,203,657	-	-
Capital surplus from share premium of subsidiaries		-	859,297,366	-	-
Retained earnings					
Appropriated - statutory reserve	26	81,994,973	81,994,973	81,994,973	81,994,973
Transfer of statutory reserve to offset deficit in separate financial statements		50,000,000	50,000,000	-	-
Unappropriated (deficit)		(4,851,260,335)	(5,160,958,678)	(3,054,055,177)	(3,580,604,317)
Other components of shareholders' equity		(269,674,157)	(466,945,865)	(2,255,510)	(2,235,488)
Equity attributable to owners of the Company		949,842,662	1,302,169,977	2,693,262,810	2,166,733,692
Non-controlling interests of the subsidiaries		157,465,471	166,268,456	-	-
<b>Total shareholders' equity</b>		<b>1,107,308,133</b>	<b>1,468,438,433</b>	<b>2,693,262,810</b>	<b>2,166,733,692</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,766,099,821</b>	<b>7,248,585,778</b>	<b>4,989,696,343</b>	<b>5,716,749,417</b>

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

# Income statement

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Revenues					
Sales of goods		2,556,444,265	2,407,780,739	402,422,909	509,286,779
Service income		3,708,441,102	3,638,741,445	1,967,434,613	1,463,761,160
Revenues from copyrights		1,330,449,245	1,248,115,585	1,082,699,473	1,096,279,375
Interest income		13,018,287	12,922,729	12,551,899	13,455,361
Dividend income		4,001,700	4,500	304,429,209	473,689,876
Gain on sale of investments in subsidiaries	1.2	5,103,861	-	944,236,472	-
Gain associated with the loss of control in subsidiaries	1.2	1,004,003,404	2,557,025	-	-
Gain on deemed disposal of investment in joint venture	13	138,721,775	-	-	-
Other income		101,070,927	119,920,226	59,629,987	68,035,725
Total revenues		8,861,254,566	7,430,042,249	4,773,404,562	3,624,508,276
Expenses					
Cost of sales and services		4,917,133,677	4,586,306,058	2,140,129,266	1,844,124,121
Selling and servicing expenses		533,125,111	526,497,470	80,546,634	34,560,901
Administrative expenses		2,503,793,221	2,335,081,318	1,306,323,278	1,196,447,996
Loss on impairment of investments in subsidiaries		-	-	16,499,800	42,471,660
Expenses for legal dispute settlement	34.5	418,157,768	-	418,157,768	-
Total expenses		8,372,209,777	7,447,884,846	3,961,656,746	3,117,604,678
Profit (loss) before share of profit (loss) from investments in joint ventures and associates, finance cost and income tax expenses					
		489,044,789	(17,842,597)	811,747,816	506,903,598
Share of loss from investments in joint ventures	13	(323,449,977)	(353,130,178)	-	-
Share of profit from investments in associates	14	8,020,276	16,615,667	-	-
Profit (loss) before finance cost and income tax expenses		173,615,088	(354,357,108)	811,747,816	506,903,598
Finance cost		(166,669,072)	(188,173,719)	(77,362,583)	(94,290,673)
Profit (loss) before income tax expenses		6,946,016	(542,530,827)	734,385,233	412,612,925
Income tax income (expenses)	28	(356,687,450)	9,128,615	(218,604,383)	(4,360,547)
Profit (loss) for the year		(349,741,434)	(533,402,212)	515,780,850	408,252,378
Profit (loss) attributable to:					
Equity holders of the Company		(384,262,166)	(520,148,996)	515,780,850	408,252,378
Non-controlling interests of the subsidiaries		34,520,732	(13,253,216)		
		(349,741,434)	(533,402,212)		
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company	29	(0.47)	(0.63)	0.63	0.50

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

# Statement of comprehensive income

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Profit (loss) for the year</b>		<b>(349,741,434)</b>	<b>(533,402,212)</b>	<b>515,780,850</b>	<b>408,252,378</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency - net of income tax		2,263,655	169,588	-	-
Gain (loss) on change in value of available-for-sale investments - net of income tax		(20,022)	(67,082)	(20,022)	(67,082)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		2,243,633	102,506	(20,022)	(67,082)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain - net of income tax		14,496,501	-	10,768,290	-
Share of actuarial gain of joint ventures - net of income tax	13	16,256,844	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		30,753,345	-	10,768,290	-
<b>Other comprehensive income for the year</b>		<b>32,996,978</b>	<b>102,506</b>	<b>10,748,268</b>	<b>(67,082)</b>
<b>Total comprehensive income for the year</b>		<b>(316,744,456)</b>	<b>(533,299,706)</b>	<b>526,529,118</b>	<b>408,185,296</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		(352,327,315)	(520,046,490)	526,529,118	408,185,296
Non-controlling interests of the subsidiaries		35,582,859	(13,253,216)		
		<b>(316,744,456)</b>	<b>(533,299,706)</b>		

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

## Statement of changes in shareholders' equity

**GMM Grammy Public Company Limited and its subsidiaries**

For the year ended 31 December 2017

(Unit: Baht)

[illegible]

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



# Statement of changes in shareholders' equity (continued)

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

	Separate financial statements							(Unit: Baht)
	Issued and paid-up share capital	Share premium	Retained earnings		Surplus (deficit) on changes in value of available-for-sale investments	Other components of shareholders' equity		
			Appropriated - statutory reserve	Unappropriated (deficit)		Other comprehensive income	Total other components of shareholders' equity	
<b>Balance as at 31 December 2015</b>								
Profit for the year	819,949,729	4,847,628,795	63,631,794	(3,970,493,516)	(2,168,406)	(2,168,406)	1,758,548,396	
Other comprehensive income for the year	-	-	-	408,252,378	-	-	408,252,378	
Total comprehensive income for the year	-	-	-	-	(67,082)	(67,082)	(67,082)	
Setting aside to statutory reserve (Note 26)	-	-	-	408,252,378	(67,082)	(67,082)	408,185,296	
<b>Balance as at 31 December 2016</b>	<b>819,949,729</b>	<b>4,847,628,795</b>	<b>18,363,179</b>	<b>(3,580,604,317)</b>	<b>(2,235,488)</b>	<b>(2,235,488)</b>	<b>2,166,733,692</b>	
<b>Balance as at 31 December 2016</b>								
Profit for the year	819,949,729	4,847,628,795	81,994,973	(3,580,604,317)	(2,235,488)	(2,235,488)	2,166,733,692	
Other comprehensive income for the year	-	-	-	515,780,850	-	-	515,780,850	
Total comprehensive income for the year	-	-	-	10,768,290	(20,022)	(20,022)	10,748,268	
<b>Balance as at 31 December 2017</b>	<b>819,949,729</b>	<b>4,847,628,795</b>	<b>81,994,973</b>	<b>(3,054,055,177)</b>	<b>(2,255,510)</b>	<b>(2,255,510)</b>	<b>2,693,262,810</b>	

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

# Statement of cash flows

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	6,946,016	(542,530,827)	734,385,233	412,612,925
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	124,407,178	166,441,203	50,568,189	56,996,843
Amortisation	637,043,266	469,742,419	328,540,060	230,686,161
Amortisation of spectrum license	119,545,751	130,641,314	-	-
Allowance for doubtful accounts	90,867,540	18,041,061	94,694,620	21,178,833
Reduction of cost of inventory to net realisable value (reversal)	48,500,180	(1,344,458)	59,541,106	29,511,532
Allowance for impairment of investments in subsidiaries	-	-	16,499,800	42,471,660
Allowance for impairment of property, plant and equipment (reversal)	(1,014,904)	(21,764,588)	1,285,000	-
Allowance for impairment of goodwill	-	36,659,796	-	-
Allowance for impairment of intangible assets (reversal)	44,400,365	(4,441,620)	44,454,917	-
Provision for sales returns	(36,726,112)	85,253,445	(34,203,021)	86,848,884
Loss (gain) on disposal of equipment	(1,431,989)	19,104,824	(372,528)	(2,027,795)
Share of loss from investments in joint ventures	323,449,977	353,130,178	-	-
Share of profit from investments in associates	(8,020,276)	(16,615,667)	-	-
Long-term employee benefit expenses	49,890,512	80,906,081	41,103,709	54,322,627
Interest income	(13,018,287)	(12,922,729)	(12,551,899)	(13,455,361)
Dividend income	(4,001,700)	(4,500)	(304,429,209)	(473,689,876)
Gain on sale of investments in subsidiaries	(5,103,861)	-	(944,236,472)	-
Gain associated with the loss of control in subsidiaries	(1,004,003,404)	(2,557,025)	-	-
Gain on deemed disposal of investment in joint ventures	(138,721,775)	-	-	-
Interest expenses	166,669,072	188,173,719	77,362,583	94,290,673
Profit from operating activities before changes in operating assets and liabilities	399,677,549	945,912,626	152,642,088	539,747,106
Decrease (increase) in operating assets				
Trade and other receivables	(27,741,016)	(26,986,509)	38,024,460	150,134,689
Prepaid expenses	(7,330,692)	(2,423,166)	20,076,104	(22,777,659)
Inventories	(461,040,933)	(165,553,440)	(113,256,419)	(34,672,853)
Advance payments	(6,264,732)	18,532,952	(5,027,373)	15,340,553
Other current assets	64,788,496	105,615,976	37,285,035	36,510,141
Other non-current assets	(93,887,230)	(727,245,443)	(39,743,833)	(509,851,836)

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

## Statement of cash flows (continued)

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Increase (decrease) in operating liabilities				
Trade and other payables	518,319,836	(247,010,666)	163,070,517	(117,795,658)
Unearned income	(23,837,772)	21,471,959	(83,863,020)	(39,550,225)
Other current liabilities	9,761,989	(25,631,419)	1,370,564	(11,730,397)
Provision for long-term employee benefits	(2,557,014)	(12,752,906)	(2,557,014)	(12,012,907)
Cash flows from (used in) operating activities	369,888,481	(116,070,036)	168,021,109	(6,659,046)
Cash paid for interest expenses	(129,444,007)	(111,640,261)	(80,186,052)	(101,389,329)
Cash paid for income tax	(151,413,000)	(145,861,864)	(86,722,439)	(61,612,579)
Cash paid for termination wages	-	(80,497,723)	-	(67,157,120)
Cash received from income tax refund	64,727,327	52,070,193	34,769,775	52,070,193
<b>Net cash flows from (used in) operating activities</b>	<b>153,758,801</b>	<b>(401,999,691)</b>	<b>35,882,393</b>	<b>(184,747,881)</b>
<b>Cash flows from investing activities</b>				
Acquisition of equipment	(59,468,171)	(71,338,782)	(29,467,831)	(36,389,951)
Increase (decrease) in accounts payable - purchase of assets	(3,367,147)	(4,733,445)	405,691	-
Cash received from returning investments of subsidiaries	-	-	8,434,125	104,709,375
Cash paid to purchase additional investments in subsidiaries	-	-	(526,239,551)	(73,950,000)
Cash received from disposal of investments in subsidiaries (Note 31)	7,841,770	-	1,511,006,193	-
Net decrease in cash due to loss of control				
in subsidiaries (Note 30)	(282,862,937)	(4,798,150)	-	-
Cash paid for rights of claim arising from the repayment return of capital as a result of a subsidiary's liquidation	(43,551,803)	-	(43,551,803)	-
Cash received from sale of investments of associates	2,605,005	2,499,700	-	-
Cash received from returning investments of associates	3,150,000	-	-	-
Cash paid to purchase additional investments in associates	-	-	(188,641,357)	-
Cash paid to purchase other long-term investments	-	(235,605)	-	(235,605)
Cash received from disposal of equipments	6,049,963	17,626,737	2,431,538	3,717,898
Decrease in loans to related parties	-	-	10,935,000	26,900,000
Dividend received from subsidiaries and associates	9,658,971	11,157,448	546,523,011	221,589,874
Dividend received from other long-term investments	4,001,700	4,500	2,500	4,500
Cash paid to non-controlling interests of subsidiaries				
from investments in subsidiaries	(6,329,655)	(31,580,400)	-	-
Interest income	13,018,287	12,922,729	13,275,816	13,639,611
Decrease (increase) in current investments	89,256,263	(74,698,528)	81,178,214	(111,178,214)
Cash paid for spectrum license	(210,000,000)	(420,000,000)	-	-
<b>Net cash flows from (used in) investing activities</b>	<b>(469,997,754)</b>	<b>(563,173,796)</b>	<b>1,386,291,546</b>	<b>148,807,488</b>

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

# Statement of cash flows (continued)

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cash flows from financing activities</b>				
Increase in short-term loans from banks	231,179,584	319,905,262	-	-
Cash received from loans from directors	-	3,890,000	-	-
Cash received from long-term loans	-	467,980,000	-	-
Decrease in short-term loans from related parties	-	-	(1,501,000,000)	(54,000,000)
Repayment of liabilities under finance lease agreements	(11,766,206)	(16,404,717)	(9,035,719)	(13,106,070)
Dividend paid to non-controlling interest of subsidiaries	(30,209,611)	(353,051)	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>189,203,767</b>	<b>775,017,494</b>	<b>(1,510,035,719)</b>	<b>(67,106,070)</b>
<b>Increase in translation adjustments</b>	<b>2,263,655</b>	<b>169,588</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(124,771,531)</b>	<b>(189,986,405)</b>	<b>(87,861,780)</b>	<b>(103,046,463)</b>
Cash and cash equivalents at beginning of year	868,821,210	1,058,807,615	401,324,810	504,371,273
<b>Cash and cash equivalents at end of year</b>	<b>744,049,679</b>	<b>868,821,210</b>	<b>313,463,030</b>	<b>401,324,810</b>
<b>Supplemental cash flows information:</b>				
Non-cash transactions:				
Assets purchases which payment has yet to be made	-	-	405,691	-
Increase in assets from finance lease agreements	18,751,592	17,002,142	19,477,799	10,306,879

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



## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### 1. General information

#### 1.1 Corporate information

GMM Grammy Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. GMM Grammy Public Company Limited and its subsidiaries (together “the Group”) are principally engaged in various entertainment businesses, including music business, media business, satellite television business, digital TV business and other entertainment businesses. The registered office of the Company is at 50 Sukhumvit 21 (Asoke), Klongtoey Nua, Wattana, Bangkok.

#### 1.2 Restructuring of the investments by the Group and partial waiver of subscription rights to the additional issue of ordinary shares of GMM Channel Trading Company Limited

In December 2017, the Group restructured its investments in subsidiaries and associate as follows:

- 1) The Company purchased from GMM Media Public Company Limited, a subsidiary, investments at book value of 599,996 ordinary shares in Exact Company Limited, a subsidiary, at a price of Baht 136.63 each, 399,996 ordinary shares in Teen Talk Company Limited, a subsidiary, at a price of Baht 110.65 each and 3,500,000 ordinary shares in Scenario Company Limited, an associate, at a price of Baht 53.90 each, totaling Baht 315 million. In addition, GMM Media Public Company Limited transferred to the Company the rights of claim to any refund of capital as a result of the liquidation of Bliss Publishing Company Limited.
- 2) The Company disposed investments at book value in 199,853,147 ordinary shares of GMM Media Public Company Limited, a subsidiary, at a price of Baht 7.40 each and 199,996 ordinary shares of GMM TV Company Limited, a subsidiary, at a price of Baht 112.68 per share, totaling Baht 23 million, to another subsidiary, GMM Channel Trading Company Limited. The Company recognised a gain on the disposal of these subsidiaries of Baht 944 million in the current year separate income statements.

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

- 3) GMM Channel Trading Company Limited, a subsidiary, increased its registered share capital from Baht 800 million (8 million ordinary shares with a par value of Baht 100 each) to Baht 2,000 million (20 million ordinary shares with a par value of Baht 100 each), by issuing 12 million new ordinary shares with a par value of Baht 100 each. The Company purchased Baht 200 million of the newly issued ordinary shares (2 million ordinary shares with a par value of Baht 100 each) and waived Baht 1,000 million of its subscription rights (10 million ordinary shares with a par value of Baht 100 each) in favour of Siridamrongdham Company Limited and Bhakdivattana Company Limited. As a result, the Company's shareholding in GMM Channel Trading Company Limited decreased from 100 percent to 50 percent, and the Company had only joint control of this company. The Company therefore classified the investment in GMM Channel Trading Company Limited as investment in joint venture and recorded it under the equity method in the consolidated financial statements. The Company assessed the fair value of the investment in GMM Channel Trading Company Limited and the subsidiaries under GMM Channel Trading Company Limited, which consisted of GMM Channel Company Limited, GMM Media Public Company Limited and GMM TV Company Limited (together "Channel Group") in order to apply this as the cost of the investment on initial recognition. The assessment was made based on forecasts of that Channel Group's performance and cash flow projections prepared on the basis of a determined discount rate and assumptions, with reference to forecasts of the state of the digital TV industry, the competitive environment and the expected level of government support. This information supported management's preparation of financial projections in order to assess the fair value of the investment under a conservative basis. The fair value of investment in joint venture at the date of loss of control of Channel Group thus assessed was Baht 36.17 per share, and the Company recognised gains totaling Baht 1,004 million, from the restructuring of investments and the partial waiver of subscription rights to the additionally issued ordinary shares and on the measurement of fair value of investment, in the current year consolidated income statements, under the caption of gain associated with loss of control in subsidiaries.

## 2. Basis of preparation

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

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

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

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

### 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of GMM Grammy Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017 Percent	2016 Percent
<u>Subsidiaries directly held by the Company</u>				
1. GMM Media Public Company Limited	Production of radio programmes	Thailand	-	99.92
2. GMM Holding Company Limited	Holding company	Thailand	100	100
3. GMM Music Publishing International Company Limited	Management of music copyrights	Thailand	100	100
4. GMM Tai Hub Company Limited	Production of films and television programmes	Thailand	51	51
5. Fan TV Company Limited (Held 49 percent by GMM Holding Company Limited, a subsidiary)	Production of satellite television programmes	Thailand	51	51
6. 3-RD Company Limited	Providing customer service via telephone	Thailand	-	50
7. GR Vocal Studio Company Limited	Vocal and music schools	Thailand	100	100
8. GMM CJ O Shopping Company Limited	Wholesale and retail by using advertising media and receiving phone orders	Thailand	51	51
9. MGA Company Limited	Currently non-active	Thailand	100	100
10. Digital Gen Company Limited	Currently non-active	Thailand	100	100
11. Extraorganizer Company Limited	Currently non-active	Thailand	100	100
12. More Music Company Limited	Currently non-active	Thailand	100	100
13. GDC Company Limited	Providing service to games members, distribution of games playing cards	Thailand	100	100
14. Z Trading Company Limited	Production and distribution of satellite television and digital TV receivers	Thailand	100	100
15. GMM Channel Trading Company Limited	Production of television programmes and digital on-air	Thailand	-	100
16. Digistream Company Limited	Providing music in streaming	Thailand	100	100
17. GMM TV Company Limited	Production of television programmes	Thailand	-	100
18. Deetalk Company Limited	Production of television programmes	Thailand	100	100

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017 Percent	2016 Percent
19. GDH 559 Company Limited	Production of films and television programmes	Thailand	51	51
20. Teen Talk Company Limited (2016: Held by GMM Media Public Company Limited, a subsidiary)	Currently non-active	Thailand	100	100
21. Exact Company Limited (2016: Held by GMM Media Public Company Limited, a subsidiary)	Production of television programmes	Thailand	100	100
<u>Subsidiaries held by GMM Media Public Company Limited</u>				
1. A-Time Media Company Limited	Sub - lease of radio stations	Thailand	-	100
2. Bliss Publishing Company Limited (Liquidated on 20 October 2016)	Liquidated	Thailand	-	100
<u>Subsidiaries held by GMM Holding Company Limited</u>				
1. GMM Studio Company Limited	Currently non-active	Thailand	100	100
2. Grammy Publishing House Company Limited	Currently non-active	Thailand	100	100
3. GMM Fitness Club Company Limited	Wholesale and retail	Thailand	100	100
4. Mifah Company Limited	Currently non-active	Thailand	100	100
5. GMM Digital Domain Company Limited	Currently non-active	Thailand	100	100
6. Magic Film Company Limited	Currently non-active	Thailand	90.91	90.91
7. Global Music and Media (China) Limited	Currently non-active	Hong Kong SAR	100	100
<u>Subsidiary held by GMM Digital Domain Company Limited</u>				
1. Digital Arms Company Limited	Currently non-active	Thailand	100	100
<u>Subsidiaries held by Z Trading Company Limited</u>				
1. G S-one Company Limited	Currently non-active	Thailand	100	100
2. GMM Z Company Limited	Satellite television platform provider	Thailand	100	100
<u>Subsidiary held by GMM Channel Trading Company Limited</u>				
1. GMM Channel Company Limited	Production of television programmes and digital on-air	Thailand	-	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) During the year 2017, there were the following changes in the composition of the subsidiaries:



## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### Disposal of investment in subsidiary

Investor	Subsidiary	Nature of business	Percentage of shareholding (%)	Description	Amount (Thousand Baht)
GMM Grammy Public Company Limited	3-RD Company Limited	Providing customer service via telephone	50	Disposal of all 90,000 ordinary shares at a price of Baht 111.11 per share to a third party (Its cost was Baht 9.1 million)	10,000

### Change of investment classification from subsidiary to joint venture

Investor	Subsidiaries	Nature of business	Percentage of shareholding (%)	Description
GMM Grammy Public Company Limited	GMM Channel Trading Company Limited and its subsidiaries which comprised of GMM Channel Company Limited, GMM Media Public Company Limited and GMM TV Company Limited	Production of television programmes and digital on-air	100	Loss of control due to partial waiver of subscription rights to newly issued additional ordinary shares in favour of Siridamrongdham Company Limited and Bhakdivattana Company Limited (as described in Note 1.2 to the financial statements)

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

- e) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- f) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- g) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- h) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries, joint venture and associates presented under the cost method.

## 3. New financial reporting standards

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

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

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

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

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

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### 4. Significant accounting policies

#### 4.1 Revenue recognition

##### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

##### *Revenues from services*

- a) Revenues from production of radio, television, satellite television and digital TV programmes

Revenues from production of radio, television, satellite television and digital TV programmes represent the service income from advertising, promotion and production of television programmes and are stated on the basis of the invoiced value, after deducting discounts and allowances. Service income from advertising and promotion is recognised when services have been rendered on radio, television, satellite television and digital TV programmes. Service income from production of television programmes is recognised when the production is completed.

- b) Revenues from production of concerts

Revenues from production of concerts are recognised as income when the performances take place.

- c) Revenues from production of motion pictures

Income from box-office sharing is recognised as income when the motion pictures have been exhibited.

Sales of motion pictures and advertising income are the invoiced value of the films delivered and the services rendered after deducting discounts and allowances.

In cases where royalties from motion pictures are charged at fixed amounts which the licensee cannot refund and the licensor has no further obligations subsequent to granting the rights, the royalties are recognised as income in full when the licensee is entitled to exploit the rights under the terms of the agreement.

- d) Management fee and consultant fee income

Management fee and consultant fee income are recognised when services have been rendered.

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

e) Artist management income

Artist management income is recognised when services have been rendered.

f) Revenues from studio service

Revenues from studio service are recognised when services have been rendered taking into account the stage of completion.

g) Revenues from event advisor and organizer and provision of event equipment

Revenues from event advisor and organizer and provision of event equipment are recognised when services have been rendered taking into account the stage of completion.

h) Revenues from production and service

Revenues from production and service are recognised when services have been rendered taking into account the stage of completion.

*Revenues from copyrights*

Revenues from copyrights are recognised when the right to receive payment is established, and reasonable estimates of such amount can be made.

*Interest income*

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

*Dividend received*

Dividend received is recognised when the right to receive the dividends is established.

## 4.2 Cash and cash equivalents

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

## 4.3 Trade and other receivables

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

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### 4.4 Inventories

- a) Tape reels, cassette tapes, compact discs, video compact discs and digital versatile discs are valued at the lower of cost (moving average method) or net realisable value.
- b) Television programmes represent the accumulated production costs in progress and those which are completed and ready for broadcasting. The costs, which consist of expenses directly associated with programme production, are charged against income when the programmes are broadcasted.
- c) Master tapes represent the accumulated costs of master tape production in progress and which has been completed. The costs, consisting of expenses directly associated with production, are charged against income when albums are launched for sale, except for cost of lyrics, melodies and compositions that are transferred to be the intangible asset subjected as “the copyrights to musical compositions”.
- d) Motion picture and cartoon production represents the accumulated production and filming costs which are currently in production, and is transferred to be the intangible asset subjected as “motion picture and cartoon copyrights” when they are exhibited.
- e) Magazines and pocket books are valued at the lower of cost (average method) or net realisable value.
- f) Satellite television receivers are valued at the lower of cost (moving average method) or net realisable value.
- g) Other inventories are valued at the lower of cost (first-in, first-out and average method) or net realisable value.

### 4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are record in comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Group classifies as other investments, are stated at cost net of allowance for impairment losses (if any).



# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

- e) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.
- f) Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method, net of allowance for impairment losses (if any).

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

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

In the event the Group reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded as profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

## 4.6 Leasehold improvement and equipment/Depreciation

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

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

	<u>Useful lives</u>
Leasehold improvement	- 5 years
Operating equipment	- 5 years
Computer and equipment	- 3 years
Furniture, fixtures and office equipment	- 5 and 7 years
Motor vehicles	- 5 years
Others	- 5 years

Depreciation is included in determining income.

No depreciation is provided for land, construction in progress and equipment under installation.

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

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

### 4.7 Intangible assets

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

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

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

- a) Computer software is carried at cost less accumulated amortisation and impairment losses (if any). It is amortised on a straight-line basis over the contract periods.
- b) Program rights are carried at cost less accumulated amortisation and impairment losses (if any).

They are recognised as the assets and liabilities under the license contracts when the license contracts period whereby, the cost of rights are known, and rights are under control of the Group. Program rights are amortised on a straight-line basis over the license contract periods.

The Program rights that transfers from inventory, the Group had amortised this right by using 60 percent of the cost from the first on-air, and other cost are amortised by the basis of straight line for 5 years.

- c) Motion picture and cartoon copyrights are carried at cost less accumulated amortisation and impairment losses (if any). They are amortised in proportion to their consumptions through various distribution channels, but over periods of no more than 10 years (for motion pictures) and 5 years (for cartoons) from the release date.

Game licenses and other rights are carried at cost less accumulated amortisation and impairment losses (if any). Game licenses and other rights are amortised on a straight-line basis over the license contract periods.

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

Intangible assets with indefinite useful lives are the copyrights and musical compositions which are carried at cost less accumulated amortisation and impairment losses (if any). They have the indefinite useful life, therefore they are not amortised but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful life is reviewed annually.

## 4.8 Cost of spectrum license

Cost of spectrum license is carried at cost less accumulated amortization and impairment losses (if any). It is recognised as the asset and liability under the license when the license period began. Cost of spectrum license is recognised as the asset base on the sum of the amounts to be paid immediately, within a specified period, and the discounted value of the amount that the Group is required to pay to the government agency in installments. The cost of spectrum license payable, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the payment period.

Cost of spectrum license is charged to profit or loss and amortised on a straight-line basis over the license period, 15 years.

## 4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### 4.10 Related party transactions

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

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

### 4.11 Long-term leases

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

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

### 4.12 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

## 4.13 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill and intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

## 4.14 Provision for goods returns

Provision for goods returns is estimated with reference to actual goods returns occurring during the year and calculated at the rate of sales made during the year.

## 4.15 Employee benefits

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

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

### ***Post-employment benefits***

#### *Defined contribution plans*

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

#### *Defined benefit plans*

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



## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

### 4.16 Provisions

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

### 4.17 Income Tax

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

#### Current tax

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

#### Deferred tax

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

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

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

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

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

## 4.18 Fair value measurement

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

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

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

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

## 5. Significant accounting judgements and estimates

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

### Allowance for doubtful accounts

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

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### **Impairment of investments**

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

### **Leasehold improvement and equipment/Depreciation**

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

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

### **Intangible assets/Amortisation**

In determining the amortisation of intangible assets, the management is required to make estimates of economic useful lives and the amortisation method of the intangible assets, and to review the amortisation period when there are any changes.

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

### **Deferred tax assets**

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

### **Post-employment benefits under defined benefit plans**

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

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

## Litigation

The Group has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

## 6. Related party transactions

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

(Unit: Million Baht)			
	Consolidated		Pricing policy*
	financial statements		
	2017	2016	
<u>Transactions with joint ventures</u>			
Service income	138	139	(2)/(5)/(6)
Service expenses	179	191	(5)/(6)
<u>Transactions with associated companies</u>			
Service income	153	24	(2)
Service expenses	61	61	(5)
<u>Transactions with related companies</u>			
Rental and service expenses	302	273	(1)/(5)/(6)
<u>Transactions with management and directors</u>			
Service expenses	5	5	(3)/(5)

(Unit: Million Baht)			
	Separate		Pricing policy*
	financial statements		
	2017	2016	
<u>Transactions with subsidiaries</u>			
(eliminated from the consolidated financial statements)			
Service income	125	111	(2)/(4)/(5)
Revenues from copyrights	170	150	(3)
Other income	5	6	(5)
Service expenses	123	77	(5)
Interest expenses	43	60	(7)

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Million Baht)

	Separate financial statements		Pricing policy*
	2017	2016	
<u>Transactions with joint ventures</u>			
Service income	94	95	(2)/(5)/(6)
Service expenses	103	106	(5)/(6)
<u>Transactions with associated companies</u>			
Service income	10	9	(2)
Rental and service expenses	6	3	(2)
<u>Transactions with related companies</u>			
Rental and service expenses	136	144	(1)/(5)/(6)
<u>Transactions with management and directors</u>			
Service expenses	1	1	(3)/(5)

### \*Pricing policy explanation

- (1) Contract price with the rental rate as appraised by independent valuer
- (2) With reference to prices charged to third parties depending on when the sales were made and the agreement
- (3) Charge per unit purchased/sold with reference to market price
- (4) Cost plus margin
- (5) Mutually agreed price
- (6) Contract price
- (7) At the rate not lower than the rate of fixed deposit or the rate of minimum loan rate (MLR) minus 1 percent per annum based on case by case



# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b><u>Trade and other receivables - related parties (Note 9)</u></b>				
Subsidiaries	-	-	46,649	322,478
Joint ventures	121,399	37,676	81,681	15,172
Associated companies	47,803	16,593	1,378	9,009
Related companies (related by common shareholder)	3,699	4,115	3,689	3,753
Total trade and other receivables - related parties	<u>172,901</u>	<u>58,384</u>	<u>133,397</u>	<u>350,412</u>

**Trade and other payables - related parties (Note 21)**

Subsidiaries	-	-	20,301	46,104
Joint ventures	130,304	19,893	85,695	12,475
Associated companies	2,019	12,323	16	640
Related companies (related by common shareholder)	3,334	10,648	3,024	3,571
Management and directors	3,320	1,538	645	1,003
Total trade and other payables - related parties	<u>138,977</u>	<u>44,402</u>	<u>109,681</u>	<u>63,793</u>

**Loans to related parties**

As at 31 December 2017 and 2016, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	During the year		Balance as at
	31 December 2016	Increase	Decrease	31 December 2017
<b><u>Loans to related parties</u></b>				
<b>Subsidiaries</b>				
Digistream Company Limited	13,000	200	(1,200)	12,000
GR Vocal Studio Company Limited	2,700	2,000	(2,700)	2,000
Fan TV Company Limited	24,480	765	-	25,245
GMM TV Company Limited	10,000	-	(10,000)	-
Total loans to related parties	50,180	2,965	(13,900)	39,245

Minimum interest rate charged on loans to subsidiaries is charged at the rate not lower than the rate of fixed deposit or the rate of minimum loan rate (MLR) minus 1 percent per annum based on case by case.

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### Short-term loans from related parties and directors

As at 31 December 2017 and 2016, the balance of loans from related companies and directors and the movement are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at	During the year		Balance as at
	31 December 2016	Increase	Decrease	31 December 2017
<b><u>Short-term loans from directors</u></b>				
Directors	3,890	-	(3,890)	-
Total short-term loans from directors	3,890	-	(3,890)	-

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	During the year		Balance as at
	31 December 2016	Increase	Decrease	31 December 2017
<b><u>Short-term loans from related parties</u></b>				
<b>Subsidiaries</b>				
MGA Company Limited	22,500	-	-	22,500
GMM Music Publishing International Company Limited	71,000	25,000	(21,000)	75,000
GMM Holding Company Limited	123,000	-	(1,500)	121,500
Digital Gen Company Limited	5,500	-	-	5,500
GMM Media Public Company Limited	1,643,000	-	(1,643,500)	-
More Music Company Limited	7,000	-	-	7,000
Deetalk Company Limited	10,000	-	(10,000)	-
Z Trading Company Limited	42,000	40,000	-	82,000
GDH 559 Company Limited	-	90,000	(30,000)	60,000
GMM CJ O Shopping Company Limited	-	50,000	-	50,000
Total short-term loans from related parties	1,924,500	205,000	(1,706,000)	423,500

Minimum interest rate charged on loans to subsidiaries and directors are charged at the rate not lower than the rate of fixed deposit or the rate of minimum loan rate (MLR) minus 1 percent per annum based on case by case.

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

## Directors and management's benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Short-term employee benefits	65,338	79,627	48,538	63,751
Post-employment benefits	461	872	461	872
Total directors and management's benefits	65,799	80,499	48,999	64,623

## Guarantee obligations with related parties

The Group has outstanding guarantee obligations with its related parties, as described in Note 34.4 to the financial statements.

## 7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cash on hand and at banks	644,048	600,463	213,461	132,967
Short-term investments	100,002	268,358	100,002	268,358
Total cash and cash equivalents	744,050	868,821	313,463	401,325

As at 31 December 2017, bank deposits in saving accounts, fixed deposits and highly liquid investments carried interests between 0.10 and 1.35 percent per annum (2016: between 0.10 and 1.45 percent per annum) (the Company only: between 0.10 and 1.35 percent per annum, 2016: between 0.10 and 1.45 percent per annum).

## 8. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Fixed deposit	150,000	234,720	150,000	231,178
Short-term investments	11,394	15,931	-	-
Total current investments	161,394	250,651	150,000	231,178

As at 31 December 2017, current investments carried interests between 0.57 and 1.79 percent per annum (2016: between 0.66 and 1.50 percent per annum) (the Company only: between 1.30 and 1.40 percent per annum, 2016: between 1.45 and 1.50 percent per annum).

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### 9. Trade and other receivables

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b><u>Trade receivables - related parties</u></b>				
Aged on the basis of due dates				
Not yet due	106,971	36,280	59,696	12,973
Past due				
Up to 3 months	29,083	3,454	12,562	12,223
3 - 6 months	-	616	1,720	1,097
6 - 12 months	1,316	-	4,432	-
Over 12 months	536	-	14,509	30,131
Total	137,906	40,350	92,919	56,424
Less: Allowance for doubtful accounts	-	-	(13,867)	-
Net	137,906	40,350	79,052	56,424
<b><u>Trade receivables - unrelated parties</u></b>				
Aged on the basis of due dates				
Not yet due	289,251	492,347	231,324	221,632
Past due				
Up to 3 months	160,476	246,279	67,685	84,708
3 - 6 months	43,100	46,880	37,667	36,030
6 - 12 months	7,181	45,908	6,019	44,254
Over 12 months	126,388	149,912	8,757	21,690
Total	626,396	981,326	351,452	408,314
Less: Allowance for doubtful accounts	(187,211)	(140,706)	(79,091)	(34,426)
Net	439,185	840,620	272,361	373,888
Total trade receivables - net	577,091	880,970	351,413	430,312
<b><u>Other receivables</u></b>				
Other receivables - related parties	31,296	18,034	37,647	38,893
Other receivables - unrelated parties	93,807	30,531	39,205	82
Dividends receivable from subsidiaries and associates	-	3,100	12,999	255,095
Accrued income - related parties	3,699	-	3,699	-
Accrued income - unrelated parties	101,685	464,637	96,604	155,706
Total other receivables	230,487	516,302	190,154	449,776
Less: Allowance for doubtful accounts	(44,363)	-	(36,163)	-
Total other receivables - net	186,124	516,302	153,991	449,776
Total trade and other receivables - net	763,215	1,397,272	505,404	880,088

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

## 10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2017	2016	2017	2016	2017	2016
Tape reels, cassette tapes, CDs, VCDs and DVDs	185,788	154,565	(162,109)	(130,281)	23,679	24,284
Motion picture and cartoon production	13,285	20,172	-	-	13,285	20,172
Television programmes	2,248	119,434	-	-	2,248	119,434
Work in process	78,492	88,507	(17,522)	-	60,970	88,507
Books, teaching aids and magazines	1,057	1,057	(1,057)	(1,057)	-	-
Satellite television receivers	33,140	128,141	(14,049)	(24,257)	19,091	103,884
Others	37,445	15,508	(10,350)	(992)	27,095	14,516
Total inventories	<u>351,455</u>	<u>527,384</u>	<u>(205,087)</u>	<u>(156,587)</u>	<u>146,368</u>	<u>370,797</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2017	2016	2017	2016	2017	2016
Tape reels, cassette tapes, CDs, VCDs and DVDs	188,705	157,606	(162,109)	(130,281)	26,596	27,325
Work in process	59,848	77,893	(17,522)	-	42,326	77,893
Others	10,191	10,191	(10,191)	-	-	10,191
Total inventories	<u>258,744</u>	<u>245,690</u>	<u>(189,822)</u>	<u>(130,281)</u>	<u>68,922</u>	<u>115,409</u>

During the current year, the Group reduced cost of inventories by Baht 60 million (2016: Baht 30 million) (the Company only: Baht 60 million, 2016: Baht 30 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Group reversed the write-down of cost of inventories by Baht 11 million (2016: Baht 32 million) (the Company only: none, 2016: none) and reduced the amount of inventories recognised as expenses during the year.



## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### 11. Other current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Input tax refundable	56,275	174,434	1,126	287
Withholding tax deducted at source	10,085	84,646	-	39,000
Others	7,934	8,509	5,224	5,203
Total other current assets	74,294	267,589	6,350	44,490

### 12. Investments in subsidiaries

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

(Unit: Thousand Baht)								
Company's name	Separate financial statements							Dividend received during the year
	Paid-up capital		Shareholding percentage		Cost			
	2017	2016	2017	2016	2017	2016		
	(Million Baht)	(Million Baht)	(%)	(%)				
MGA Company Limited	10.5	10.5	100	100	10,500	10,500	-	-
Digital Gen Company Limited	5	5	100	100	5,000	5,000	-	-
GMM Media Public Company Limited	-	200	-	99.92	-	557,474	233,876	420,196
Extraorganizer Company Limited	1	1	100	100	999	999	-	-
More Music Company Limited	1	1	100	100	1,000	1,000	-	-
GMM Holding Company Limited	100	100	100	100	100,000	100,000	-	-
GMM Music Publishing International Company Limited	5	5	100	100	4,999	4,999	22,998	24,998
GMM Tai Hub Company Limited	3	20	51	51	67,907	76,341	23,348	-
Fan TV Company Limited	200	200	51	51	83,777	83,777	-	-
3-RD Company Limited	-	18	-	50	-	9,095	-	-
GR Vocal Studio Company Limited	5	5	100	100	2,525	2,525	-	-
GMM C.J.O Shopping Company Limited	356	356	51	51	181,764	181,764	-	-
GDC Company Limited	47	47	100	100	46,814	46,814	-	-
Z Trading Company Limited	5,935	5,935	100	100	5,935,000	5,935,000	-	-
GMM Channel Trading Company Limited	-	600	-	100	-	600,000	-	-
Digistream Company Limited	1	1	100	100	1,000	1,000	-	-
GDH 559 Company Limited	150	150	51	51	76,500	76,500	7,650	-
GMM TV Company Limited	-	20	-	100	-	200	12,000	-
Deetalk Company Limited	1	1	100	100	19,392	19,392	-	19,994
Exact Company Limited	60	-	100	-	81,979	-	-	-
Teen Talk Company Limited	40	-	100	-	44,260	-	-	-
Total					6,663,416	7,712,380	299,872	465,188
Less: Allowance for impairment of investments					(5,727,012)	(5,710,512)		
Investments in subsidiaries - net					936,404	2,001,868		

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

During the current year, changes of investments in subsidiaries which have been presented in the separate financial statements are as follows:

### Additional investment in subsidiary

Investor	Subsidiary	Percentage of shareholding (%)	Description	Amount (Thousand Baht)
GMM Grammy Public Company Limited	GMM Channel Trading Company Limited	100	Additionally invested in 3,999,999 ordinary shares, at a price of Baht 100 per share amounting to Baht 400 million (fully paid up). The additional capital has no effect to the Company's shareholding in that company.	400,000

### Purchase of investments in subsidiaries

Investor	Subsidiaries	Nature of business	Percentage of shareholding (%)	Description	Amount (Thousand Baht)
GMM Grammy Public Company Limited	Teen Talk Company Limited	Currently non-active	100	Purchase of all investment from GMM Media Public Company Limited, a subsidiary, 399,996 ordinary shares of Baht 110.65 each.	44,260
GMM Grammy Public Company Limited	Exact Company Limited	Production of television programmes	100	Purchase of all investment from GMM Media Public Company Limited, a subsidiary, 599,996 ordinary shares of Baht 136.63 each.	81,979

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### Disposal of investments in subsidiaries

Investor	Subsidiaries	Nature of business	Percentage of shareholding (%)	Description	Amount (Thousand Baht)
GMM Grammy Public Company Limited	3-RD Company Limited	Providing customer service via telephone	50	Disposal of all 90,000 ordinary shares at a price of Baht 111.11 per share to a third party (its cost was Baht 9.1 million)	10,000
GMM Grammy Public Company Limited	GMM Media Public Company Limited	Production of radio programmes	99.92	Disposal of investment 240,000 ordinary shares at a price of Baht 7.40 per share to a third party (its cost was Baht 0.24 million). Then, disposed of all remaining investments 199,853,147 ordinary shares of Baht 7.40 each to GMM Channel Trading Company Limited (its cost was Baht 557 million)	1,478,471
GMM Grammy Public Company Limited	GMM TV Company Limited	Production of television programmes	100	Disposal of all 199,996 ordinary shares at a price of Baht 112.68 per share to GMM Channel Trading Company Limited (its cost was Baht 0.2 million)	22,535

### Change of investment classification from subsidiary to joint venture

Investor	Subsidiary	Nature of business	Percentage of shareholding (%)	Description
GMM Grammy Public Company Limited	GMM Channel Trading Company Limited	Production of television programmes and digital on-air	100	Loss of control due to partial waiver of subscription rights to newly issued additional ordinary shares in favour of Siridamrongdham Company Limited and Bhakdivattana Company Limited (as described in Note 1.2 to the financial statements)

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### Return of capital by subsidiary

Investor	Subsidiary	Percentage of shareholding (%)	Description	Amount (Thousand Baht)
GMM Grammy Public Company Limited	GMM Tai Hub Company Limited	51	Reduction of capital by 1,124,550 shares of Baht 7.50 each (its cost was Baht 8.43 million), by returning funds to shareholders. This had no impact on the Company's proportionate shareholding.	8,434

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### 13. Investments in joint ventures

#### 13.1 Details of investments in joint ventures:

Investments in joint ventures represent investments in entities which are jointly controlled by the Group and other companies. Details of these investments are as follows:

Name of Company	Nature of business	Consolidated financial statements						(Unit: Thousand Baht)	
		Shareholding percentage		Cost		Carrying amounts based on equity method		2017	2016
		2017 (%)	2016 (%)	2017	2016	2017	2016		
The ONE Enterprise Company Limited	Production of television programmes and digital on-air	25.5	51	971,550	971,550	138,404	263,233		
GMM Channel Trading Company Limited	Production of television programmes and digital on-air	50	-	361,700	-	370,031	-		
Total				1,333,250	971,550	508,435	263,233		

Name of Company	Nature of business	Separate financial statements						(Unit: Thousand Baht)	
		Shareholding percentage		Cost		Allowance for impairment of investments		2017	2016
		2017 (%)	2016 (%)	2017	2016	2017	2016		
The ONE Enterprise Company Limited	Production of television programmes and digital on-air	25.5	51	971,550	971,550	-	-	971,550	971,550
GMM Channel Trading Company Limited	Production of television programmes and digital on-air	50	-	-	-	-	-	1,000,000	-
Total				971,550	971,550	-	-	1,971,550	971,550



## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

During the current year, changes of investments in joint ventures are as follows:

### Waiving of subscription right to the capital increase of the ordinary shares of joint venture

Investor	Joint venture	Percentage of shareholding (%)	Description
GMM Grammy Public Company Limited	The ONE Enterprise Company Limited	51	During the year, The ONE Enterprise Company Limited registered the increase of its share capital of Baht 1,905 million (19,050,000 ordinary shares of Baht 100 each). The Company waived the subscription right to that capital increase. Thus, the shareholding of the Company in that joint venture decreased from 51 percent to 25.5 percent. The Group recognised gain on deemed disposal of investment in joint venture amounting to Baht 191 million in the consolidated income statement. However, this transaction had no impact on the separate financial statements.

### Change of investment classification from subsidiary to joint venture

Investor	Joint venture	Nature of business	Percentage of shareholding (%)	Description	Amount (Thousand Baht)
GMM Grammy Public Company Limited	GMM Channel Trading Company Limited	Production of television programmes and digital on-air	50	Loss of control due to partial waiver of subscription rights to newly issued additional ordinary shares in favour of Siidamrongdham Company Limited and Bhakdivattana Company Limited (as described in Note 1.2 to the financial statements)	1,000,000

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

In May 2017 the Extraordinary General Meeting of Shareholders No.1/2017 passed a resolution to approve the Company's acquisition of 2,200,000 shares of The ONE Enterprise Company Limited, a joint venture, from Scenario Company Limited by the end of 2017. This represents 5.77 percent of all paid-up shares of that Company and the acquisition price was Baht 100 per share, or a total of Baht 220 million. If the acquisition is completed, the Company's shareholding in The ONE Enterprise Company Limited will increase from 25.50 percent to 31.27 percent. However, the Company did not complete the transaction within the above timeframe, and has prepared a memorandum of understanding extending the timeline to be within 31 March 2018.

The management of the Company has assessed that it is probable that the Company will enter into this transaction within 31 March 2018, in accordance with the memorandum of understanding. The Company has therefore reflected the impact of the transaction on a conservative basis, by adjusting the gain as if there had been an actual disposal of the investment in joint venture (deemed disposal) and as if, as at 31 December 2017, the Company held a 31.27 percent shareholding in The ONE Enterprise Company Limited.

### 13.2 Share of comprehensive income and dividend received

During the years, the Group recognised its share of comprehensive income from investments in the joint ventures in the consolidated financial statements and dividend income in the separate financial statements as follows:

	Consolidated				(Unit: Thousand Baht)	
	financial statements				Separate	
					financial statements	
	Share of loss from		Share of other			
Joint ventures	investments in joint ventures		investments in joint ventures		Dividend received	
	during the year		during the year		during the year	
	2017	2016	2017	2016	2017	2016
The ONE Enterprise Company Limited	(319,524)	(353,130)	3,999	-	-	-
GMM Channel Trading Company Limited	(3,926)	-	12,258	-	-	-
Total	(323,450)	(353,130)	16,257	-	-	-

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

## 13.3 Summarised financial information about the joint ventures

Summarised financial information as stated in the consolidated financial statements of The ONE Enterprise Company Limited and GMM Channel Trading Company Limited are as follows:

### Financial Position

	The ONE Enterprise Company Limited		GMM Channel Trading Company Limited	
	As at 31 December		As at 31 December	
	2017	2016	2017	2016
Cash and cash equivalents	644	177	1,289	-
Current assets	1,183	1,203	776	-
Non-current assets	3,734	4,098	2,043	-
Total assets	5,561	5,478	4,108	-
Short-term loans	-	(687)	(565)	-
Current liabilities	(793)	(1,053)	(891)	-
Long-term loans	(2,296)	(2,667)	(1,498)	-
Long-term debentures	(478)	(492)	-	-
Non-current liabilities	(720)	(705)	(775)	-
Total liabilities	(4,287)	(5,604)	(3,729)	-
<b>Net assets</b>	<b>1,274</b>	<b>(126)</b>	<b>379</b>	<b>-</b>
Shareholding percentage	25.5%	51%	50%	-
<b>Share of net assets</b>	<b>325</b>	<b>(64)</b>	<b>190</b>	<b>-</b>
Elimination and entries and others	(187)	-	-	-
Intangible assets	-	327	180	-
<b>Carrying amounts of joint ventures based on equity method</b>	<b>138</b>	<b>263</b>	<b>370</b>	<b>-</b>

### Operating results

	The ONE Enterprise Company Limited		GMM Channel Trading Company Limited	
	For the years ended 31 December		For the periods ended 1 to 31 December	
	2017	2016	2017	2016
Revenues	2,179	1,767	291	-
Cost of sales and services	(1,515)	(1,482)	(211)	-
Selling and servicing expenses	(185)	(198)	(19)	-
Administrative expenses	(605)	(612)	(55)	-
Finance cost	(241)	(267)	(12)	-
Loss before income tax expenses	(367)	(792)	(6)	-
Income tax income	(154)	155	1	-
Loss for the year	(521)	(637)	(5)	-
Other comprehensive income	16	-	24	-
<b>Total comprehensive income</b>	<b>(505)</b>	<b>(637)</b>	<b>19</b>	<b>-</b>

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

GMM One TV Company Limited ("One TV"), a subsidiary of The ONE Enterprise Company Limited, won digital TV spectrum license auction for Variety-HD, held by the National Broadcasting and Telecommunications Commission ("NBTC"). One TV was required to make payments for the bid prices of Baht 3,320 million (exclusive of VAT) for the licenses under the following conditions:

- 1) Payment for the minimum bid price of the license fees amounting to Baht 1,510 million is to be made in 4 installments within 3 years from the date of obtaining the licenses as specified by the NBTC.
- 2) For the exceeding amount of the minimum bid price of the license fees, the payments are to be made in 6 installments within 5 years from the date of obtaining the licenses as specified by the NBTC.

In the current year, One TV paid Baht 257 million for the license fees to the NBTC (2016: Baht 513 million).

GMM Channel Company Limited ("GMM Channel"), a subsidiary of GMM Channel Trading Company Limited, won digital TV spectrum license auction for Variety-SD, held by the National Broadcasting and Telecommunications Commission ("NBTC"). GMM Channel was required to make payments for the bid prices of Baht 2,290 million (exclusive of VAT) for the licenses under the following conditions:

- 1) Payment for the minimum bid price of the license fees amounting to Baht 380 million is to be made in 4 installments within 3 years from the date of obtaining the licenses as specified by the NBTC.
- 2) For the exceeding amount of the minimum bid price of the license fees, the payments are to be made in 6 installments within 5 years from the date of obtaining the licenses as specified by the NBTC.

In the current year, GMM Channel paid Baht 210 million for the license fees to the NBTC (2016: Baht 420 million).

Furthermore, according to the notification of the NBTC and related laws, One TV and GMM Channel have a duty to pay license and other fees, and annual fee to the Broadcasting and Telecommunications Research and Development Fund for Public Interest.

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

Subsequently, on 20 December 2016, there was an announcement from Government Gazette to inform the licensee who has intention to extend the period of payment for the rest amount of the license to inform to NBTC. One TV and GMM Channel informed NBTC and received a letter approving an extension dated 10 April 2017. As a result of the extension, the subsidiary is required to make payment of the balance of the license fee as follows:

	One TV	GMM Channel
1) Payment for the minimum bid price, divided into 2 installments and has to be made within 2018.	151	38
2) For the exceeding amount of the minimum bid price, divided into 6 installments and has to be made within 2022.	1,086	1,146



## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### 14. Investments in associates

#### 14.1 Details of associates:

Company's name	Nature of business	Country of incorporation	Consolidated financial statements								(Unit: Thousand Baht)
			Paid up capital		Percentage of shareholding		Cost		Carrying amounts based on equity method		
			2017	2016	2017	2016	2017	2016	2017	2016	
			(Million Baht)	(Million Baht)	(%)	(%)					
<b><u>Associates held by the subsidiaries</u></b>											
Scenario Company Limited	Production of television programmes and plays	Thailand	-	70	-	25	-	17,500	-	-	197,431
Nadao Bangkok Company Limited	Films production and talent agency services	Thailand	2	2	30	30	600	600	8,395	4,146	
Sawasdeethaweesusk Company Limited	Design and post production of advertising media and films and public relations for films	Thailand	5	5	25	25	937	937	2,622	2,644	
Siengdeethaweesusk Company Limited	Provide recording movie sound and movie advertisement, produce sound and music for movie	Thailand	5	12	45	45	2,250	5,400	3,019	5,503	
The Secret Farm Company Limited	Design and post production of advertising media	Thailand	-	2	-	35	-	700	-	1,645	
Ngandeethaweesusk Company Limited	Public relation and organizer	Thailand	1	1	40	40	400	400	3,013	1,492	
Goodthing Happen Company Limited	Provide advertising media, public relation consulting, and organizer	Thailand	5	5	25	25	1,092	1,092	2,606	2,478	

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements									
			Paid up capital		Percentage of shareholding		Cost		Carrying amounts based on equity method			
			2017	2016	2017	2016	2017	2016	2017	2016		
			(Million Baht)	(Million Baht)	(%)	(%)						
<b><u>Associates held by the Company</u></b>												
Family Know How Company Limited	Production of television programmes and publishing media	Thailand	50	50	50	50	25,000	25,000	59,936	61,333		
Lucks (666) Satellite Company Limited	Currently non-active	Thailand	20	20	25	25	5,000	5,000	-	-		
Scenario Company Limited	Production of television programmes and plays	Thailand	70	-	25	-	17,500	-	192,793	-		
Total							52,779	56,629	272,384	276,672		

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Percentage of shareholding		Cost		Allowance for Impairment of investments		Carrying amounts based on cost method - net	
			2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)						
Family Know How Company Limited	Production of television programmes and publishing media	Thailand	50	50	25,000	25,000	-	-	25,000	25,000
Lucks (666) Satellite Company Limited	Currently non-active	Thailand	25	25	5,000	5,000	(5,000)	(5,000)	-	-
Scenario Company Limited	Production of television programmes and plays	Thailand	25	-	188,641	-	-	-	188,641	-
					218,641	30,000	(5,000)	(5,000)	213,641	25,000

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

During the current year, change of investments in associates is as follows:

### Additional investments in associates

Investors	Associates	Percentage of shareholding (%)	Description	Amount (Thousand Baht)
GDH 559 Company Limited, a subsidiary	The Secret Farm Company Limited	35	Additionally invested in 10,500 ordinary shares, at a price of Baht 100 per share amounting to Baht 1.05 million (fully paid up). The additional capital has no effect to the shareholding of GDH 559 Company Limited in that company.	1,050
GMM Grammy Public Company Limited	Scenario Company Limited	25	Purchase of all investments from GMM Media Public Company Limited, subsidiary, 3,500,000 ordinary shares of Baht 53.90 each	188,641

### Disposal of investment in associate

Investor	Associate	Nature of business	Description	Amount (Thousand Baht)
GDH 559 Company Limited, a subsidiary	The Secret Farm Company Limited	Design and post production of advertising media	Disposal of all 17,500 ordinary shares at a price of Baht 208.86 per share to a third party (its cost was Baht 1.75 million)	3,655

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### Return of capital by associate

Investor	Associate	Percentage of shareholding (%)	Description	Amount (Thousand Baht)
GDH 559 Company Limited, a subsidiary	Siengdeethaweesuk Company Limited	45	Reduction of capital by 315,000 shares of Baht 10 each (its cost was Baht 3.15 million), by returning funds to shareholders. This had no impact on the Company's proportionate shareholding.	3,150

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### 14.2 Share of profit/loss and dividend received

During the years, the Group has recognised their share of profit/loss from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company's name	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associates during the year		Dividend received during the year	
	2017	2016	2017	2016
Scenario Company Limited	(4,638)	(440)	-	-
Nadao Bangkok Company Limited	5,449	5,305	-	-
Family Know How Company Limited	3,157	4,905	4,555	8,498
Other associates	4,052	6,846	-	-
Total	8,020	16,616	4,555	8,498

### 14.3 Summarised financial information about material associates

Summarised information about financial position

	(Unit: Million Baht)			
	Scenario Company Limited		Family Know How Company Limited	
	2017	2016	2017	2016
Current assets	261	276	103	105
Non-current assets	938	968	76	80
Current liabilities	(50)	(71)	(45)	(47)
Non-current liabilities	(369)	(387)	(16)	(12)
<b>Net assets</b>	<b>780</b>	<b>786</b>	<b>118</b>	<b>126</b>
Shareholding percentage	25%	25%	50%	50%
<b>Share of net assets</b>	<b>195</b>	<b>197</b>	<b>59</b>	<b>63</b>
Elimination entries and others	(2)	-	1	(2)
<b>Carrying amounts of associates based on equity method</b>	<b>193</b>	<b>197</b>	<b>60</b>	<b>61</b>

Summarised information about comprehensive income

	(Unit: Million Baht)			
	For the year ended 31 December			
	Scenario Company Limited		Family Know How Company Limited	
	2017	2016	2017	2016
Revenue	276	221	222	186
Profit (loss)	(19)	(2)	6	10



# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

## 15. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2017		2016	
	Cost	Fair Value	Cost	Fair Value
<b><u>Securities available-for-sale</u></b>				
Unit Trusts in Tisco Fixed - Income Fund	3,197	486	3,197	476
BEC World Public Company Limited	236	131	236	166
Total	3,433	617	3,433	642
Add: Unrealised loss on changes in value of investments	(2,816)		(2,791)	
Securities available-for-sale - net	617		642	
<b><u>Other investments</u></b>				
Siam Telemarketing Company Limited	3,000		3,000	
Lives and rich Company Limited	-		1,000	
A-Time Traveller Company Limited	-		1,000	
CTH Public Company Limited	1,030,340		1,030,340	
Total	1,033,340		1,035,340	
Less: Allowance for impairment of investments	(1,033,340)		(1,034,340)	
Other investments - net	-		1,000	
<b><u>Others</u></b>				
Government Savings Bank Bond	1,014		2,014	
Total others	1,014		2,014	
Total other long-term investments - net	1,631		3,656	

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Thousand Baht)

	Separate financial statements			
	2017		2016	
	Cost	Fair Value	Cost	Fair Value
<b><u>Securities available-for-sale</u></b>				
Unit Trusts in Tisco Fixed - Income fund	3,197	486	3,197	476
BEC World Public Company Limited	236	131	236	166
Total	3,433	617	3,433	642
Add: Unrealised loss on changes in value of investments	(2,816)		(2,791)	
Securities available-for-sale - net	617		642	
<b><u>Other investments</u></b>				
Siam Telemarketing Company Limited	3,000		3,000	
Less: Allowance for impairment of investment	(3,000)		(3,000)	
Other investments - net	-		-	
<b><u>Others</u></b>				
Government Savings Bank Bond	1,014		1,014	
Total others	1,014		1,014	
Total other long-term investments - net	1,631		1,656	

During the current year, the Group received dividend from A-time Traveller Company Limited and BEC World Public Company Limited at totaling Baht 3,999,200 and Baht 2,500, respectively (2559: from BEC World Public Company Limited at totaling Baht 4,500)

The Group has pledged all stock certificates of CTH Public Company Limited as a collateral for long-term loans from a bank. The Group is required to comply with conditions and restrictions stipulated in the agreement.

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

## 16. Leasehold improvement and equipment

	Consolidated financial statements						(Unit: Thousand Baht)
	Leasehold improvement	Operating equipment	Furniture, fixtures and office equipment	Computer and equipment	Motor vehicles	Construction in progress and equipment under installation	Total
<b>Cost:</b>							
31 December 2016	572,257	710,132	240,770	427,227	145,623	534	2,096,543
Additions	12,298	7,892	7,584	17,909	24,739	7,797	78,219
Disposals	(3,783)	(13,324)	(5,576)	(12,713)	(28,738)	(92)	(64,226)
Decrease due to loss of control in subsidiary (Note 30)	(103,441)	(200,027)	(19,775)	(84,860)	(6,721)	-	(414,824)
Decrease due to sale of subsidiaries (Note 31)	-	-	(38,443)	(30,651)	(2,718)	-	(71,812)
Transfer in / (out)	1,295	3,955	345	-	-	(5,595)	-
31 December 2017	478,626	508,628	184,905	316,912	132,185	2,644	1,623,900
<b>Accumulated depreciation:</b>							
31 December 2016	361,553	518,004	188,165	384,370	111,628	-	1,563,720
Depreciation for the year	37,921	36,567	15,062	22,713	12,144	-	124,407
Accumulated depreciation on disposals	(2,224)	(11,142)	(4,020)	(13,601)	(28,622)	-	(59,609)
Decrease due to loss of control in subsidiary (Note 30)	(84,898)	(156,889)	(17,684)	(77,801)	(6,710)	-	(343,982)
Decrease due to sale of subsidiaries (Note 31)	-	-	(25,223)	(24,256)	(236)	-	(49,715)
31 December 2017	312,352	386,540	156,300	291,425	88,204	-	1,234,821
<b>Allowance for impairment loss on assets:</b>							
31 December 2016	21,218	74,675	1,139	5,911	1	-	102,944
Decrease during year	-	(1,015)	-	-	-	-	(1,015)
31 December 2017	21,218	73,660	1,139	5,911	1	-	101,929
<b>Net book value:</b>							
31 December 2016	189,486	117,453	51,466	36,946	33,994	534	429,879
31 December 2017	145,056	48,428	27,466	19,576	43,980	2,644	287,150
<b>Depreciation for the year</b>							
2016 (Baht 5 million included in cost of sales and services, and the balance in selling and administrative expenses)							166,441
2017 (Baht 0.4 million included in cost of sales and services, and the balance in selling and administrative expenses)							124,407

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

	Consolidated financial statements						(Unit: Thousand Baht)
	Leasehold improvement	Operating equipment	Furniture, fixtures and office equipment	Computer and equipment	Motor vehicles	Construction in progress and equipment under installation	Total
<b>Cost:</b>							
31 December 2015	591,293	739,614	248,190	435,228	143,025	12,781	2,170,131
Additions	16,533	9,660	18,929	19,559	14,409	9,251	88,341
Disposals	(51,528)	(43,868)	(25,381)	(27,039)	(11,811)	(140)	(159,767)
Decrease due to loss of control in subsidiary	(510)	(163)	(968)	(521)	-	-	(2,162)
Transfer in / (out)	16,469	4,889	-	-	-	(21,358)	-
31 December 2016	572,257	710,132	240,770	427,227	145,623	534	2,096,543
<b>Accumulated depreciation:</b>							
31 December 2015	355,297	500,168	185,458	372,382	108,071	-	1,521,376
Depreciation for the year	41,326	52,550	21,766	36,986	13,813	-	166,441
Accumulated depreciation on disposals	(34,886)	(34,642)	(18,607)	(24,644)	(10,256)	-	(123,035)
Decrease due to loss of control in subsidiary	(184)	(72)	(452)	(354)	-	-	(1,062)
31 December 2016	361,553	518,004	188,165	384,370	111,628	-	1,563,720
<b>Allowance for impairment loss on assets:</b>							
31 December 2015	21,218	96,440	1,139	5,911	1	-	124,709
Decrease during year	-	(21,765)	-	-	-	-	(21,765)
31 December 2016	21,218	74,675	1,139	5,911	1	-	102,944
<b>Net book value:</b>							
31 December 2015	214,778	143,006	61,593	56,935	34,953	12,781	524,046
31 December 2016	189,486	117,453	51,466	36,946	33,994	534	429,879
<b>Depreciation for the year</b>							
2015 (Baht 16 million included in cost of sales and services, and the balance in selling and administrative expenses)							275,525
2016 (Baht 5 million included in cost of sales and services, and the balance in selling and administrative expenses)							166,441

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Thousand Baht)

Separate financial statements							
	Leasehold improvement	Operating equipment	Furniture, fixtures and office equipment	Computer and equipment	Motor vehicles	Construction in progress and equipment Under installation	Total
<b>Cost:</b>							
31 December 2016	326,957	99,178	124,366	238,836	96,946	-	886,283
Additions	9,496	1,129	2,339	7,908	24,726	3,348	48,946
Disposals	(2,895)	(831)	(810)	(4,830)	(12,711)	-	(22,077)
Transfer in / (out)	828	-	-	-	-	(828)	-
31 December 2017	334,386	99,476	125,895	241,914	108,961	2,520	913,152
<b>Accumulated depreciation:</b>							
31 December 2016	217,290	79,424	109,621	223,726	68,270	-	698,331
Depreciation for the year	17,858	7,230	5,921	8,998	10,561	-	50,568
Accumulated depreciation on disposals	(1,741)	(824)	(718)	(4,806)	(11,928)	-	(20,017)
31 December 2017	233,407	85,830	114,824	227,918	66,903	-	728,882
<b>Net book value:</b>							
31 December 2016	109,667	19,754	14,745	15,110	28,676	-	187,952
31 December 2017	100,979	13,646	11,071	13,996	42,058	2,520	184,270
<b>Depreciation for the year</b>							
2016 (all included in selling and administrative expenses)							56,997
2017 (all included in selling and administrative expenses)							50,568



## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Thousand Baht)

	Separate financial statements						Total
	Leasehold improvement	Operating equipment	Furniture, fixtures and office equipment	Computer and equipment	Motor vehicles	Construction in progress and equipment Under installation	
<b>Cost:</b>							
31 December 2015	327,653	95,674	120,048	229,392	93,764	4,150	870,681
Additions	7,875	4,451	7,352	12,615	14,404	-	46,697
Disposals	(12,581)	(947)	(3,034)	(3,171)	(11,222)	(140)	(31,095)
Transfer in / (out)	4,010	-	-	-	-	(4,010)	-
31 December 2016	326,957	99,178	124,366	238,836	96,946	-	886,283
<b>Accumulated depreciation:</b>							
31 December 2015	210,770	72,253	106,767	213,539	67,410	-	670,739
Depreciation for the year	18,736	8,071	5,833	13,344	11,013	-	56,997
Accumulated depreciation on disposals	(12,216)	(900)	(2,979)	(3,157)	(10,153)	-	(29,405)
31 December 2016	217,290	79,424	109,621	223,726	68,270	-	698,331
<b>Net book value:</b>							
31 December 2015	116,883	23,421	13,281	15,853	26,354	4,150	199,942
31 December 2016	109,667	19,754	14,745	15,110	28,676	-	187,952
<b>Depreciation for the year</b>							
2015 (all included in selling and administrative expenses)							56,522
2016 (all included in selling and administrative expenses)							56,997

As at 31 December 2017, the Group had vehicles under finance lease agreements with net book values amounting to Baht 44 million (2016: Baht 39 million) (the Company only: Baht 41 million, 2016: Baht 28 million).

As at 31 December 2017, the Group had certain building and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 753 million (2016: Baht 931 million) (the Company only: Baht 589 million, 2016: Baht 583 million).

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

## 17. Cost of spectrum license

The net book value of cost of spectrum license as at 31 December 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2017	2016
Cost	-	1,959,620
<u>Less</u> Accumulated amortization	-	(351,121)
Net book value	-	1,608,499

A reconciliation of the net book value of cost of spectrum license for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2017	2016
Net book value at beginning of year	1,608,499	1,739,140
Decrease due to loss of control in subsidiary (Note 30)	(1,488,953)	-
Amortisation	(119,546)	(130,641)
Net book value at end of year	-	1,608,499

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

## 18. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements				
	Copyrights to musical compositions	Computer software	Program rights	Motion picture and cartoon copyrights, games licenses and other rights	Total
<b>Cost:</b>					
31 December 2016	337,795	258,019	1,080,070	1,804,541	3,480,425
Additions	-	14,162	-	6,994	21,156
Transferred from inventories - internal creation	5,710	-	342,155	115,124	462,989
Written off	-	(1,656)	(408,296)	-	(409,952)
Decrease due to loss of control in subsidiary (Note 30)	-	(31,080)	(596,435)	-	(627,515)
Decrease due to sale of subsidiaries (Note 31)	-	(15,973)	-	-	(15,973)
31 December 2017	343,505	223,472	417,494	1,926,659	2,911,130
<b>Accumulated amortisation:</b>					
31 December 2016	120,364	211,322	524,975	1,730,764	2,587,425
Amortisation for the year	2,842	12,650	501,452	120,099	637,043
Accumulated amortisation on written off	-	(1,246)	(408,296)	-	(409,542)
Decrease due to loss of control in subsidiary (Note 30)	-	(30,043)	(419,660)	-	(449,703)
Decrease due to sale of subsidiaries (Note 31)	-	(4,139)	-	-	(4,139)
31 December 2017	123,206	188,544	198,471	1,850,863	2,361,084
<b>Allowance for impairment loss on assets:</b>					
31 December 2016	-	54	156,568	52,065	208,687
Increase (decrease )during year	-	(54)	44,455	-	44,401
31 December 2017	-	-	201,023	52,065	253,088
<b>Net book value:</b>					
31 December 2016	217,431	46,643	398,527	21,712	684,313
31 December 2017	220,299	34,928	18,000	23,731	296,958
<b>Amortisation for the year</b>					
2016 (Baht 452 million included in cost of sales and services, and the balance in selling and administrative expenses)					469,742
2017 (Baht 623 million included in cost of sales and services, and the balance in selling and administrative expenses)					637,043

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Thousand Baht)

	Consolidated financial statements				
	Copyrights to musical compositions	Computer software	Program rights	Motion picture and cartoon copyrights, games licenses and other rights	Total
<b>Cost:</b>					
31 December 2015	333,397	260,863	379,756	1,708,850	2,682,866
Additions	513	5,274	700,314	3,428	709,529
Transferred from inventories - internal creation	3,885	-	-	93,205	97,090
Written off	-	(7,654)	-	(942)	(8,596)
Decrease due to loss of control in subsidiary	-	(464)	-	-	(464)
31 December 2016	337,795	258,019	1,080,070	1,804,541	3,480,425
<b>Accumulated amortisation:</b>					
31 December 2015	119,364	197,112	167,245	1,637,414	2,121,135
Amortisation for the year	1,000	16,720	357,730	94,292	469,742
Accumulated amortisation on written off	-	(2,469)	-	(942)	(3,411)
Decrease due to loss of control in subsidiary	-	(41)	-	-	(41)
31 December 2016	120,364	211,322	524,975	1,730,764	2,587,425
<b>Allowance for impairment loss on assets:</b>					
31 December 2015	-	4,496	156,568	52,065	213,129
Decrease during year	-	(4,442)	-	-	(4,442)
31 December 2016	-	54	156,568	52,065	208,687
<b>Net book value:</b>					
31 December 2015	214,033	59,255	55,943	19,371	348,602
31 December 2016	217,431	46,643	398,527	21,712	684,313
<b>Amortisation for the year</b>					
2015 (Baht 270 million included in cost of sales and services, and the balance in selling and administrative expenses)					294,974
2016 (Baht 452 million included in cost of sales and services, and the balance in selling and administrative expenses)					469,742

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Thousand Baht)

	Separate financial statements				
	Copyrights to musical compositions	Computer software	Program rights	Motion picture and cartoon copyrights, games licenses and other rights	Total
<b>Cost:</b>					
31 December 2016	385,591	163,657	740,418	345,016	1,634,682
Additions	-	1,280	-	-	1,280
Transferred from inventories - internal creation	5,710	-	94,492	-	100,202
Written off	-	(104)	(408,296)	-	(408,400)
31 December 2017	391,301	164,833	426,614	345,016	1,327,764
<b>Accumulated amortisation:</b>					
31 December 2016	135,130	133,583	295,845	308,572	873,130
Amortisation for the year	3,226	7,120	318,194	-	328,540
Accumulated amortisation on written off	-	(58)	(408,296)	-	(408,354)
31 December 2017	138,356	140,645	205,743	308,572	793,316
<b>Allowance for impairment loss on assets:</b>					
31 December 2016	-	-	158,415	36,196	194,611
Additions	-	-	44,455	-	44,455
31 December 2017	-	-	202,870	36,196	239,066
<b>Net book value:</b>					
31 December 2016	250,461	30,074	286,158	248	566,941
31 December 2017	252,945	24,188	18,001	248	295,382
<b>Amortisation for the year</b>					
2016 (Baht 220 million included in cost of sales and services, and the balance in selling and administrative expenses)					230,686
2017 (Baht 321 million included in cost of sales and services, and the balance in selling and administrative expenses)					328,540



# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Thousand Baht)

	Separate financial statements				Total
	Copyrights to musical compositions	Computer software	Program rights	Motion picture and cartoon copyrights, games licenses and other rights	
<b>Cost:</b>					
31 December 2015	381,193	163,126	235,640	345,016	1,124,975
Additions	513	666	504,778	-	505,957
Transferred from inventories - internal creation	3,885	-	-	-	3,885
Written off	-	(135)	-	-	(135)
31 December 2016	385,591	163,657	740,418	345,016	1,634,682
<b>Accumulated amortisation:</b>					
31 December 2015	133,685	123,087	77,225	308,572	642,569
Amortisation for the year	1,445	10,621	218,620	-	230,686
Accumulated amortisation on written off	-	(125)	-	-	(125)
31 December 2016	135,130	133,583	295,845	308,572	873,130
<b>Allowance for impairment loss on assets:</b>					
31 December 2015	-	-	158,415	36,196	194,611
31 December 2016	-	-	158,415	36,196	194,611
<b>Net book value:</b>					
31 December 2015	247,508	40,039	-	248	287,795
31 December 2016	250,461	30,074	286,158	248	566,941
<b>Amortisation for the year</b>					
2015 (Baht 1 million included in cost of sales and services, and the balance in selling and administrative expenses)					15,352
2016 (Baht 220 million included in cost of sales and services, and the balance in selling and administrative expenses)					230,686

As at 31 December 2017, the Group had certain computer software items have been fully amortised but are still in use. The gross carrying amount (before deducting accumulated amortisation) of those assets amounted to approximately Baht 134 million (2016: Baht 142 million) (the Company only: Baht 103 million, 2016: Baht 82 million).

The copyrights to musical compositions have the indefinite useful lives because they are expected to contribute to the Group's net cash inflows indefinitely. Therefore, the copyrights to musical compositions would not be amortised until their useful lives are determined to be finite.

The value of the copyrights in such musical compositions depends on the popularity of the artist and possibility of further distribution or re-release of such compositions. However, the management of the Group believes that the compositions will generate future benefits in excess of their net book values through their re-release in various forms, and therefore no allowance for impairment losses of deferred copyrights is required.

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### 19. Other non-current assets

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deposit	60,198	82,403	39,890	38,253
Prepaid expenses	22,309	27,898	-	-
Rights of claim arising from the repayment return of capital as a result of a subsidiary's liquidation	43,551	-	43,551	-
Withholding tax deducted at source	110,921	135,036	39,000	36,896
Others	4,519	5,897	3,273	4,558
Total other non-current assets	241,498	251,234	125,714	79,707

### 20. Short-term loans from banks

	Interest rate (percent per annum)	Consolidated		(Unit: Thousand Baht)	
				Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Short-term loans from banks	MMR, MLR - 1	-	319,000	-	-
Account payable - factoring	8	-	3,905	-	-
Total short-term loans from banks		-	322,905	-	-

### 21. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade payables - related parties	135,657	42,864	109,036	62,790
Trade payables - unrelated parties	521,967	530,421	163,240	152,234
Accrued cost - related parties	3,320	1,538	645	1,003
Accrued cost - unrelated parties	280,686	285,728	243,367	191,917
Other payables for purchase of assets - unrelated parties	406	3,773	406	-
Accrued expenses	209,950	214,539	124,987	73,514
Accrued commission	42,424	131,541	-	-
Total trade and other payables	1,194,410	1,210,404	641,681	481,458

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

## 22. Long-term loans

The outstanding balances as of 31 December 2017 and 2016 consisted of:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
22.1 A Baht loan of the Company, credit facility Baht 1,500 million. Interest is to be paid in monthly installment commencing the month of the first drawdown. Principle is to be paid in quarterly installment commencing June 2018, within 9 years from the date of the first drawdown. The loan carries an interest rate at the Minimum Loan Rate (MLR) minus fixed rate per annum as stated in the agreement.	600,000	600,000	600,000	600,000
22.2 A Baht loan of a subsidiary, credit facility Baht 1,500 million. Interest is to be paid in monthly installment commencing the month of the first drawdown. Principle is to be paid in quarterly installment commencing June 2018, within 9 years from the date of the first drawdown. The loan carries an interest rate at the Minimum Loan Rate (MLR) minus fixed rate per annum as stated in the agreement.	-	1,500,000	-	-
Total	600,000	2,100,000	600,000	600,000
Less: Deferred loans advisory fee	(2,364)	(5,612)	(2,364)	(2,794)
	597,636	2,094,388	597,636	597,206
Less: Current portion	(48,000)	(1,497,182)	(48,000)	-
Long-term loans - net of current portion	549,636	597,206	549,636	597,206

As at 31 December 2017, the Company's guarantee against long-term loan in Note 22.1 had been discharged following the financial institution release of guarantee obligations. (2016: guaranteed by two subsidiaries and a joint venture and pledged all of common stocks of a subsidiary and a joint venture, except common stocks held by director of the Company and/or others). The loan agreement contains certain covenants and restrictions. These relate to, among other things, the maintenance of their financial ratios at the rate prescribed in the agreements.

As at 31 December 2017, Baht 900 million of this long-term credit facility has not yet been drawn, and must be drawn within June 2020.

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### 23. Accrued cost of spectrum license

		(Unit: Thousand Baht)	
		Consolidated financial statements	
		2017	2016
Cost of spectrum license payable	-	-	1,184,000
Less: Deferred interest	-	-	(94,204)
Total	-	-	1,089,796
Less: Current portion	-	-	(409,884)
Cost of spectrum license payable - net of current portion	-	-	679,912

### 24. Other current liabilities

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Undue output tax		61,414	76,585	41,464	37,148
Provision for sales returns		84,671	121,397	81,609	115,812
Provision for diminution of investment due to change in proportion of investment in joint venture (Note 13)		51,973	-	-	-
Others		43,632	68,350	27,003	29,949
Total other current liabilities		241,690	266,332	150,076	182,909

### 25. Provision for long-term employee benefits

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

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
<b>Defined benefit obligation at beginning of year</b>		297,086	310,151	161,452	186,299
Current service cost		41,384	33,227	33,846	15,103
Interest cost		8,507	5,984	7,258	3,607
Benefits paid during the year		(2,557)	(12,753)	(2,557)	(12,013)
Less: Decrease due to loss of control in subsidiary (Note 30)		(94,176)	(720)	-	-
Less: Decrease due to sale of subsidiary (Note 31)		(11,457)	-	-	-
Less: Curtailments		-	(38,803)	-	(31,544)
Actuarial gain		(18,069)	-	(13,461)	-
<b>Provisions for long-term employee benefits at end of year</b>		<b>220,718</b>	<b>297,086</b>	<b>186,538</b>	<b>161,452</b>

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

Long-term employee benefit expenses included in the profit or loss consist of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current service cost	41,384	33,227	33,846	15,102
Interest cost	8,507	5,984	7,258	3,607
Loss on curtailments	-	41,695	-	35,613
<b>Total expense recognised in profit or loss</b>	<b>49,891</b>	<b>80,906</b>	<b>41,104</b>	<b>54,322</b>
Line items in profit or loss under which such expenses are included				
Cost of sales and services	559	567	-	-
Selling and administrative expenses	49,332	80,339	41,104	54,322

The Group expects to pay long-term employee benefit within one year for approximately Baht 66 million (the Company only: Baht 57 million) (2016: Baht 22 million, the Company only: Baht 16 million)

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 10 years (the Company only: 10 years) (2016: 10 years, the Company only: 10 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.58	2.50	2.58	2.50
Future salary increase rate (depending on age and job position of employee)	2.50 - 7.00	5.00 - 6.00	2.50 - 7.00	5.00 - 6.00
Turnover rate	0.00 - 28.00	-	0.00 - 28.00	-

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	As at 31 December 2017		As at 31 December 2017	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(5,259)	5,554	(4,027)	4,241
Salary increase rate	5,471	(5,234)	4,177	(4,007)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Turnover rate	(7,017)	8,339	(5,049)	5,922

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	As at 31 December 2016		As at 31 December 2016	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(10,747)	11,503	(5,436)	5,789
	Increase 1.0%	Decrease 1.0%	Increase 1.0%	Decrease 1.0%
Salary increase rate	25,443	(22,643)	13,052	(11,733)

### 26. Statutory reserve

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

### 27. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Salary and wages and other employee benefits	1,552,142	1,636,640	766,721	750,454
Depreciation	124,407	166,441	50,568	56,997
Amortisation	756,589	600,383	328,540	230,686
Rental expenses from operating agreements	422,774	417,739	155,400	146,323
Changes in inventories of finished goods and work in progress	(175,929)	(68,462)	(13,879)	(30,787)



## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### 28. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b>Current income tax:</b>				
Current income tax charge	(344,187)	(62,085)	(254,655)	(22,613)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(12,500)	71,214	36,051	18,252
<b>Income tax income (expense) reported in the income statement</b>	<u>(356,687)</u>	<u>9,129</u>	<u>(218,604)</u>	<u>(4,361)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax relating on actuarial loss	3,572	-	2,692	-
Deferred tax relating to loss on change in value of available-for-sale investments	5	16	5	16

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

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

			(Unit: Thousand Baht)	
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting profit (loss) before tax	6,946	(542,531)	734,385	412,613
Applicable tax rate of the Company	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	1,389	(108,506)	146,877	82,523
Effects about temporary differences and tax losses	135,711	26,624	-	-
Effects of preparing the consolidated financial statements	(31,323)	424	-	-
Share of profit from investments in associates	(1,604)	(3,323)	-	-
Share of loss from investments in joint ventures	64,690	70,626	-	-
Difference in tax rate in group companies	2	(55)	-	-
Effects of:				
Dividends received are excluded from taxable profit	(400)	-	(22,114)	(94,738)
Non-deductible expenses	126,916	6,287	92,069	8,944
Additional expense deductions allowed	(1,340)	(1,206)	(1,528)	(862)
Loss from impairment of investment in subsidiaries	-	-	3,300	8,494
Total	125,177	5,081	71,727	(78,162)
Income tax expenses (income) reported in the income statement	356,687	(9,129)	218,604	4,361

The tax rates enacted at the end of the reporting period of the Group is 15% to 20% (2016: 0% to 20%).

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	23,564	7,851	23,355	7,192
Allowance for diminution in value of inventories	37,996	26,255	37,964	26,056
Allowance for asset impairment	3,478	2,569	1,440	-
Accumulated depreciation - plant and equipment	1,898	1,449	1,898	1,266
Accumulated amortisation - intangible asset	34,761	30,705	32,779	28,264
Securities available-for-sale	564	559	564	559
Cost of spectrum license	-	35,560	-	-
Provision for long-term employee benefits	43,059	58,521	37,308	32,290
Provision for sales returns	16,322	23,198	16,322	23,154
Unused tax loss	49,871	297,739	-	-
Others	3,727	2,065	4,999	4,485
<b>Total</b>	<b>215,240</b>	<b>486,471</b>	<b>156,629</b>	<b>123,266</b>
<b>Deferred tax liabilities</b>				
Unrealised gain from changes in value of				
- Current investments	24	78	-	-
<b>Total</b>	<b>24</b>	<b>78</b>	<b>-</b>	<b>-</b>

As at 31 December 2017, the Group has deductible temporary differences and unused tax losses totaling Baht 3,185 million (2016: Baht 3,130 million) (the Company only: none, 2016: none). No deferred tax assets have been recognised on these amounts as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 2,012 million will gradually expire by the year 2021.

## 29. Earnings per share

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

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

Basic earnings (loss) per share are calculated below.

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(384,262)	(520,149)	515,781	408,252
Weighted average number of ordinary shares (Thousand shares)	819,950	819,950	819,950	819,950
Basic earnings per share (Baht/share)	(0.47)	(0.63)	0.63	0.50

### 30. Loss of control in subsidiary

In December 2017, the Company waived the partial subscription right to the capital increase of the ordinary shares of GMM Channel Trading Company Limited, a subsidiary, to Siridamrongdham Company Limited and Bhakdivattana Company Limited, as stated in Note 1.2 to the financial statements. The valuation of the assets and liabilities of GMM Channel Trading Group of companies at the loss of control date was as follows:

	(Unit: Baht)
Cash and cash equivalents	282,862,937
Trade and other receivables	549,773,991
Inventories	173,981,346
Prepaid expenses	37,824,766
Advance payments	8,388,701
Other current assets	133,029,777
Investment	1,999,700
Leasehold improvement and equipment	70,841,694
Other intangible assets	177,812,466
Cost of spectrum license	1,488,953,062
Deferred tax assets	252,805,203
Other non-current assets	50,603,446
Bank overdraft and short-term loans from banks	(544,800,000)
Trade and other payables	(516,186,145)
Unearned revenue	(232,295,891)
Income tax payable	(38,296,602)
Other current liabilities	(28,700,611)
Long-term loans	(1,497,579,758)
Cost of spectrum license payable	(916,193,196)
Provision for long-term employee benefits	(94,176,222)
Net assets	<u>360,648,664</u>
Cash received associated with the loss of control in subsidiaries	-
Less: Cash and cash equivalents of subsidiary	<u>(282,862,937)</u>
Net cash flows associated with the loss of control in subsidiaries	<u>(282,862,937)</u>

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

## 31. Sale of subsidiary

In May 2017, the Company sold all of the investment of ordinary shares of 3-RD Company Limited, a subsidiary, to a third party of Baht 10 million. The valuation of the assets and liabilities of such company at the selling date was as follows:

	(Unit: Baht)
Cash and cash equivalents	2,158,230
Trade and other receivables	18,057,205
Prepaid expenses	3,331,513
Advance payments	65,251
Other current assets	5,560,680
Leasehold improvement and equipment	22,097,314
Other intangible assets	11,833,200
Deferred tax assets	2,306,247
Other non-current assets	11,094,590
Bank overdrafts and short-term loans from banks	(9,284,846)
Trade and other payables	(14,760,726)
Short-term loans from related parties and directors	(3,890,000)
Other current liabilities	(20,951,023)
Liabilities under finance lease agreements	(6,368,093)
Provision for long-term employee benefits	(11,457,265)
Net assets	<u>9,792,277</u>
Cash received from sale of subsidiary	10,000,000
Less: Cash and cash equivalents of subsidiary	<u>(2,158,230)</u>
Net cash flows from sale of subsidiary	<u>7,841,770</u>

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### 32. Segment information

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

For management purposes, the Group structured business units in accordance with the governance of the chief operating decision maker. The Group has three principal reportable segments i.e. 1) Music segment comprising music business, showbiz and satellite television, 2) Media segment comprising digital TV GMM 25 Channel, radio and television in analog, and 3) Other segment comprising merchandise and other services business (home shopping, satellite box and satellite television platform provider), and others (films, marketing events and others). These operations are mainly carried on in the geographic area of Thailand.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Inter-segment revenues are eliminated on consolidation.



# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

The following table present revenue and profit (loss) information regarding the Group's operating segments for the year ended 31 December 2017 and 2016, respectively:

	For the year ended 31 December										(Unit: Million Baht)
	Music		Media		Other				Elimination of Inter-segment revenues		Total
					Merchandise and other services		Others				
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2016
Revenue from external customers	2,963	2,876	1,551	1,772	2,179	1,953	902	693	-	-	7,595
Inter-segment revenues	241	190	314	76	114	139	176	188	(845)	(593)	-
Total revenues	3,204	3,066	1,865	1,848	2,293	2,092	1,078	881	(845)	(593)	7,294
Segment operating profit	1,244	1,230	484	696	782	683	406	340	(238)	(240)	2,678
Interest income									13	13	13
Dividend income									4	-	-
Gain on sale of investments in subsidiaries									5	-	-
Gain on loss of control in subsidiaries									1,004	2	2
Gain on deemed disposal of investment in joint ventures									139	-	-
Other income									101	120	120
Selling and servicing expenses									(533)	(527)	(527)
Administrative expenses									(2,504)	(2,335)	(2,335)
Expense for legal dispute settlement									(418)	-	-
Share of loss from investments in joint ventures									(323)	(353)	(353)
Share of profit from investments in associates									8	17	17
Finance cost									(167)	(188)	(188)
Income tax income (expenses)									(357)	9	9
Loss for the year									(350)	(533)	(533)

## Major customers

For the years 2017 and 2016, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### 33. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Group and employees contribute to the fund monthly at the rate of 3 and 5 percent of basic salary. The fund, which is managed by SCB Asset Management Company Limited and Finansia Asset Management Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 35 million (2016: Baht 38 million) (the Company only: Baht 18 million, 2016: Baht 18 million) were recognised as expenses.

### 34. Commitments and contingent liabilities

#### 34.1 Investing commitments

As at 31 December 2017, the Group has uncalled portions of investments in two associates registered in Thailand, totaling Baht 18 million (2016: in two associates registered in Thailand, totaling Baht 18 million) and of which Baht 265 million are from investments of the Company only in four subsidiaries and one associate registered in Thailand (2016: in four subsidiaries registered in Thailand, totaling Baht 250 million).

#### 34.2 Operating lease commitments

The Group has entered into several lease agreements with third parties and one related party in respect of the lease of air time for programs broadcasting, the lease of office building, warehouse, exhibition hall and equipment and other services.

Under certain agreements, payments are to be made based on a percentage of sales, before deducting expenses, as stipulated in the individual agreement, and the Group has to comply with various conditions laid out in the agreements.

Future minimum lease payments required under these non-cancellable operating leases and related services contracts were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Payable within:				
1 year	209	418	151	149
2 to 5 years	235	498	162	281
Thereafter	189	226	132	163

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

## 34.3 Long-term service commitments

- a) The Group have entered into agreements with producers and singers to provide certain services to the Group under which the Group are to pay compensation at fixed rates based on the volume of sales generated as a result of the provision of these services, once sales exceed minimum quantity guarantees set out in the agreements.
- b) A subsidiary has entered into an agreement with a company granting it the right to use a karaoke computer program for a period of 50 years. The subsidiary has to pay a fee to that company at a rate of three percent of the wholesale price, after deducting discounts, whenever the subsidiary is able to sell such program. The subsidiary and that company have to comply with various conditions stipulated in the agreement.
- c) The Group has entered into agreements with three companies, who are to provide satellite transmission services for periods of 1 to 3 years, ending in 2018 to 2020. The Group is obliged to pay transmission service fees and other expenses incurred in relation to such services, as stipulated in the agreements, totaling Baht 2 million and US dollars 1 million (2016: Baht 5 million and US dollars 1 million) and are thereby required to comply with conditions stipulated in the agreements.

## 34.4 Guarantees

- a) As at 31 December 2017, the Company has provided guarantees to bank for credit facilities granted to two joint ventures amounting to Baht 1,900 million (2016: two subsidiaries amounting to Baht 1,504 million and a joint venture amounting to Baht 3,053 million). Generally, the Company's guarantee is binding for as long as the underlying obligations have not yet been discharged by such joint venture.
- b) As at 31 December 2017, the Company has an obligation to guarantee payment of a joint venture's long-term debenture amounting to Baht 122 million (2016: a joint venture amounting to Baht 255 million). The Company is also required to comply with conditions stipulated in the agreement. Generally, such guarantee is binding for as long as the underlying obligations have not yet been discharged by such joint venture.

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

- c) As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 5 million issued by banks on behalf of the Group (2016: Baht 17 million and US dollars 50 million) and Baht 3 million of the company only (2016: Baht 6 million and US dollars 50 million) in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 4 million (2016: Baht 16 million) to guarantee contractual performance, Baht 1 million (2016: Baht 1 million) to guarantee electricity use guarantee other.

During the year 2017, the Company was released from its obligations related to a USD 50 million bank guarantee issued to a contracting party for an acquisition of copyrights.

- d) As at 31 December 2017, the Company has provided guarantees for loans from bank granted related to guarantee the payments for the license fees and the lease agreements for digital terrestrial television service, granted to two joint ventures amounting to Baht 1,065 million (2016: a subsidiary amounting to Baht 1,276 million and a joint venture amounting to Baht 1,352 million). Generally, the Company's guarantee is binding for as long as the underlying obligations have not yet been discharged by such joint ventures.

### 34.5 Litigation

On 2 March 2016, a contract partner, who granted the Company the non-exclusive right to market and distribute its channels, filed a lawsuit against the Company with the Central Intellectual Property and International Trade Court, claiming royalties owed of approximately US dollars 6.15 million, inclusive of principal and default interest for the period from September 2015 to February 2016, or equivalent to a total of Baht 220 million. This case is being considered by the court and awaiting the taking of evidence process.

However, on 1 September 2017, a meeting of the Company's Board of Directors passed a resolution granting the Company approval to enter into a settlement agreement to end the current dispute and/or any future disputes with such contracting party. The Company agreed to make a payment of USD 10 million to the contracting party, as agreed by both parties. The Company made such payment, together with related expenses, on 7 September 2017 and recorded as expenses in the current year income statement. The contracting party has proceeded to withdraw the lawsuit accordingly and returned the bank guarantee to the Company.

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

## 35. Fair value hierarchy

As at 31 December 2017, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)				
Consolidated financial statements				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Held for trade investments				
Equity instruments	11,394	-	-	11,394
Available-for-sale investments				
Equity instruments	131	-	-	131
Debt instruments	-	486	-	486

(Unit: Thousand Baht)				
Separate financial statements				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Available-for-sale investments				
Equity instruments	131	-	-	131
Debt instruments	-	486	-	486

## 36. Financial instruments

### 36.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans, investments, trade and other payables, short-term loans, long-term loans and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed in described below.

#### **Credit risk**

The Group's exposed to credit risk primarily with respect to trade and other receivables. The Group's management manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

## Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

### Interest rate risk

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

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

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2017							
	Fixed interest rates						
	Within 1 year	1-5 Years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	744	-	-	-	-	744	Note 7
Current investments	150	-	-	11	-	161	Note 8
Trade and other receivables	-	-	-	-	763	763	-
	<u>894</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>763</u>	<u>1,668</u>	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	1,194	1,194	-
Long-term loans	-	-	-	598	-	598	Note 22
Liabilities under finance lease agreements	<u>12</u>	<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42</u>	5.03-7.69
	<u>12</u>	<u>30</u>	<u>-</u>	<u>598</u>	<u>1,194</u>	<u>1,834</u>	

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2016							
Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)	
Within 1 year	1-5 years	Over 5 years					
<u>Financial assets</u>							
Cash and cash equivalents	869	-	-	-	869	Note 7	
Current investments	235	-	-	16	251	Note 8	
Trade and other receivables	-	-	-	-	1,397	1,397	-
	1,104	-	-	16	1,397	2,517	



# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2016							
Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)	
Within 1 year	1-5 years	Over 5 years					
<u>Financial liabilities</u>							
Short-term loans	316	-	-	7	-	323	Note 20
Trade and other payables	-	-	-	-	1,210	1,210	-
Short-term loan loans from directors	-	-	-	4	-	4	Note 6
Long-term loans	-	-	-	2,094	-	2,094	Note 22
Liabilities under finance lease							
agreements	15	27	-	-	-	42	5.03-7.69
Accrued cost of spectrum license	410	680	-	-	-	1,090	Note 23
	741	707	-	2,105	1,210	4,763	

(Unit: Million Baht)

Separate financial statements							
As at 31 December 2017							
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	313	-	-	-	-	313	Note 7
Current investments	150	-	-	-	-	150	Note 8
Trade and other receivables	-	-	-	-	505	505	-
Loans to related parties	-	-	-	39	-	39	Note 6
	<u>463</u>	<u>-</u>	<u>-</u>	<u>39</u>	<u>505</u>	<u>1,007</u>	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	642	642	-
Short-term loans from related parties	-	-	-	424	-	424	Note 6
Long-term loans	-	-	-	598	-	598	Note 22
Liabilities under finance lease agreements	10	29	-	-	-	39	5.03-7.69
	<u>10</u>	<u>29</u>	<u>-</u>	<u>1,022</u>	<u>642</u>	<u>1,703</u>	

# Notes to consolidated financial statements

GMM Grammy Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Million Baht)

	Separate financial statements						
	As at 31 December 2016						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate
							(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	401	-	-	-	-	401	Note 7
Current investments	231	-	-	-	-	231	Note 8
Trade and other receivables	-	-	-	-	880	880	-
Loans to related parties	-	-	-	50	-	50	Note 6
	<u>632</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>880</u>	<u>1,562</u>	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	481	481	-
Short-term loans from related parties	-	-	-	1,925	-	1,925	Note 6
Long-term loans	-	-	-	597	-	597	Note 22
Liabilities under finance lease							
agreements	<u>8</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28</u>	5.03-7.69
	<u>8</u>	<u>20</u>	<u>-</u>	<u>2,522</u>	<u>481</u>	<u>3,031</u>	

## Foreign currency risk

The exposure of the Group to foreign currency risk relates primarily to its investments in foreign subsidiaries, which currently are not hedged by any derivative financial instrument. However, the Group believes that there will be no material impact on the Group's financial statements because the amounts of its investments in foreign subsidiaries are immateriality.

## 36.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

## 37. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 2.40:1 (2016: 3.94:1) and the Company's was 0.85:1 (2016: 1.64:1).

## 38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2018.

## Audit Committee Report

### GMM Grammy Public Company Limited and Its Subsidiaries

The Audit Committee (“the Committee”) comprises independent directors whom are well-educated and competent in various aspects, such as finance, accounting and law. Dr. Naris Chaikasoot was appointed as a Chairman of the Audit Committee and the other members are Mr. Suvit Mapaisansin, Mrs. Veeranuch Thammavaranucupt and Mr. Chanitr Charnchainarong with the Senior Director of the Internal Audit Department serves as the secretary to the Committee.

In 2017, the Committee had performed their duties according to the Audit Committee Charter which complies with the relevant rules and regulations set forth by the Stock Exchange of Thailand and the Good Corporate Governance policy. The Committee conducted 5 meetings, The summary of attendance of Audit Committee members is as follows :

Name	Position	Meeting
1. Dr. Naris Chaikasoot	Chairman	4/5
2. Mr. Suvit Mapaisansin	Member	5/5
3. Mrs. Veeranuch Thammavaranucupt	Member	4/5
4. Mr. Chanitr Charnchainarong	Member	5/5

The Committee activities could be summarized as follows:

1. Reviewed the quarterly and the annual financial statements for the fiscal year 2017 regarding the disclosure of significant information rendered by the Internal Audit Department, the External Auditors and the Management, to ensure the accuracy, reliability and adequacy and submit to the Board of Directors for Approval.
2. Reviewed the efficiency and the adequacy of the GMM Grammy Group’s internal control system, risk management system and internal audit system in cooperation with the Internal Audit Department, the External Auditors and the Management.
3. Reviewed that the Company abided by the SEC and SET rules and regulations, other related laws, the Company’s good corporate governance policy and Code of Ethics, through coordination with Management and Internal Audit Department.
4. Proposed and recommended the appointment of external auditors and their audit fee. For the year 2018 The Committee, in coordination with the Internal Audit Department and the Management, Considered the independence and the qualities of the audit task and recommended the reappointment of Mr. Termphong Opanaphan or Mr. Khitsada Lerdwana or Mrs. Poonnard Paocharoen, Certified Public Accountant (Thailand) No. 4501 4958 and 5238 respectively, of EY Office Limited (Formerly known as “Ernst & Young Office Limited”) as the Company’s and its’ subsidiaries’ External Auditors and the audit fee for the fiscal year 2018. The appointment of the External Auditor for the year 2018 was approved by the Board of Directors and will be proposed to the Shareholders for their further approval. For the year 2017, the Committee conducted 1 meeting with External Auditor.
5. Reviewed related transactions or conflict of interest issues to ensure that the transactions were reasonable and fair in accordance with the rules or announcements of the SET and the disclosures were correct and complete.

6. Reviewed and acknowledged internal audit results quarterly. Followed up management operations and progresses on the internal and external audit findings and recommendations. Approved the internal audit plan for the year 2018. In addition, the Committee reviewed the Independence of the Internal Audit Department and considered the appointment, the migration, the transfer, lay off, evaluation and remunerations of The Head of Internal Audit as well as the evaluation of the performance and the remunerations of the Internal Audit staffs which were assessed and proposed by Group Chief Executive Officer and Head of Internal Audit.
7. Annually reviewed and updated the Charter of Audit Committee and Internal Audit, to ensure that the Charters are still suitable for the Company's business environment.
8. Conducted the Audit Committee self assessment on its composition, qualification, activities in compliance to the audit Committee Charter, training, authority and the independence. For the year 2017, the Committee concluded that the Committee has adequately completed their duty as assigned by the Board of Directors and reported the assessment results along with the Committee's activities to the Board of Directors Meetings on February 27, 2018.
9. Reviewed that the Company abided by the Good Corporate Governance and Code of Ethics Policies. Cooperated with the Management and the Internal Auditor to reviewed the policy to ensure the appropriateness before rendering them to the Board of Directors for approval.

As a result of the above obligations, the Committee agreed that in general, the internal control system of the company and its subsidiaries was adequate and appropriate for the business operations of the Company. In addition, the Company has provided adequate personnel to follow the system effectively as well as sufficient internal control system for monitoring the operations of the subsidiaries in order to protect the assets of the Company and the subsidiaries from improper conduct of the directors and executives including transactions with persons who may have a conflict of interest and related persons. As for the other relevant internal control issues, the Committee agreed that the Company has adequate internal control system. The Committee and the management recognized the importance of good corporate governance, internal control, and continuous risk management in order to ensure good corporate governance principles of company, acceptable level of internal control and risk management, accuracy and reliability of accounting and financial reporting practices including the compliance with the laws, the rules or announcements of the SET and other related regulations concerning the Company's businesses.



**Dr. Naris Chaiyasoot**  
**Chairman of the Audit Committee**  
**February 27, 2018**

## Risk Management Committee Report

### GMM Grammy Public Company Limited

The Risk Management Committee was comprised of 7 members who are the Board of Directors and top executives with relevant knowledge, competence and experience that is beneficial to the group risk management. The Risk Management Committee was established by the Board of Directors resolution with duties to promote the set-up of an enterprise-wide risk management system for the Company and to embed an organizational culture. This is to provide reasonable assurance among all stakeholders that the Group's strategic operations are geared towards effective and efficient achievement of corporate goals and objectives. The Senior Director of the Internal Audit Department serves as the secretary to the Committee.

The Committee performs their duties as designated by the Board of Directors and within the purview of power and responsibility defined in the Risk Management Committee Charter. In 2017, the Committee held 2 meetings with the following results:

1. Acknowledged the significant corporate risks and approved the related risk responses for the year 2017.
2. Continuously supervised and monitored the implementation of the enterprise-wide risk management systems.
3. Reviewed the guidelines regarding the prevention of corruption involvement and Risk Management Committee Charter to ensure that they are sufficient and appropriate for the nature of the Company's businesses as well as related regulations.
4. Reported regularly to the Board of Directors on the significant risks and their responses.
5. Performed self-assessment for the year 2017 and reported to the Board of Directors on February 27, 2018.

As mentioned previously, the Risk Management Committee has considered that the corporate risk factors have been set-up to cover the core businesses and the risk management process which identified adequately, appropriately and efficiently. In addition, these Risk Management process also complied with the Group's good corporate governance policy, the internal control as well as related laws, rules and regulations.



**Miss Boosaba Daorueng**  
**Chairman of Risk Management Committee**  
February 27, 2018

## Report of the Nomination and Remuneration Committee

### GMM Grammy Public Company Limited

The Nomination and Remuneration Committee, GMM Grammy Public Company Limited (“the Committee”), as of December 31, 2017, comprised three directors, two being independent directors and one being an executive director. Dr. Naris Chaiyasoot, Independent Directors, being Chairman of the Nomination and Remuneration Committee, Mr. Suvit Mapaisansin, Independent Directors, and Miss Suwimon Jhungjotikapisit, Directors, members of the Nomination and Remuneration Committee.

During the year 2017, the Committee, in performing roles in accordance with its charter and the scope of authority, held 2 meetings (The first meeting No.1/2017 was attended by two directors, and the second meeting No.2/2017 was attended by three directors) to consider important matters under its duties and responsibilities as assigned by the Board of Directors, which can be summarized as follows:

1. Nomination of persons with qualifications for the Company’s directorship to replace 4 directors who would retire by rotation. To enhance and support the Company’s good corporate governance policy, the Company welcomed shareholders’ proposal for qualified candidates to be appointed as the Company’s directors with full qualifications as stipulated by the company. During the period, no shareholder nominated any candidate for consideration. Considering the appropriateness and maximum benefits to the Company, the Committee was of the opinion that the retiring directors had full qualifications as stipulated by the Public Limited Companies Act B.E. 2535 and were well equipped with knowledge, capabilities and experiences useful for the Company’s business operations; they also had broad visions, satisfactory performance as directors, good records of meeting attendance and useful opinions proposed at the Board’s meetings. The Committee therefore resolved to propose to the Board of Directors’ Meeting No. 1/2016 on February 27, 2017 the nomination of the 3 retiring directors for appointment as the Company’s directors for another term before submitting to the 2017 Annual General Meeting of Shareholders held on April 28, 2017 for approval.
2. Nomination of a person with qualifications for the Company’s directorship to replace the director who resigned and who was due, wished not to carry on the position by using Board Skill Matrix. The Committee considered and proposed to the Board of Directors or Annual General Meeting of Shareholders as follow:
  - 2.1 Mr. Paiboon Damrongchaitham is appointed as a Chairman of the Board and approved the appointment by the 2017 Annual General Meeting of Shareholders held on April 28, 2017.
  - 2.2 Dr. Lackana Leelayouthayotin is appointed as a Director and approved the appointment by the 2017 Annual General Meeting of Shareholders held on April 28, 2017.
  - 2.3 Mrs. Saithip Montrikul Na Audhaya is appointed as a Director (Authorized Director), member of the Risk Management Committee and member of the Group Executive Committee and approved the appointment by the 2017 Annual General Meeting of Shareholders held on April 28, 2017.
  - 2.4 Mr. Phawit Chitrakorn is appointed as a Director (Authorized Director) and approved the appointment by the 2017 Annual General Meeting of Shareholders held on April 28, 2017.
3. Nomination of a person with qualifications for the Company’s directorship to replace the director who resigned by using Board Skill Matrix, i.e., the Committee considered and proposed to the Board of Directors’ Meeting No. 5/2017 on May 12, 2017 and the Meeting appointed Mr. Fahmai Damrongchaitham as the Company’s director, replacing Mr. Sataporn Panichraksapong, who had resigned.



4. Determination of directors' remuneration and the Audit Committee's remuneration as annual compensation for the year 2017 and changing the remuneration criteria comprising of the monthly remuneration, the meeting allowance and annual bonus, for the Chairman of the Company, Independent Directors and Non-Executive Directors except the Executive Directors that will not receive monthly remuneration and meeting allowance because they already receive salary from being an employee of the Company for submission to the Board of Directors for approval at the 2017 Annual General Meeting of Shareholders held on April 28, 2017.

The remuneration of directors and Audit Committee members was determined, with their respective duties and responsibilities for the Company's performances being considered and the remuneration of directors of companies in the same industry being compared, based on the Stock Exchange of Thailand's Report of the Survey on Remuneration of Directors of Listed Companies, for suitability and transparency.

5. Evaluation of the performances of the Group Chief Executive Officer (Group CEO), Ms. Boosaba Daorueng, for the year 2017. The Committee deemed it appropriate to rate the Group CEO's performances in 2017 as "Very Good" or 90.77% (within the range of 90-95%), and reported the evaluation result to the Board of Directors' Meeting No. 2/2018 for approval.
6. The Committee has conducted self-performance assessment for the year 2017 which comprises of 5 categories: Structure and Composition of the Committee, Roles and Responsibilities, Meeting, Duties Performance of the Committee's Members, and Self Development of the Committee's Members. The assessment criteria divided into 5 levels; 4 = excellent, 3 = good, 2 = fair, 1 = unsatisfactory, 0 = need improvement. The overall average result of the self-assessment of the Committee was equal to 3.55 points (Full score is 4 points).

The Committee reported its performance to the Board of Directors for acknowledgement on a regular basis. Throughout the year 2017, the Committee performed its duties with utmost ability, caution, prudence, transparency and independence, for the best benefit of the Company, shareholders and other stakeholders.



**Dr. Naris Chaiyasoot**  
**Chairman of the Nomination and Remuneration Committee**  
**February 27, 2018**

## Report of the Corporate Governance and Ethics Committee

GMM Grammy Public Company Limited

The Board of Directors strongly believes in conducting business according to business ethics and good corporate governance principles and alongside with corporate social responsibility (CSR) to be embedded as part of the organization culture. This is carried by integrating with the Company's vision, mission, strategy, and goal to support efficient and transparent management in order to gain confidence from shareholders, investors and all stakeholders resulting in value added and sustainable growth of the Company.

In 2017, the Corporate Governance and Ethics Committee ("the Committee") still adhered to and seriously developed its policy on corporate governance on a continued basis, thus several awards received from various organizations could be summarized as follows:

1. For evaluation of corporate governance reports of Thai listed companies by the Thai Institute of Directors (IOD), the Company was rated "Very Good" in 2006, 2008, 2009, and 2010, (in 2007, there was no survey on corporate governance of listed companies) and "Excellent (5 Stars)" for seven consecutive years, since 2011 to 2017.
2. For the evaluation of AGM checklist quality by the Thai Investors Association, the Company was rated "Very Good: Should be a Role Model," in 2009, 2012, 2014 and 2016 and "Very Good" in 2008, 2010, 2011, 2013, 2015, 2017 (scoring 98 points).
3. The Committee has conducted self-performance assessment for the year 2017 which comprises of 5 categories: Structure and Composition of the Committee, Roles and Responsibilities, Meeting, Duties Performance of the Committee's Members, and Self Development of the Committee's Members. The assessment criteria divided into 5 levels; 4 = excellent, 3 = good, 2 = fair, 1 = unsatisfactory, 0 = need improvement. The overall average result of the self-assessment of the Committee was equal to 3.34 points (Full score is 4 points).
4. The Committee has consider and review the principles of Corporate Governance Code for listed companies in 2017 (New CG Code) according to the Securities and Exchange Commission (SEC) has set up eight core principles for the Board of Directors. The Committee agrees to submit to the Board of Directors for adoption of the Code of Conduct to ensure proper implementation of the Code of Conduct. The Company will disclose the CG Code of Practice in Forms 56-1 and 56-2 of the year 2018.

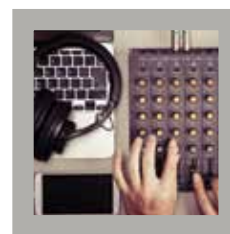
The Company will still adhere to the policies on good corporate governance and ethics that the Company has formulated and support its improvement and development as well as continued and suitable disclosure of the results of corporate governance performance, reflecting the efficient, transparent, and ethical management and also promote the Company's corporate governance principles to be up-to-date and consistent with the changes that will raise the standards and practices of corporate governance of the Company.



Miss Boosaba Daorueng

Chairman of the Corporate Governance and Ethics Committee

February 27, 2018



## Corporate Governance



The Company conducts the written policies and practical guidelines about anti-corruption for explicitly guideline to run businesses and sustainably develop to good corporate governance.



The Board of Directors intends to operate business under good corporate governance principles promoted by the Stock Exchange of Thailand for all public listed company to enhance efficiency in organization administrative system and lay solid foundation for sustainable growth. The Company sets forth corporate governance policy as follows.

### Corporate Governance Policy

The Board of Directors strongly believes in business operations with ethical practice, good corporate governance and corporate social responsibility, which are firmly embedded in the organization culture. It is integrated with the organization vision, mission, strategy and goal to boost confidence to all stakeholders and to bring the Company to business development along with participation in supporting the education, athletics, society and environment.

The Board of Directors initiated the compilation of the first Handbook on corporate governance policy, business ethics and code of conduct (portable version) issued in 2005. It has been set to be revised, added or amended every 2 years or as deemed appropriate to ensure updatedness and alignment with the changing environment, as well as relevance to any additional guidelines issued by the SET or related regulatory bodies, which will enhance the Company's corporate governance up to international standards.

The corporate governance policy of the Company as stipulated in the Corporate Governance and Business Ethics Manual can be concluded as follows:

1. The Board of Directors, executives and employees adhere to performing in compliance with the laws and applying corporate governance principles to business operations by integrating with the vision, mission, strategy and Long term goal of the organization, as well as enhancing the organization to have an efficient administration system, which will help boost confidence of shareholders, investors and all stakeholders.
2. The Board of Directors respects the rights of shareholders, treats all shareholders equally and provides convenience to shareholders in the exercise of rights in various matters.
3. The Board of Directors promotes the process of enhancing good relationship and cooperation between the Company and all stakeholders and sets an appropriate communication channel for the purpose.
4. The Board of Directors sets policy and code of ethics of the Company to be guidelines for all stakeholders such as shareholders, customers and consumers, competitors, trade partners, creditors, employees, the community, the environment and the society.
5. The Board of Directors takes the role of determining vision and mission and approving guidelines for setting of business strategies, policies, plans and budgets, as well as monitoring and supervising the management to take actions according to the policies established in an efficient and effective way, in order to maximize business value and shareholder wealth.

6. The Board of Directors institutes the organization structure with clear delegation of duties and responsibilities of the Board of Directors, Sub-Committees, Group Chief Executive Officer and Chief Executive Officers in each business lines and puts in place appropriate and sufficient internal control and audit system, risk management system, prevention of conflicts of interest and use of insider information.
7. The Board of Directors monitors and ensures that the preparation of financial statements and information of the Company is in accordance with the generally accepted accounting standards, disclosure of information is sufficient and reliable and the Company has capable and independent auditor.
8. The Board of Directors ensures that the Company communicates and discloses important financial or non-financial information relating to the Company sufficiently, accurately, completely, reliably, transparently, thoroughly and in a timely manner, through various channels and the Investor Relations Department, which can be accessed conveniently and equitably.
9. The Board of Directors may appoint Board committees as deemed appropriate to help screen important matters and report operating results to the Board of Directors' meeting regularly, as well as report operating results to the shareholders in the annual report of the Company.
10. The Board of Directors arranges to have annual self-assessment of the Board of Directors and Sub-committees such as the Audit Committee, the Corporate Governance and Ethics Committee, the Risk Management Committee for use as a framework in evaluation of their performance in the previous year, so that rectification and improvement can be made to increase efficiency and the self-assessment results will be reported to the Board meeting for acknowledgement.
11. The Board of Directors puts in place an appropriate, transparent and fair recruitment system for all crucial management positions.
12. The Board of Directors has an important role of arranging for the written Corporate Governance and Business Ethics Manual so that all directors, executives and employees acknowledge, understand and abide by the practice of corporate governance and business ethics in a strict manner and establishing a compliance monitoring measure thereon.

To ensure the implementation of business ethics and code of conduct, the Company has stipulated that the directors, the management and all employees acknowledge, understand and strictly comply with policies and procedures set forth in the Corporate Governance and Business Ethics Manual, executives at all levels in the organization have to be responsible for and treat this matter with great importance so that their subordinates will follow suit in a rigorous manner.

In addition, the Board of Directors has a policy to encourage the dissemination of corporate governance culture in various forms for awareness at all levels and for translation into practice by preparing and disseminating the Corporate Governance and Business Ethics Manual through several channels such as E-mail, the GRAMMY Group's Intranet, the Company's website and training the basic of corporate governance to new employees. Directors, executives and employees will accordingly be aware of and abide by the principles of corporate governance and business ethics in performing their duties with accountability, transparency, integrity, prudence and ethics towards oneself, the organization, the shareholders and other stakeholders. Activities are to be held to enhance knowledge, understanding and conscience in performing duties responsibly, cautiously and honestly under the corporate governance principles and business ethics of the Company.

The Corporate Governance and Ethics Committee has considered and reviewed corporate governance principles for listed company 2017 (New CG Code) according to 8 principles set by SEC (Securities and Exchange Commission) for action guideline to the Company's Board of Directors, The top leader to suitably adapt for the Company. The Corporate Governance and Ethics Committee agreed to propose board of Directors to appropriately apply those principles for sustainably creating value to the Company. The Company will disclose the principles in accordance with New CG Code 8 principles in form 56-1 and 56-2 of 2018 onwards.

As the Company has all along adhered to the policy on corporate governance and business ethics in its business operations and has developed its corporate governance practice to be more efficient and suit the Company, the Company has been rated by various agencies as follows:

- **Corporate Governance Report of Listed Companies 2017**

Thai Institute of Directors (IOD) disclosed the result of the Corporate Governance Report Evaluation of Thai Listed Companies, it was revealed that GMM Grammy Public Company Limited was announced to be 1 of 110 listed companies that was rated in the top level of “**Excellence : 5 Stars**” (Score range 90-100 points) while the average score of all 620 listed companies was 80 points. The Company has been rated as “Excellent” for seven consecutive years since 2011 and also recognized as one of the Top Quartile Companies in market-capitalization between 3,000 – 9,999 Million Baht.

- **Quality of Annual General Meeting of Shareholders 2017**

According to the evaluation of the quality of annual general meetings of shareholders (AGM checklist) of listed companies carried out by the Thai Investors Association, the The Company was rated in great level with 98 points, while the average score of all listed companies under the survey was 91.97 points.

- **The Assessment of Anti-corruption Process Indicator 2017**

According to the assessment of Anti-corruption Process Indicator for Thai listed companies conducted by SEC and Thai Pat Institute, in 2015 the Company was rated at level 3 (Established), indicating the policy to oppose government officials bribery and those related to corruption as well as the policy to communicate and educate employees regarding anti-corruption policy and practices.

In 2017, SEC and Thai Pat Institute announced only the companies that joined Thailand's Collective Action Coalition Against Corruption (Thai CAC) held by IOD. There are 2 groups of companies comprising the signed a declaration on CAC and the verified by CAC.

The Company has followed good corporate governance principles to ensure that the Company have policies to stipulate responsibility, regulations and provision for appropriate action. The Company has intention and commitment to oppose and prevent corruption while running normal business. Although, the company has not signed a declaration on CAC yet, but the Company conducts the written policies and practical guidelines about anti-corruption for explicitly guideline to run businesses and sustainably develop to good corporate governance.

## **Corporate Governance**

Corporate Governance of company is divided into 5 categories:

- Rights of Shareholders
- Equitable Treatment of Shareholders
- Roles of Stakeholders
- Disclosure and Transparency
- Responsibilities of the Board of Directors

### **Chapter 1 Rights of Shareholders**

The Board of Directors gives high importance to and respects the rights of all shareholders equally and provides convenience to them in exercising their rights in various matters, whether they be their basic rights or the rights they deserve such as the right to sell or transfer stocks, the company profit sharing, the shareholders' right to obtain the adequate information on the Company and in a timely manner, the voting right in the shareholders' meeting to appoint or to demote the directors, the remuneration of the Board of Directors, the appointment of a certified auditor, the approval of the audit fee and other issues which may significance effect the company, etc. and will not act in a way that will violate the shareholders' right.

## The Annual General Meeting

The Board of Directors supports organizing of the shareholders' meetings which take into account the rights and equitability of shareholders for the attendance of meetings according to the laws and good corporate governance principles. The annual general meeting of shareholders is set to be held once a year within 4 months from the last day of the fiscal year (The Company's last day of the fiscal year is December 31 of each year). In case where there are urgent matters for special meetings to discuss issues that affect or relate to the shareholders' benefits or are related to regulations, laws that require urgent approval from the shareholders, there will be a call for an extraordinary meeting of shareholders case by case. The Company's guidelines are as follows:

### 1) Before the date of the shareholders' meeting

- Proposing agenda items, nominations of directors and advanced queries, the Company provided an opportunity for shareholders to propose agenda items and qualified persons to assume the post of director before the Annual General Meeting of Shareholders. In the 2017 Annual General Meeting of Shareholders, shareholders can make proposal from September 30, 2016 until January 13, 2017 on the Company's website on the menu "Corporate Governance", item "Shareholders Information. It has come out that, during the designated period, no shareholder proposed any agenda item or nominated any qualified person to assume the post of director to the Company.
- Presentation and information delivery to shareholders, the Company has appointed Thailand Securities Depository Co., Ltd. (TSD) as its securities registrar to send the meeting invitation notice, documents and other information which is important and necessary for decision-making to shareholders (in English in case of foreign shareholders) in advance before the meeting date and in accordance with laws or/and regulatory concerned. In the Annual General Meeting of Shareholders, the Company has disseminated the invitation notice and all relevant information (excluding annual report) on its website in Thai and English more than 30 days prior to the meeting so that shareholders will have sufficient time to study the information in advance for decision-making. In addition, the Company advertised meeting notices in newspapers to inform shareholders of the date, time, venue and agenda items in both Thai and English for 3 consecutive days in advance of the meeting.
- Facilitation and encouragement for shareholders to attend the meeting, including institutional investors, with the following policies:

Meeting venue at a suitable location, with enough parking spaces and convenience transportation, with the venue's map being enclosed with the meeting notice.

Meeting schedule not on a public holiday or during long holidays of at least 3 consecutive days, not too early in the morning or late in the evening.

Proxy: There were 3 types of proxy forms attached with instructions and convenience in sending the valid proxy form together with supporting documents in advance to the Company Secretary prior to the meeting day for the Company's staffs to examine the documents before the proxy's arrival. The Company allowed the Board of Directors to nominate 4 independent directors as proxy holders to attend the meeting and vote on shareholder's behalf.

Staffs and technology are in place to provide services and examine documents for the meeting's participants, for the sake of convenience, speed, accuracy and verifiability.

- Information disclosure of each agenda in the Invitation Notice, opinions of the Board of Directors of each Agenda as well as purposes and reason. Both positive and negative (if any) are clearly indicated. For the shareholders' meeting will have the following agenda items:

Disclosure of Financial Performance to clarify the financial performance in the previous year including assets, revenue, expenses and profit/loss.



Remuneration of directors to clarify the guideline of Remuneration of Director in both monetary (e.g. meeting allowance, annual bonus) and other benefits agreed by the nomination and remuneration committee.

Nomination of directors, the Company indicates the directors' names and summarizes profile of each director to be nominated, such as name and surname, age, education background, work profile, number of companies in which such person is a director by divided into listed companies and other companies, positions in other competitor / related companies which may cause any conflict of interests, nomination criteria and procedure, type of director to be proposed such as Director or Independent Director. In case of nomination of the existing director to reassume the position, details of his/her meeting attendance in the previous year and his/her term/years in office shall also be provided. In case of the appointment of independent directors, the Company shall disclose its definition of "independent director" as defined and determined that the Company's definition is equal to or more concentrate than the minimum requirements of the SEC and the SET, including any information of any conflict of interests of such independent director on the Company, its subsidiaries, affiliates or entities may have a conflict at that time or during the last 2 years.

Nomination of auditor and fixing of audit fees, the Company gives details on the names of certified public accountants and their company to be the auditor, experiences and competence as well as independence of the auditor and qualifications acceptable as the Company's auditor and approved by the SEC. Audit fees and/or other fees (if any) will also be clearly indicated so that shareholders can consider appropriateness before making decision.

Payment of dividends, the Company discloses its dividend payment policy, proposed payment rate and amount comparing to net profit, retained earnings and earnings per share as well as payment rate of the previous year, together with reasons and supporting information. In case of no dividend payment, clear reasons and supporting information will be given.

Other matters with impact on the Company, such as determination and amendment of articles and memorandum of association, decrease or increase of capital and approval of extra items, etc. The Company will clearly indicate objectives, rationale, positive and negative (if any) impact, as well as opinions of the Board of Directors for each agenda item.

For the 2017 Annual General Meeting of Shareholders, the Company sent a meeting notice of at least 1 month in advance to shareholders through various channels, namely, the Company's website, SET portal and notices of shareholders' meeting. The meeting notice contained agenda items, the Board's opinions with other supporting documents such as facts, objectives, reasons of the Board's opinions, the Company's Articles of Association relevant to the meeting for the shareholders to consider in each agenda item, together with the minutes of the previous shareholders' meeting, containing the voting method, vote counts, list of all the directors attending the meeting (including the absent directors), list of executives attending the meeting, the voting inspector who was an outsider witnessing the vote count and the conduct of the meeting, questions from the shareholders and answers in the meeting, meeting's resolutions with the numbers of votes Agree, Disagree and Abstention for each agenda item where voting was required.

## 2) On the date of the shareholders' meeting

- The Company requires the meeting to be held according to the laws and taking into account convenience as well as rights and equitable treatment of the shareholders. Company staff are to provide convenience by checking documents of the meeting attendees 1 hour and a half before the meeting commencement and barcodes are used to facilitate and expedite registration.

At each shareholders' meeting, the Chairman, the directors, the Group Chief Executive Officer, Chairmen of all sub-committees and the management attend the meeting to allow shareholders to ask questions relating to the Company. The auditor of the Company will perform as the inspector to ensure that the meeting is conducted with transparency, compliance to applicable laws, rules of related regulators and the Company's Articles of Association.

- Before the meeting commences, the Group Chief Executive Officer who chairs the meeting will introduce the attending Board members, Chairmen of sub-committees, the management and the auditor of the Company, to the meeting and assign the Company Secretary to proceed with the meeting.
- The Company Secretary will notify the meeting of the quorum consisting of number of shareholders attending the meeting in person, number of shareholders attending by proxies and number of shareholders authorizing independent directors as their proxies, with clarification of voting and vote counting methods to the shareholders before the meeting commences. According to the Company's Articles of Association and the Public Limited Companies Act, Section 107 (1), 1 share is equivalent to 1 vote. In the event of a tie of votes, the Chairman will have the casting vote. Voting condition for shareholders or proxies is also be explained.
- The Company Secretary would conduct the meeting in accordance with the sequence of agenda items given in the notice of shareholders' meeting (except that the meeting resolves to change the sequence of agenda items in accordance with the provisions of the Public Limited Companies Act that requires the votes of at least 2/3 of the shareholders attending the meeting) and for fairness to shareholders who do not attend the meeting, no other agenda items not specified in the notice of shareholders' meeting shall be added in the agenda. However, to allow shareholders to exercise their rights under law, shareholders who hold a number of shares combined not less than 1/3 of the total number of shares sold may ask the meeting to consider matters other than those specified in the notice of shareholders' meeting.
- The Board of Directors has provided for the use of ballot tickets in every agenda item that requires voting. This is for the purpose of transparency and auditability in case of an objection occurring thereafter, while votes are to be counted and the results thereof are disclosed and the meeting's resolutions are clearly recorded in the meeting's minutes.
- The Chairman allocates sufficient time and opens the floor to the shareholders to voice their opinions, suggestions and questions on each agenda item and regarding the operations of the Company. Important queries, clarifications and opinions shall be noted in the meeting minutes for acknowledgement by the shareholders who cannot attend the meeting.

In 2017, the Company organized the Annual General Meeting of Shareholders on April 28, 2017 at 2.00 pm at the Auditorium Room, 50 GMM Grammy Place, Sukhumvit 21 Rd (Asoke), Khlongtoeinuea, Wattana, Bangkok . 10 directors attended the meeting while 1 director was on business leave (From a total of 11 directors), comprising Chairman of the Board, Vice Chairman of the Board and Chairmen of Sub-committees (except Chairman of the Corporate Governance and Ethics Committee who was on leave), together with top management, representative from Legal Department and auditors, The representative of external auditor would serve as the inspector to ensure the transparency, completely, laws and the Company's Article of Association compliance and in case of dispute arising in respect of examination and voting throughout the meeting. The Chairman of the meeting appointed the Company Secretary to conduct the meeting. The Annual General Meeting of Shareholders resolved to approve all the agenda items proposed.

In the 2017 Annual General Meeting of Shareholders, there were a total of 70 shareholders attending in person, representing 423,823,658 shares, and 115 shareholders by proxy, representing 76,840,961 shares. There were 5 shareholders attending the Meeting by proxy granted to the Company's Independent Director, representing 1,555,288 shares. The total number of attendants who were shareholders and proxy holders was equal to 185 persons, representing 500,664,619 shares or 61.06% of total 819,949,729 subscribed shares. The quorum was thereby constituted according to the Company's Articles of Association. The Board of Directors promoted 4 Independent Directors, whom represent shareholders, attending and voting throughout the meeting. The Company has opened registration for 2 hours before the Meeting.

At the Annual General Meeting of Shareholders, there were no agenda items of other businesses that had not been specified in the meeting notice.

### 3) After the shareholders' meeting

- The Board of Directors assigns the Company Secretary to prepare minutes of the shareholders' meeting to be complete and accurate with the following details:

Names and positions of directors, members of Sub-committees, top management and auditor who attend or absent at the meeting (If any).

The meeting quorum consisting of number of shareholders who attend the meeting in person, number of shareholders by proxies and number of shareholders authorizing independent directors as their proxies.

Methods of voting on each agenda item and vote counting before the meeting commences and the way the ballot cards are used to count votes.

Votes which approve, disapprove and abstain on agenda items which requires voting and identifying names and number of shares of persons who are not entitled to vote on each agenda item (If any).

Key questions, clarification and opinions.

- The Company will announce resolutions of the meeting via the news system of the SET by the next business day by identifying approval, disapproval and abstention votes on each agenda item and prepare meeting minutes in both Thai and English and submit them to the SET and relevant agencies within 14 days from the date of the meeting, as well as disseminate the meeting minutes on the Company's website so that shareholders can inspect without waiting until the next meeting. There is also a sound database where meeting minutes are available for inspection and reference. In addition, video recording of Annual General Meeting of Shareholders was prepared to be provided to interested shareholders in form of VCD which was notified to the shareholders via the news system of the SET.

## Chapter 2 Equitable Treatment of Shareholders

The Board of Directors has a policy to treat all shareholders equitably and fairly by protecting the rights of shareholders and provide convenience to shareholders in exercising of rights in various matters which shareholders are deserved. The Board of Directors has a policy of equitable treatment of shareholders as follows:

1. The Board of Directors gives the rights to shareholders to cast 1 vote per 1 share. For the same type of shares, they have the right to cast 1 vote per 1 share.
2. The Company allow a shareholder and/or a group of shareholders holding the Company's shares collectively at least 5 percent of voting rights to propose agendas and prospective directors before the Annual General Meetings. This description will be provided through SEC and the Company's website at least 3 months prior to the end of each fiscal year.
3. For the Annual General Meetings, the Company will send the meeting invitation notice and documents to shareholders at least 14 days prior to the meeting date and post the invitation notice and all information on the Company's website (<http://www.gmmgrammy.com>) in Thai and English more than 21 days prior to the meeting so that shareholders will have sufficient time to thoroughly study the meeting information for decision-making before receiving documents from the Company. The Company also advertised meeting notices in newspapers to inform shareholders of the date, time, venue and agenda items in both Thai and English for 3 consecutive days in advance of the meeting.
4. The Board of Directors provides convenience to shareholders who cannot attend the meeting in person by sending them Proxy Form Type A, B and C and attach documents and simple proxy-giving instruction so that proper documents will be prepared and none of difficulties expected. In addition, shareholders also have option to download the proxy form from the company's website.

5. The Board of Directors will nominate at least 1 independent director of the Company as an option of proxy for shareholders. The Company will attach the name and profile of the independent director with the meeting invitation notice.
6. The Board of Directors will conduct the meeting according to the agenda order outlined in the meeting invitation notice and will not add any other meeting agenda without notifying shareholders in advance apart from those specified in the invitation letter except extraordinary cases in order to protect the Company's interest under the governed laws.
7. The Board of Directors will arrange for use of ballots and qualified vote processing program on every agenda item which requires vote casting for transparency and inspection can be made in case debates occur later on. Also, an inspector is prepared for counting of votes and the vote results and resolutions of the meeting shall be disclosed clearly in the meeting minutes.
8. The Board of Directors sets a policy and guidelines of prevention of conflicts of interest and insider trading to seek interest for oneself or others in undue manner in the Corporate Governance and Business Ethics Manual of the Company and disseminates the policy to all directors, executives and employees of the Company for acknowledgement and strict compliance to prevent directors and executives of the Company from trading the Company's shares by using internal information or undertaking related party transactions and selling or buying assets in a manner which may breach or not comply with guidelines of the SET and the SEC.
9. In case of undertaking related party transactions which are required to be disclosed or to seek approval from shareholders according to requirements of the SET, prior to undertaking of the transaction, the Company has disclosed details such as name and relation of related parties, policy of determination of value of the transaction, rationale, as well as opinions on the transaction of the Audit Committee and the Board of Directors to shareholders clearly.
10. The Board of Directors requires directors and executives (according to definitions of the SEC) to comply with Section 89 of the Securities and Exchange Act by reporting their interest and their related persons' (including whenever there is change to information) by assigning the Company Secretary to report interest information (including changes) to the meeting of the Board of Directors for acknowledgement every 6 months to consider transactions of the Company which may have conflicts of interest with the Company. Directors and executives who have any related interest shall not attend the meeting to express opinions and have no rights to make a resolution of such matter.

### Connected Transactions

The Board of Directors is aware of the importance of conducting its business with transparency and with due consideration of its stakeholders. As such, the corporate governance policy of the Company has clearly specified that all connected transactions of the Company and subsidiaries must be, at the minimum, approved by the management of the Company. If entering into any connected transactions which fall under the criteria stipulated by the SET regarding disclosure of information and acts of listed companies on connected transactions and/or if entering into transactions of acquisition or disposal of assets of listed companies, the Company shall perform pursuant to the SET criteria and regulations requiring that such transactions are subject to endorsement and/or approval by the management and/or the Board of Directors' meeting and/or the shareholders' meeting, as the case may be, on which related parties will not be entitled to vote.

To prevent conflicts of interest, the Board of Directors is prudent in considering any transactions prone to a conflict of interest by mapping written policy and procedure on approval of connected transactions in the Corporate Authorization Index (CAI) and/or requesting approval from the shareholders according to the SET criteria and regulations. Pursuant to the SET criteria, prices and conditions pertaining to such transactions have to be conducted on an arm's length basis. The Audit Committee will submit the transactions with conflicts of interest and the connected transactions to the Board of Directors on a regular basis.

The Company and subsidiaries have no policy to make any connected transactions unless the Company views that the transaction will yield the highest returns, at the price and under the terms and conditions as generally executed with outside parties. The Company has set for such transactions to be approved by the management and/or the Board of Directors and/or the meeting of shareholders as the case may be.

In addition, the Board of Directors recognizes the importance of prevention of conflicts of interest so it has set to have disclosure of information and transparency relating to undertaking of connected transactions and prevention of possible conflicts of interest by having various relevant reports made available, such as preparation of report on disclosure of transactions prone to conflicts of interest and/or related party transactions, report on securities holding and changes in securities holding and report on vested interest of directors, executives and related persons thereof.

In 2017, the Company did nothing in violation of or against the requirements of the SEC and the SET, whether insider trading, connected transactions or asset trading.

### **Chapter 3 Roles of Stakeholders**

The Board of Directors believes in conducting business with integrity and transparency as well as having roles and responsibilities toward society by giving importance to the rights of all stakeholders of the Company, either internal stakeholders such as directors, employees and executives of the Company, or external stakeholders such as shareholders, customers, trade partners, competitors, the society and the environment, public sector and relevant agencies appropriately for both rights required by laws or those jointly agreed upon. The Board of Directors has set guidelines for directors, executives and employees in the GRAMMY Group's business ethics to be transparent and fair to various stakeholders, details of which are as follows:

#### **Ethics on Treatment of Shareholders**

The Board of Directors has a policy and guidelines on equitable and fair treatment of shareholders as follows:

1. Performing duties and conducting business with integrity, transparency and accountability to shareholders on a regular basis and disclose accurate, complete and standard information to shareholders within the legal framework, business ethics and good corporate governance principles.
2. Managing business of the Company for stable progress by using knowledge, competence and experience to the full extent and make any decisions with integrity, honesty, care and justice for the highest benefits of the shareholders.
3. Supervising operations to ensure that the Company has appropriate financial status and management to protect and increase interests of shareholders.
4. Managing assets of the Company not to deteriorate, lose, or waste.
5. Not seeking benefits for oneself and related persons by disclosing internal information of the Company which is confidential and/or not yet disclosed to the public or outsiders which may cause damage to the Company.
6. Respecting the rights of shareholders by reporting status and operating results of the Company as well as information to all shareholders equally, regularly, timely, accurately, completely and factually by having sufficient supporting documents and in accordance with the requirements of the SET and the SEC.
7. Not performing any acts in a manner which may cause conflicts of interest to the Company without notifying the Company.

#### **Ethics on Treatment of Customers and Consumers**

The Board of Directors is committed to creating and producing all forms of media and entertainment to bring satisfaction to customers continuously. Policy and Guidelines for treatment towards customers and consumers are as follows:

1. Catering to the needs of customers with good quality of products and services at reasonable prices and with qualified employees and state-of-the-art innovation and technology

2. Studying, assessing and improving impact of products and/or services which may occur to consumers consistently and monitor and supervise products and services to have quality and meet standards, requirements, consumer protection laws or other relevant laws.
3. Providing information which is accurate, sufficient and beneficial to product and/or service consumers for decision-making by not intending to cover information or giving false information to mislead product and/or service consumers about the quality, quantity, or conditions of the product or service.
4. Respecting the rights of the product and/or service consumers and protect their personal information by not disclosing their personal information without their prior consent or using such information to seek benefits except for information which must be disclosed to the public as required by laws.
5. Arranging for a procedure to which customers can file issues of problems of using products or inappropriate provision of services via electronic mail or call center so that the Company can prevent/resolve problems for the customers quickly and appropriately and use such information to improve or develop other products or services.
6. Contracts between the Company and customers and consumers of the Company must be written clearly and easy to understand and comprising information and agreements which are accurate and sufficient and do not contain any conditions which are not fair or breach the rights of customers and consumers. Also, contracts and conditions mutually agreed upon shall be complied with in a strict manner and in case of failure to comply with any condition, customers shall be notified immediately to help seek resolution on a rationality basis.
7. Supporting activities which promote and maintain good relationship between customers and the Company.

#### **Ethics on Treatment of Competitors**

The Board of Directors conducts business within a framework of free and fair competition. Policy and Guidelines for treatment toward competitors are as follows:

1. Treating competitors according to the rule and manner of good and fair competition.
2. Not seeking confidential information of competitors with fraudulent, dishonest, or inappropriate method or in breach of laws.
3. Not intentionally destroying reputation of competitors with groundless slander.
4. Not performing any acts which breach intellectual property and copyright of competitors.

#### **Ethics on Treatment of Trade Partners**

The Board of Director treats customers equally and based on mutual benefits. Policy and Guidelines for treatment toward trading partners are as follows:

1. Treating trade partners equally, fairly and based on fair returns acceptable to both parties.
2. Complying with agreements or conditions mutually agreed upon strictly and in case of non-compliance with any conditions, notify customers immediately to jointly seek solutions on a rationality basis.
3. Not asking for or accepting assets or other benefits which are dishonest to trading with trade partners.
4. In case there are grounds to believe that there is request or acceptance of assets or other benefits which are undue, information shall be disclosed to trade partners to jointly seek solutions in no time.
5. Having a policy or measures of checking and screening trade partners of the Company such as producers and contractors and support undertaking of businesses with trade partners who conduct business fairly without violating human rights and realizing the importance of social responsibility. The company executes a purchasing policy and appoint a purchasing committee in order to select trade partners under transparency and accountability.
6. Not giving cooperation to or supporting any persons or organizations which conduct illegal business or are a threat to the society and national security.



7. Being committed to maintaining sustainable relationship with trade partners and contract counterparts on the basis of mutual trust.

### **Ethics on Treatment of Creditors**

The Board of Directors is committed to conducting business to create creditability for creditors. Policy and Guidelines for treatment toward creditors are as follows:

1. Strictly complying with agreements, obligations, covenants and responsibility in the collaterals. In case of non-compliance or default, notifying creditors immediately to jointly explore proper solutions on a rationality basis.
2. Maintaining an appropriate capital structure in order to support the business operation and creditor confidence.
3. Providing creditors transparent information, and allowing them chances for company visits and having meetings with the Company's management.
4. Not giving cooperation to or supporting any persons or organizations which conduct illegal business or are a threat to the society and national security.
5. Being committed to maintaining sustainable relationship with creditors on the basis of mutual Trust.

### **Ethics on Treatment of Employees**

The Board of Directors realizes that employees are the most valuable resource of the Company and is a key to success of achieving the Company's goal. Therefore, the Company takes care of and treats employees fairly in terms of opportunities, returns, appointment, transfer, termination of employment, as well as establishment of policies of personnel development and encourages employees to develop and exhibit potential and personal value in order to help the organization grow continuously and sustainably. Policy and guidelines for treatment toward employees are as follows:

1. Treating employees with respect for their honour, dignity and human rights.
2. Appointing, transferring and giving prizes as well as punish employees with sincerity and according to their knowledge, competence, appropriateness and fairness without any discrimination.
3. Assessing staff performance and progress regularly.
4. Giving remuneration of various types to employees fairly, appropriately and according to their knowledge, competence, experience, positions, responsibilities and individual performance which are taken into consideration in line with the operating results of the Company, economic conditions and social environment.
5. Providing appropriate welfare and other benefits for employees that are comparable to those of other companies in the same or similar business and as prescribed by law, such as provident fund, etc.
6. Giving continuous and regular support and giving importance to knowledge and potential development which is beneficial to employees at all levels for their good career path.
7. Maintaining a good working environment for sanitation and safety to life and properties of employees regularly.
8. Providing appropriate facilities and welfare for disabled employees.
9. Supporting employees to have better quality of life and support development of life of employees' families so that they live a happy life and are able to rely on themselves sustainably according to the philosophy of sufficiency economy.
10. Promoting participation of employees and respecting the rights of gathering of employees to gather to propose or set working guidelines and/or agreements to create benefits for all parties and good working relations, including channel to complaint of any wrongdoings, approach to fact finding and protection of the whistle blower.
11. Supporting employees to work together under mutual culture and value and with high unity spirits.

12. Managing works with prudence and avoiding any unfair actions which may have impact on the job security of employees.
13. Complying with rules and regulations in relation to labour law (such as employment, termination of employment, etc) and welfare of employees.

### **Ethics on Roles and Responsibilities towards Community, the Environment and the Society**

The Board of Directors strongly believes in conducting business according to business ethics and good corporate governance principles and alongside corporate social responsibility (CSR) to be embedded as part of the organization culture. This is carried by integrating with the Company's vision, mission, strategy and goal to create sustainable business growth. The Company respects human rights; treats its workforce fairly; is accountable to customers and consumers; supports and takes part in development of the community, the society and the environment; maintains religion; preserves natural resources and energy; and supports education and public activities, so that the community or underprivileged become strong and depend on themselves sustainably. Policy and guidelines on treatment toward the community, the environment and the society are specified in the Corporate Governance and Business Ethics Manual regarding Ethics on Roles and Responsibilities toward Community, Environment and Society, details of which are as follows:

1. Supporting CSR development through co-creation with all stakeholders by participating, inspiring and giving opportunities to other organizations to work together.
2. Supporting provision of knowledge and training for staff to instill conscience of responsibility toward the community, the environment and the society in employees at all levels and encourage employees to participate in activities arranged by the Company.
3. Having social participation by supporting and promoting activities which maintain good tradition and culture and behaving as a good religion follower by supporting religious activities consistently.
4. Participating in supporting activities relating to education, sporting capabilities, development of professional knowledge, for sustainable self-dependence.
5. Having social responsibility relating to public benefits, maintenance of the environment and development of the community as well as creative projects to promote and support better living of underprivileged, the elderly, children and youths.
6. Having social responsibility in different forms such as organizing campaigns against narcotics continuously, hence promotion and support of children and youths to stay away from narcotics, leading to a strong community and narcotic-free society.
7. Holding various projects to assist and relieve misery of people who are in trouble in many ways.
8. Supporting the community surrounding the Company and other communities to be strong and self-dependent in a sustainable manner, give mutual help, have a good quality of life, be happy and live happily in harmony.
9. Campaigning and instilling in employees conscience of preservation and smart and efficient use of resources and energy.
10. Creating and supporting activities which are beneficial to maintenance, preservation and use of natural resources and energy on a consistent basis.
11. Not performing any acts which will impair the reputation of the country, natural resources and the environment.
12. Not cooperating with or support any persons or organizations conducting illegal business or being a threat to the society and national security.
13. Complying or monitoring to ensure strict compliance with relevant regulations and laws.

## Ethics on Respecting Human Right Law and Practice

The Board of Directors gives importance to respecting international human rights, to conducting business in compliance with laws, while embracing human rights which are the basic rights ensuring that all human beings are born free and equal in dignity and rights without discrimination against birth, race, nationality, color, gender, religion, age, language, physical and health condition, personal status, economic and social status, social value, education or political opinion. The Board also promotes employees' awareness of their rights, duties and responsibilities to society and other fellows. Policy and Guidelines are as follows:

1. Performing business in strict compliance with human right law and practice and provide employees with knowledge about human right law and practice for their further adoption in their work.
2. Ensuring that all employees familiarize themselves with laws related to their duties and responsibilities and strictly observe such laws.
3. Promoting the respect of and adherence to human right practice on the basis of human dignity.
4. Treating all employees on the basis of human dignity and respect their personal rights and duties.
5. Offering a non-discriminative and equal career opportunity for women, the disabled, incapacitated persons and all other under privileged groups.
6. Neither give a special favor to nor discriminate against any individuals due to race, nationality, color, gender, religion, age, language, physical and health condition, personal status, economic and social status, social value, education and political opinion.
7. Ensuring the incapacitated employees are provided with appropriate facilitating equipment and welfare.
8. Putting in place a policy or measure for screening key trade partners such as suppliers and contractors and ensure that these key trade partners undertake their businesses with fair practices and non-violation of human rights.
9. Encouraging employees' participation and respect their right to unify and come forward with their suggestions or ideas on operational directions and corrective measures that will be beneficial to all parties and strengthen a good working relation and cooperation.
10. Establishing a follow-up and monitoring process to prevent the Company and employees from conducting business, acting or participating in an act or failing to act in such a way that violates human rights.

## Ethics on Intellectual Property and Copyright

The Board of Directors has a policy to respect intellectual property rights of other persons by not violating or supporting any acts which can be regarded as violation of intellectual property rights and copyrights of other persons, thus reflecting the Company's strong intention to conduct business with fairness and respect for and compliance with the laws relating to intellectual property rights. Policy and Guidelines are as follows:

1. Supporting development and respect creation or innovation of intellectual property rights and copyrights and evaluate the value of such innovation fairly.
2. Protecting and respecting intellectual property rights and copyrights of the Company and other persons by not violating or supporting any acts which are in violation thereof, such as making duplicates, adapting original material in any way, copying, broadcasting music and pictures, or making distribution to the public or any other acts and not claiming other persons' works as one's own.
3. Supporting and participating in activities which are beneficial to protection and prevention of violation of intellectual property rights and copyrights.
4. Supporting provision of knowledge and training to employees to instill conscience of respect and creation of intellectual property rights and copyrights in employees at all levels, as well as encourage employees to participate in activities held by the Company.

5. Issuing the Company's work regulations by prohibiting employees from behaving in the manner which may tarnish the reputation of the Company by following regulations, notifications and orders of government agencies, or laws relating to intellectual property rights and copyrights such as trademark law, patent law, license law or other relevant laws, as well as announcements, orders, rules and regulations set by the Company.
6. Treating and regarding violation of intellectual property rights and copyrights as a severe offence and if such offence is found, the Company will take penal action against the employee who has been found guilty of such violation according to the Company's work regulations and laws.

In 2017, the Company cooperated with state agencies and related private sector parties in a campaign against piracy titled "*Took, Took Jai, Took Gohd Mai*" ('Cheap, Pleasing, Legal) to raise awareness of copyright protection among the public through various activities. The "*Not Buy, Not Sell, Not Use Pirate Goods*" slogan aims to encourage the public to be more aware of the intellectual property to help reduce the piracy problem in the long run. The Company joined hands with state agencies and the private sector to prevent piracy and prosecute violators. By the year 2017 the Company and its affiliates have taken legal action against 248 piracy cases composing of 89 lawsuits settlement, 159 prosecution pending cases and no judged cases.

### **Ethics on Vested Interest and Conflict of Interest**

The Board of Directors is aware of the importance of conflict of interest prevention and has thus adopted the following policy and guidelines:

1. To safeguard against a conflict of interest, the Board of Directors exercises due care when there occurs any transaction involving a potential conflict of interest by observing a policy and procedure for approval of connected transactions, established in writing in the Authorization and Procedure Manual, and/or seeking approval from shareholders in line with the SET's regulations, as well as complying with the SET's regulations, with transaction price and conditions executed on an arm's length basis.
2. If the connected transaction is subject to approval from the Board of Directors, there must be independent directors or Audit Committee members participating in the relevant Board meeting.
3. The Audit Committee is to regularly propose any conflicted transactions and connected transactions to the Board of Directors and the person with a potential conflict of interest is not entitled to cast vote on or approve any such transactions.
4. Before entering into a connected transaction which is required to be disclosed publicly or be approved by the shareholders in accordance with the SET's regulations, the Company shall clearly disclose to the shareholders details such as names and nature of relationship of the connected persons, policy on determination of transaction price, rationale for entering into the transaction and opinion of the Board of Directors on the transaction.
5. For transactions that involve financial assistance, the Board of Directors has established a guideline on this type of connected transactions in the Corporate Authorization Index which was duly approved by the Board of Directors.
6. The Board of Directors has a guideline to maintain and prevent of use internal information in written. According to the guideline, directors, management and employees, who could access to insider information, are prohibited from trading the Company's securities during a one-month period before a release of the Company's financial statements to the public.
7. The Board of Directors has set a policy requiring that the directors, Executive Committee members and management (according to definitions of the SEC), including their respective related persons according to Section 59 of the Securities and Exchange Act, report their holding of the Company's securities and that the Company Secretary on quarterly basis is required to submit a summary report on the said securities holding and changes in securities holding in the Company to the Board of Directors' meeting quarterly for acknowledgement.

8. The Board of Directors has stipulated that the directors, management and their related persons (according to definitions of the SEC) must prepare and submit a report on interests to the Company and the Company Secretary as the duty to submit a summary report on the interests of the directors, management and their related persons and any subsequent changes thereof to the Board of Directors' meeting for acknowledgement on a semi-annual basis.
9. The Board of Directors has stipulated that all material connected transactions, with details regarding the conflicted persons, nature of relationship, type of the transactions, conditions for the transactions, pricing policy, transaction value, rationale and necessity of the transactions and opinion rendered by the Audit Committee and/or the Board of Directors, must be revealed in an information memorandum and/or the Company's annual registration statement (Form 56-1) and annual report.

### Whistle Blower

The Company has set up a unit to review complains informed by whistleblower in regard to violation of the rights of the stakeholders, corruption, illegal actions, Corporate Governance and Business Ethic Policy, doubtful financial report or even internal control of the group to the Audit Committee. The notice can be issued through the following processes:

- Via normal post to the Audit Committee, 50 GMM Grammy Place, Sukhumvit 21 Rd., (Asoke), Khlongtoeinuea, Wattana, Bangkok 10110
- Via E-mail: [auditcommittee@gmmgrammy.com](mailto:auditcommittee@gmmgrammy.com)
- Via Hotline: 0 2669 9728

The Secretary of the Audit Committee summarizes and submits the matters to the Audit Committee for further investigation. Then the Audit Committee will report the issue directly to the Board of Directors under the "Confidential Information" and "Protection of the Whistleblower" policies.

In 2017, there was neither complaint nor action in a manner that violated or failed to comply with applicable laws, rules and regulations of the SET and the SEC.

### Protection of Whistle blowers

The Board of Directors stipulates Policy and Guidances of Whistle Blower Protection in order to keep whistleblower's information as well as an evidence confidential. Such information will not be disclosed to any irrelevant parties except in the case of disclosure under the duties as required by law.

## Chapter 4 Information Disclosure and Transparency

The Board of Directors supervises the Company to communicate and disclose important information relating to the Company, either financial or non-financial information. The Company's key guidelines are as follows:

### 1. Provision of communication and data distribution channels

The Company has made available communication and various data distribution channel so that shareholders, investors and other stakeholders can access information of the Company conveniently, thoroughly and equitably through various channels on a regular basis in both Thai and English such as:

#### 1) The Company's website

The Board of Directors has put in place a communication and data distribution channel that through the Company's website (<http://www.gmmgrammy.com>), which has been developed data and website in a modern form, comprehensive and easy to use.

#### 2) The SET Community Portal or SCP and SET's website

The Board of Directors assign the Corporate Secretary and related department to disclosure of news and information to shareholders, investors and related persons through the SET Community Portal or SCP and SET's website (<http://www.set.or.th>) such as financial statements, press release, etc.

### 3) Investor relations

The Board of Directors has designated Investor Relations unit to represent the Company in communicating and publicizing the Company's information and activities which are beneficial to shareholders, investors, securities analysts and interested persons to access information of the Company, such as press release on investment activities and other significant business activities, analyst site visit and participation of activities organized by the SET, etc.

Investors are welcome to contact Investor Relations Department of the Company at:

#### **Investor Relations Department**

GMM Grammy Plc., 50 GMM Grammy Place, 40<sup>th</sup> Floor, Sukhumvit 21 Rd., (Asoke),

Khlongtoeinuea, Wattana, Bangkok 10110

Tel. : (662) 669 9936, (662) 669 9952, (662) 669 8071

Fax. : (662) 669 9737

E-mail Address : ir@gmmgrammy.com

### 4) Office of Corporate Secretary

The Board of Directors has set up Office of Corporate Secretary to be responsible for the Company's high-level meetings, such as the Board of Directors' meeting, shareholders' meetings and Executive Committee meeting to ensure that the Company, the Board of Directors and executives operate in accordance with legal provisions and the requirements of regulatory agencies and serve as the point of contact for communications between shareholders/stakeholders and the Company in disseminating relevant or useful information and activities, as well as receiving recommendations or coordinating the clarification of shareholders' questions on the Company's businesses or operations.

#### **Office of Corporate Secretary**

GMM Grammy Plc, 50 GMM Grammy Place, 41<sup>st</sup> Floor, Sukhumvit 21 Rd., (Asoke),

Khlongtoeinuea, Wattana, Bangkok 10110

Tel. : (662) 669 9291, (662) 669 9946

Fax. : (662) 669 8137

E-mail Address : cs@gmmgrammy.com

## 2. **Disclosure of information and performance of the Board of Directors and Sub-Committees**

The Board of Directors arranges for disclosure of information such as business description, the major shareholders, the committee and executives, corporate governance policy, updated information, acquisition and disposal of assets, connected transactions, issuance of securities, shareholders meeting, and committee resignation. These also includes quarterly and annual report in annual information disclosure (Form 56-1), Annual report, Financial statements, and quarterly analysis in order to provide all stakeholders precise, transparent, reliable information complying laws and corporate governance regulations.

In 2017, the Company submitted quarterly and yearly financial statements and reports by the timeline and pursuant to the criteria of the SET and no instruction has been made by Office of the SEC for the Company to rectify the financial statements.

## **Chapter 5 Responsibilities of the Board of Directors**

The Board of Directors is well aware of its roles, duties and responsibilities for directing the Company's operation, monitoring the Management's operation, performing duties with knowledge, competence, transparency, due care and



accountability for the Company and its shareholders and being independent of the Management. Here are the key guidelines on the Board's operations:

### Board Composition

1. The Board of Directors determines the board composition that fits with the Company's business size, whereby it is set to be composed of at least 5 members, not less than 1/2 of the directors must reside in Thailand and at least one of whom must be experienced in accounting and finance field.
2. Of the total number of board members, at least 1/3 and no fewer than 3 persons must be independent directors.
3. The Board of Directors must be partially composed of non-executive directors so as to ensure checks and balances against the executive directors and a minimum of 1/3 of the total board members must be independent directors.

### Qualifications of Directors

The Company has specified qualifications of the Board of Directors as follows:

1. Meeting the qualifications and not possessing the prohibited characteristics prescribed in the Public Limited Companies Act B.E. 2535 or other related laws, as well as the regulations of the SET and the SEC and the Company's Articles of Association.
2. Being an expert with knowledge, capability and experience that are beneficial to the Company's operation.
3. Having a leadership skill, vision and independent decision-making ability to ensure the maximum benefit to the Company and the shareholders.
4. Being responsible to serve as the director and able to spare full time to perform the duty, assuming accountability to shareholders and duty of care and protecting the Company's interests.
5. Performing duties with integrity, honesty, ethics and adherence to laws, good corporate governance principles and code of business conduct.

### Qualifications of Independent Directors

According to the Board of Directors Meeting No.7/2011, the Meeting had a resolution to acknowledge the qualification of Independent Directors comply with requirements stipulated by the SEC and the SET. Therefore, the qualification of Company's Independent Directors shall be as in the followings:

1. Holding shares of not exceeding 1% of total voting shares of the Company, its parent company, its subsidiaries, its associated companies, its major shareholders, or its controlling persons, including shares held by related parties.
2. Not being or have ever been an executive director, employee, staff, corporate advisor receiving a regular salary, or a controlling person of the Company, its parent company, its subsidiaries, its associated companies, its same-level subsidiaries, its major shareholders, or its controlling persons unless the foregoing status has ended for more than 2 years prior to being appointed as Independent Director. Such prohibitions exclude government officer or advisor to any government agency who is major shareholder or controlling person of the Company.
3. Not being a person related by blood line or by law in terms of father, mother, spouse, sibling and child, including spouse of the children, of other directors, management, major shareholders, controlling persons, or persons to be nominated as directors, management or controlling persons of the Company or its subsidiaries.
4. Not being or have ever been an auditor of the Company, its parent company, its subsidiaries, its associated companies, its major shareholders, or its controlling persons and is not a significant shareholder, a controlling person, or a partner of an audit firm which employs auditors of the Company, its parent company, its subsidiaries, its associated companies, its major shareholders, or its controlling persons unless the foregoing relationship has ended for more than 2 years prior to being appointed as Independent Director.

5. Not being or have had a business relationship with the Company, its parent company, its subsidiaries, its associated companies, its major shareholders, or its controlling persons, in the manner that may interfere with his/her independent judgement, or is not or has not ever been a significant shareholder or a controlling person of any person having business relationship with the Company, its parent company, its subsidiaries, its associated companies, its major shareholders, or its controlling persons unless the foregoing relationship has ended for more than 2 years prior to being appointed as Independent Director. The term “business relationship” aforementioned includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services, grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions which result in the Company or his counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the Company or 20 million baht or more, whichever is lower.
6. Not being or have ever been any professional advisor including legal or financial advisor who receives an annual service fee exceeding 2 million baht from the Company, its parent company, its subsidiaries, its associated companies, its major shareholders, or its controlling persons and is not a significant shareholder, a controlling person, or a partner of the professional advisor unless the foregoing relationship has ended for more than 2 years prior to being appointed as Independent Director.
7. Not being a director representing Board member of the Company’s, its major shareholders, or a shareholder who is related to the Company’s major shareholders.
8. Does not own/run any business similar to or material competing with the Company or its subsidiaries, or not being a significant partner in any partnership, executive director, employee, staff, advisor receiving regular salary, or holds more than 1% of total voting shares of the company similar to or material competing with the Company or its subsidiaries.
9. Have no any other characteristics which make him/her incapable of expressing independent opinions with regard to the Company’s business.
10. After being appointed, Independent Director may be authorized by the Board of Directors to make a collective decision to execute business of the Company, its parent company, its subsidiaries, its associated companies, its same-level subsidiaries, its major shareholders, or its controlling persons.

Any person being appointed as Independent Director of the Company may be a person who has or has had a business relationship, or may be a professional advisor receiving amount exceeding those specified in item 5 or 6 in case the Board of Directors has duly considered that relationship will not affect the ability to perform duties and express independent opinions.

### **Terms of service of Director**

Directors shall hold the terms as stipulated in the Public Limited Companies Act B.E. 2535 and the Company’s Articles of Association, which reads “At each annual general meeting of shareholders, 1/3 of the directors, or if the number is not a multiple of 3, then the number nearest to 1/3, must retire from office. The directors who have been the longest in office shall retire first. The retiring directors may be re-elected.” The Nomination and Remuneration Committee will select and nominate qualified persons to be directors to the Board of Directors before seeking approval from the shareholders’ meeting.

The Board of Directors has stipulated that members of the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Corporate Governance and Ethics Committee shall each have a term of 3 years and may be re-appointed as deemed fit by the Board of Directors.

### **New Director Orientation**

The Board of Directors recognizes the importance of new director orientation and had adopted a policy and method on this matter as follows:

1. The Board of Directors has stipulated that all incoming directors must attend an orientation program. The Company Secretary is assigned to provide them with documents and information relevant to the directors' duties such as Directors Guidelines, Corporate Governance and Ethics Manual, Articles of Association, Capital Structure, Shareholder Structure, Operating Results, Related Laws, Best Practices for Directors, relevant rules and regulations, director training courses and other information pertaining to the Company's business in order to enhance the new directors' knowledge and understanding of the Company's operations in all respects.
2. Office of Corporate Secretary shall arrange new company's directors a company visit together with company presentation to create their better understanding about the Company's business operation.

### Director Development

The Board of Directors encourages, supports and provides convenience for all parties concerned with the Company's corporate governance processes such as directors, sub-committee members, management, Company Secretary, Investor Relations Department, Accounting Department, etc. to participate in training and seminar programs or activities arranged by Thai Institute of Directors (IOD), the SET, the SEC, Thai Listed Companies Association, Thai Investors Association or other independent organizations on a regular and continuous basis in a bid to enhance their knowledge and operational efficiency. The Board of Directors has assigned the Company Secretary to coordinate with the directors and management and inform them of details about the said training courses.

As of December 31, 2017, the Board of Directors and sub- committees attending courses organized by IOD and by other institutions, as tabulated below:

Name of Director	Title	Courses organized by IOD					Courses organized by other institutes
		CDC	DAP	DCP	ACP	FND	
Dr. Naris Chaiyasoot	Chairman of the Audit Committee Member of the NRC Independent Director	3/2008	32/2005	82/2006	-	19/2005	
Mr. Suwit Mapaisansin	Independent Director Member of the Audit Committee Member of the NRC Member of the CG	-	-	12/2001	37/2011	-	
Mr. Chanitr Charnchainarong	Independent Director Member of the Audit Committee	-	-	52/2004	-	-	1. Capital Market Academy Leader Program, Class 2/2006, Capital Market Academy 2. Public Economics Management for Executives, Class 9/2011, King Prajadhipok's Institute 3. Advanced Management Program (AMP) Class 185/2013 by Harvard Business School Harvard University, USA 4. Senior Executives of Justice Administration, Class 19/2014, Office of the Judicial Training Institute

Name of Director	Title	Courses organized by IOD					Courses organized by other institutes
		CDC	DAP	DCP	ACP	FND	
Dr. Lackana Leelayouthayotin		-	-	225/2016	-	-	1. Global Brand Forum 2. Unleashed the Power Within by Anthony Robbins, Singapore 3. Asia Pacific Chief Executive Grid Seminar, Grid Organization Development and Change Management 4. Advance Executive Program (AEP), Kellogg School of Management, North Western University, USA 5. Data-Based Competitive Benchmark in Marketing, Asia Pacific Marketing Federation, Philippines 6. Update in Strategic Management by University of California Berkley, Singapore 7. Developing the First-Class Manager, Hawksmere, Hong Kong 8. Marketing Manager, Queen's University, Canada
Miss Suwimon Chungjotikapisit	Director Member of the NRC	-	-	12/2001	-	-	
Mr. Sataporn Panichraksapong	Director Member of the CG	-	-	186/2014	-	-	

NRC = Nomination and Remuneration Committee

CDC = Chartered Director Class

DCP = Director Certification Program

FND = Finance of Non-Finance Director

DAP = Director Accreditation Program

ACP = Audit Committee Program

CG = Corporate Governance and Ethics Committee

## Board of Directors' Meetings

The Board of Directors announced the Board meeting's schedule in advance for 1 entire year, to the directors and the relevant parties, requiring that a regular meeting be arranged at least once every quarter (4 times a year), with a special session meeting allowed to be convened as deemed necessary. Agenda items are also pre-determined and are clearly divided into categories such as issues for information, issues for approval and issues for consideration.

The Company screens the proposed items to make certain that all crucial issues are included in the agenda, whereas all board members are entitled to propose agenda items independently. The Company Secretary submits an invitation letter complete with the meeting agenda and accompanied by related documents to all board members at least 7 days ahead of the meeting date to allow the board members sufficient time to consider the issues. Where it is deemed essential or urgent, the meeting request can be notified by other method or the meeting can be arranged sooner. A meeting usually takes 1-2 hours. The Company Secretary takes the minutes of the meeting.

To promote the Board of Directors' performance, the Office of Corporate Secretary determined criteria and forms for the completeness, adequacy and suitability of information submitted to the Board of Directors, aiming to enable the Board of Directors' meetings to proceed smoothly, quickly and efficiently, in accordance with relevant laws and regulations, for all units concerned to use as reference and standards in preparing information before submitting to the Office of Corporate Secretary for compiling as a proposal to each Board of Directors' meeting.

In each meeting, the Chairman allows each director to express his/her opinions freely and allocates time appropriately and efficiently. In case of a director having a stake in a matter being considered, the director shall inform the meeting of such stake and shall not participate in discussing the matter and not exercise the voting right on the matter. At least 2/3 of the total number of directors shall be presented to form a quorum at the time of the Board passing a resolution.

The Board of Directors has a policy to encourage each board member to attend the board meeting consistently, with an average participation of at least 80% of total number of board meetings held in each year. The total number of meetings held and attendance by each member of the Board of Directors and board committees are disclosed in the Company's annual registration statement (Form 56-1) and annual report.

Besides, the Board of Directors has a policy to encourage non-executive directors, independent directors and members of the Audit Committee to hold meetings among themselves as deemed fit in order to discuss about any crucial management issues without the presence of the management. In 2017, the Audit Committee members, held 1 meeting with the external auditor without the presence of the management on February 27<sup>th</sup>, 2017.

### **Merger and Segregation of Duties**

The Board of Directors requires that duties be clearly segregated for the purpose of power distribution in decision making and directing, with balance and review in management. This has been continuously improved for suitability and coverage of the Company's activities, in line with changes in the notification or requirements of regulatory agencies, with management power being put under the Corporate Authorization Index for information and action by parties concerned.

### **Independence of Board of Directors and Management**

#### **1. Segregation of Chairman of the Board position and Group Chief Executive Officer position**

As a strong advocate of good corporate governance, the Board of Directors has segregated the positions, powers and duties of Chairman of the Board and the Group Chief Executive Officer in conformity with the Corporate Authorization Index which was duly approved by the Board of Directors, so as to ensure the Board of Directors' independent checks and balances against the management.

#### **2. Balance of power**

The Board of Directors ensures that it has a proper board composition and a definite segregation of roles, duties and responsibilities between the Board of Directors and the management.

All board members have the freedom of conveying their opinions on the Company's operation with integrity and in the best interest of the Company and without being influenced by any party. They also are held accountable for performing duty in accordance with relevant laws, the Company's Articles of Association and resolutions of the Board of Directors' meeting and the shareholders' meeting.

### **Directorship in Other Listed Companies**

The Board of Directors has established a policy on directorship in other listed companies as follows:

#### **1. Directorship in other listed company held by the Company's directors**

1) Each director is allowed to hold directorship in other listed companies not more than 5 listed companies, inclusive of the Company, to ensure the directors' efficiency and sufficient allocation of time to serve on the Company's Board of Directors.

2) Directors should avoid holding directorship in any other listed company that could create a conflict of interest with the Company and in performing their duty as the Company's director.

#### **2. Directorship in other listed company held by Group Chief Executive Officer and Top Management**

The Board of Directors allows the Group Chief Executive Officer and top executives to take directorship in other companies and most of them are appointed as directors of companies in the Group; in all it is of benefit to the Company, not affecting the performance of their respective duties and responsibilities.

## Annual Self-Assessment

### 1. The Board of Directors' Self-assessment

The Board of Directors regularly conducts a yearly Board and Director self-assessment to be a framework to monitor the performance of the duties of the Board, including reconsider processing commentaries on various issues related to the operations of the Company, and duties of the Board during the past year, a summary of the Company Secretary, and present the findings to the Board of Directors to be used to edit and enhance performance.

The Board self-assessment is divided into 5 rankings: 4 = Excellent, 3 = Very Good, 2 = Good, 1 = Unfavourable, 0 = Need Improvement.

The ranking results of Board self-assessment, broken down into 6 categories, for 2017 were as shown below:

	Board of Directors Assessment	Director Assessment
Assessment Category	1. Structure and qualifications of the Board of Directors 2. Roles and responsibilities of the Board of Directors 3. Board of Directors' meetings 4. Performance as a director 5. Relationship with the management team 6. Director's personal development and development of the management	1. Qualifications, knowledge, ability 2. Independence 3. Performance as a director 4. Attention to duty and responsibility 5. Director's personal development
Average Score	3.73	3.65

### 2. The Sub-committees' Self-assessment

In 2017, the Board of Directors required that self-assessment apply to all Sub-committees, namely, the Audit Committee, Risk Management Committee, Corporate Governance and Ethics Committee and Nomination and Remuneration Committee; formerly this applied to only the Audit Committee. The self assessment results were reported to the Board of Directors on a yearly basis for review of the committees' performance, including opinions on issues related to their performance of duties during the past year, with an aim to make improvements and enhance work efficiencies. The performance assessment forms were determined according to each committee's scope of duties and responsibilities. For the Audit Committee, the performance assessment was also based on the Best Practice Guidelines for Audit Committee, developed by the SET, the Thai Institute of Directors (IOD) and companies with good ratings on good corporate governance, where applicable to the Company.

In 2017, all the Sub-committees performed their duties well with knowledge and abilities in accordance with the scopes of duties and responsibilities given in their respective charters and align with the regulator's best practice guidelines. The Company Secretary summarized the results of each Sub-committee's performance assessment for submission to the Board of Directors at the Board's Meeting No.2/2018 on February 27<sup>th</sup>, 2018. The Sub-Committees assessment is divided into 5 rankings: 4 = Excellent, 3 = Very Good, 2 = Good, 1 = Unfavourable, 0 = Need Improvement



## Results of the self-assessment

Sub Committee	Average Score in 2017
1. Audit Committee	3.95
2. Nomination and Remuneration Committee	3.55
3. Risk Management Committee	3.08
4. Corporate Governance and Ethics Committee	3.34

3. Group Chief Executive Officer's Evaluation

The Board of Directors has assigned the Nomination and Remuneration Committee to evaluate the performance of the top executive in the organization's structure (Group CEO) on a yearly basis, for use as a guide in determining the top executive's remuneration and submit the result of the evaluation to a meeting of the Board of Directors for acknowledgement and approval.

In 2012, the Nomination and Remuneration Committee agreed to improve the evaluation form of the performance of Group CEO to suit the current situation, based on the evaluation form of the performance of the top executive of the Corporate Governance Center, The Stock Exchange of Thailand.

The Group Chief Executive Officer evaluation is divided into 5 rankings: 4 = Performed excellently, 3 = Performed very well, 2 = Performed reasonably, 1 = Performed partially, 0 = Not yet performed.

The overall evaluation, with total scores of 100%, can be classified into 5 levels:

More than 95%	=	Excellent
90% - 95%	=	Very Good
80% - 89%	=	Good
70% - 79%	=	Fair
Below 70%	=	Need Improvement

In 2017, the Nomination and Remuneration Committee evaluated the performance of Miss Boosaba Daorueng, the Group Chief Executive Officer for 2017 and reported to the Board of Directors' meeting No.2/2018 held on February 27<sup>th</sup>, 2018, that the overall evaluation of the Group Chief Executive Officer was rated "Very Good", or equivalent to the average score of 90.77%

**Succession Plans**

The Board of Directors sees the importance and need to support the development of a succession plan for the top executive, Chief Executive Officer and/or other key management positions, which is part of the Company's human resources management strategy. The Development planning of talented personnel is aimed to cope with any unexpected incapability or vacancy of those key positions to ensure uninterrupted operation.

**Sub-Committees**

The Board of Directors has appointed various sub-committees to help screen crucial issues with due care and efficiency. These committees hold meetings and report their findings to the Board of Directors for acknowledgement, approval or consideration, as the case may be, on a regular basis and report their performance for the shareholders' information in the annual report. This helps to support and enables the Company's overall operation to attain the established goals and comply with good corporate governance principles. The Board of Directors has approved the charter of each committee, clearly stipulating therein the committee objectives, qualifications, composition, terms of service, scope

of power, duty and responsibility, reporting and meetings. The charter of each committee will be reviewed from time to time to ensure its appropriateness and is posted on the Company's Website (the details of the Board of Directors and Management Team are presented in the title "Management Structure"). There are 4 sub-committees as follows:

## 1. Audit Committee

The Audit Committee's composition and qualifications fully conform to the SET and the SEC's guidelines. It is composed of no fewer than 3 independent directors, at least one of whom has knowledge and understanding or experience in accounting or finance field sufficient for reviewing a financial statement. The committee members have terms of 3 years and may be re-appointed as deemed fit by the Board of Directors.

The Audit Committee holds or calls a meeting as deemed appropriate at least once every quarter (4 times a year). The meeting agenda is clearly pre-determined. Relevant documents are delivered in advance to the committee members and other attendees to allow them sufficient time to consider the issues or request additional information. The agenda covers all matters as assigned by the Board of Directors and as required by laws and/or regulations of the regulator bodies.

The Audit Committee performs duties as designated by the Board of Directors and within the purview of power, duties and responsibilities defined in the Audit Committee Charter, which is in conformity with the scope of main activities prescribed by the regulator bodies. The Company has a policy to disseminate the Company's Audit Committee Charter through the GRAMMY Group's Intranet to ensure it is communicated to all people across the organization.

As of December 31, 2017, the Audit Committee comprised 4 independent directors who possessed qualifications as required by the SET and the SEC. In 2017, the Audit Committee held a total of 5 meetings. Members of the committee, appointment term and their attendance at the meeting are as follows:

Name	Title	Meeting Attendance (Times)
1. Dr. Naris Chaiyasoot <sup>1</sup>	Chairman	4/5
2. Mr. Suvit Mapaisansin <sup>1</sup>	Member	5/5
3. Mrs. Veeranuch Thammavaranucupt	Member	4/5
4. Mr. Chanitr Charnchainarong	Member	5/5

<sup>1</sup> Dr. Naris Chaiyasoot and Mr. Suvit Mapaisansin are the members of the Audit Committee who are knowledgeable and experienced in financial statement review.

The Audit Committee had performed its duty knowledgeably and to the best of its ability, within its scope of authority in accordance with the Audit Committee Charter and good corporate governance for Audit Committees. The meeting minutes have been duly recorded and endorsed by the members of the Committee, in readiness for inspection by any member of the Committee and related personnel.

## Duties and Responsibilities of the Audit Committee

- Ensuring the accuracy, completeness and reliability of the financial statements and that sufficient information is disclosed.
- Ensuring that the Company has sufficient, appropriate and effective internal controls, risk management and internal audit systems.
- Ensuring that the Company appropriately and effectively abides by the Good Corporate Governance Policy and Code of Ethics.

4. Ensuring that the Company abides by all relevant the SEC and the SET rules and regulations and other regulations and laws related to the Company's businesses.
5. Proposing and terminating the Company's auditors and determine their compensation.
6. Evaluating connected transactions so they comply with the law and regulations stipulated by the SET and that the transactions are reasonable and benefit the Company.
7. Supervising the Internal Audit Unit policies and operations so that they are aligned with the Internal Audit Charter, by evaluating the independence of its audits, the scope of work and audit schedules.
8. Evaluating and appoint, transfer and terminate the head of Internal Audit Department, as well as assess the performance of the head of Internal Audit Department and approve compensation for the Internal Audit Department, as initially appraised by the top Management.
9. Reviewing both the external and internal audit and recommendations conducted by the external Auditor and the Internal Audit Department, as well as monitor the management team to ensure that recommendations have been sufficiently followed and effective action has been taken within an appropriate timeframe.
10. The Audit Committee can request that any member of the management or any employee to report or present information, attend meetings or deliver documents as deemed relevant and necessary.
11. The Audit Committee can request assistance from external advisors or experts related to the Audit, at the Company's expense, in accordance with the Company's Articles of Association, as necessary.
12. Considering and amending the Audit Committee Charter at least once a year or as necessary, so it is up-to-date and appropriate to the Company's environment and to present the results to the Board of Directors for approval.
13. Preparing an Audit Committee's Report, attached in the Company's annual report, signed by the Chairman of the Audit Committee.
14. Executing other tasks as assigned by the Board of Directors, as agreed to by the Audit Committee.

## 2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed of at least 3 members, a majority of whom (more than half of the total members) must be independent directors with one of them serving as the committee chairman. The committee composition is regularly reviewed to fit with the Company's organization structure and nature of business.

The Nomination and Remuneration Committee holds or calls a meeting as deemed appropriate at least once a year and has the power to additionally call a meeting as deemed fit.

The Nomination and Remuneration Committee performs duties as designated by the Board of Directors and within the purview of power, duties and responsibilities defined in the Nomination and Remuneration Committee Charter. The Company has a policy to disseminate the Company's Nomination and Remuneration Committee Charter through the GRAMMY Group's Intranet to ensure it is communicated to all people across the organization.

As of December 31, 2017, the Nomination and Remuneration Committee's 3 reputable members comprised 1 Director and 2 Independent Directors. In 2017, the Nomination and Remuneration Committee held a total of 2 meetings. Members of the committee and their attendance at the meeting in 2017 are as follows:

Name	Title	Meeting Attendance (Times)
1. Dr. Naris Chaikasoot	Chairman	2/2
2. Miss Suwimon Chungjotikapisit	Member	1/2
3. Mr. Suvit Mapaisansin <sup>1</sup>	Member	2/2

For each of the Nomination and Remuneration Committee's Meeting, the Committee's Secretary was responsible to send out the meeting notice including all agendas to the directors 7 days prior to the meeting date. All matters discussed in the meetings had been duly recorded in detail and minutes of the meetings were adopted by the Committee in readiness for inspection by any Committee's member and related parties.

## **Duties and Responsibilities of the Nomination and Remuneration Committee**

### Nomination

1. Setting guidelines and policies in nominating Board of Directors and other Committee members by considering what would be the appropriate number, structure and composition of members and outlining necessary directors' qualifications and proposing these ideas for approval by the Board of Directors and/or Shareholders Meeting as appropriate.
2. Searching, selecting and proposing appropriate persons to assume the position of the Company's directors whose terms have expired and/or became vacant, including newly appointed director.
3. Executing other tasks related to nominations as assigned by the Board of Directors.
4. Evaluating the performance of the top management and reporting to the Board of Directors for their consent.

### Remuneration

1. Preparing guidelines and policies in determining the Board of Directors and other committees' remuneration and proposing it to the Board of Directors and/or Shareholders Meeting for approval as appropriate.
2. Determining necessary and appropriate monetary and non-monetary remuneration, for individual members of the Board of Directors and the top management each year, for the director's remuneration by taking into consideration each director's duties and responsibilities, performance and comparisons against similar businesses and the benefits expected in return from each director. The report will be submitted to the Board of Directors for consent and to the Shareholders' Meeting for approval.
3. Taking responsibility to support the Board of Directors and being responsible for explaining and answering any questions regarding the Board of Directors' remuneration in the Shareholders Meeting.
4. Reporting policies and principles/reasons in determining the remuneration of directors and management according to the the SET guidelines by disclosing them in the Company's annual information disclosure (Form 56-1) and annual report.
5. Being responsible for any other tasks related to the remuneration as assigned by the Board of Directors.

## **3. Risk Management Committee**

The Risk Management Committee is composed of at least 3 members appointed from the Company's directors and top executives with relevant knowledge, competence and experience that enable achievement of objectives. The committee composition is regularly reviewed to fit with the Company's organization structure and nature of business.

The Risk Management Committee holds or calls a meeting as deemed appropriate at least twice a year and has the power to additionally call a meeting as deemed fit.

The Risk Management Committee performs duties as designated by the Board of Directors and within the purview of power, duties and responsibilities defined in the Risk Management Committee Charter.

Moreover, the Board of Directors on February 28, 2008 approved GRAMMY Group's Risk Management Policy and Framework to serve as a guideline on group-wide risk management system development. The said policy and framework will be regularly reviewed to fit with the Company's organization structure and nature of business.

As of December 31, 2017, the Risk Management Committee comprised 7 members whose terms last 3 years according to the Corporate Governance and Business Ethics Manual of the Company. In 2017, the Risk Management Committee held 2 meeting. Members of the committee and their attendance at the meeting in 2017 are as follows:

Name	Title	Meeting Attendance (Times)	Note
1. Miss Boosaba Daorueng	Chairman	2/2	-
2. Mrs. Saithip Montrikul Na Ayudhaya	Member	2/2	-
3. Mr. Takonkiet Viravan	Member	2/2	-
4. Mr. Phawit Chitrakorn *	Member	1/1	-
5. Miss Chitralada Hengyotmark	Member	2/2	-
6. Mrs. Karnsuda Sansuthi	Member	2/2	-
7. Miss Wannaporn Srivatthanangkoon *	Member	1/1	-
Mr. Krij Thomas **	Member	1/1	-
Mr. Suwat Damrongchaitham **	Member	-/1	-
Mr. Sataporn Panichraksapong **	Member	1/1	-
Mr. Fahmai Damrongchaitham **	Member	-/1	-
Mrs. Montana Thawaranont **	Member	1/1	-

\* Board of Directors meeting No.1/2017 resolved to appointed new Risk Management Committee effective between 13 May 2017 - 12 May 2020

\*\* Term of service of former Risk Management Committee expire on 12 May 2017

#### Duties and Responsibilities of the Risk Management Committee

1. Assessing and presenting policies, set risk management policy and framework and propose to the Board of Directors for approval.
2. Examining and agreeing on acceptable risk levels, approve risk management plans and present to the Board of Directors.
3. Continuously monitoring, develop and comply with policies and the risk management framework so the GRAMMY Group will have a risk management system that is uniformly effective throughout the organization to ensure that policies continue to be observed.
4. Assessing risk identification and assessment procedures, report on significant risk management activities and enforce procedures to ensure that the organization has sufficient and appropriate risk management systems in place.
5. Coordinating with the Audit Committee about significant risk factors and appoint an internal risk assessment team to ensure that the GRAMMY Group's risk management system is appropriate to the exposure, adapted as needed and adopted throughout the organization.
6. Continually reporting to the Board of Directors on significant risks and risk management solutions.

7. Recommending and advising the Risk Management Committee and/or departments and/or the relevant working committees about significant risks about risk management, as well as evaluate the appropriate means to improve various databases that are related to the development of risk management solutions.
8. Appointing Sub-Committees and/or additional related personnel, or replacements in the Risk Management Committee and/or the Department and/or the working team that is related to managing risks as necessary, as well as determine their roles and responsibilities in order to achieve the objectives.
9. Executing other activities that pertain to managing risks as assigned by the Board of Directors.

#### 4. Corporate Governance and Ethics Committee

The Corporate Governance and Ethics Committee composes 4 Company's directors with relevant knowledge, competence and experience in various business lines which is reviewed to fit with the Company's organization structure and nature of business.

The Corporate Governance and Ethics Committee holds or calls a meeting as deemed appropriate at least 2 times a year and has the power to additionally call a meeting as deemed fit and performs duties as designated by the Board of Directors and within the purview of power, duties and responsibilities defined in the Corporate Governance and Ethics Committee Charter

As of December 31, 2017, the Corporate Governance and Ethics Committee had 4 qualified members, comprising 2 independent directors and 2 directors from management team with a 3 year term according to the Company's Corporate Governance and Business Ethics Manual. There was a total of one meeting in 2017. Members of the committee and their attendance in 2017 are as follows.

Name	Title	Meeting Attendance (Times)	Note
1. Miss Boosaba Daorueng *	Chairman	-/-	
2. Mr. Phawit Chitrakorn *	Member	-/-	
3. Mr. Suvit Mapaisansin	Member	1/1	
4. Mrs. Veeranuch Thammavaranucupt	Member	1/1	
Mr. Krij Thomas	Chairman	1/1	
Mr. Sataporn Panichraksapong	Member	-/1	

\* Board of Directors meeting No.5/2017 resolved to appointed Miss Boosaba Daorueng as a chairman of committee replace Mr. Krij Thomas and appointed Mr. Phawit Chitrakorn as a member replace Mr. Sataporn Panichraksapong (resign) which effective between 12 May 2017 - 1 April 2018, the same period of replaced member.

#### Duties and Responsibilities of the Corporate Governance and Ethics Committee

1. Proposing Corporate Governance Policies and a Code of Ethics of the Group to the Board of Directors for approval.
2. Monitoring and supervising the Group to ensure that corporate governance policies and business ethics specified by the Company are complied with.
3. Continuously assessing the Group's corporate governance policies and code of ethics to ensure that they comply with international standards and/or recommendations from related government organizations and propose these findings for approval from the Board of Directors.
4. Evaluating and proposing a Code of Best Practices to the Board of Directors and/or smaller committees in the Group.



5. Encouraging the dissemination of the good corporate governance culture across the organization and ensure that it is actually practiced.
6. Evaluating appointing and outlining the working team's roles in supporting the monitoring and supervision of business operations and ethics, as appropriate.
7. Performing other duties as assigned by the Board of Directors.

## Nomination and Appointment of Directors and Executives

### (1) Nomination and Appointment of Directors

1. Policy and Criteria for Nomination and Appointment of New Directors
  - a. A composition, structure, qualifications and board diversity of the directors to fill any vacancies and/or to fill additional board seats which takes into account the lack of necessary skills on the Board in order to lead the Company to achieve business objectives under management with good corporate governance of international standards.
  - b. A qualified person as per the laws and regulating agencies, and the Company's announcement.
  - c. A qualified person with knowledge, leadership, courage to express opinions, decision making with information and reasons, morality and ethics, unblemished records.
2. Policy and Criteria for Nomination and Appointment of Current Directors who shall retired by rotation in each year
  - a. Understanding of the Company's business, meeting agendas, and ability to provide useful information.
  - b. His/Her dedication to the Company, such as, meeting attended, and activities participation.

#### Director nomination and appointment procedures

In nominating or selecting directors, the Nomination and Remuneration Committee follows the procedures as follows:

1. Preparing the Board Skill Matrix for determining the qualifications of a director according to the Company's policies and criterias of the selection process.
2. Selecting qualified directors who are suitable with the Company's business from the following sources:
  - 2.1 The proposing of nominations of directors by the shareholders in the Annual General Meeting of Shareholders which the Company inform shareholders through the SET and company's website.
  - 2.2 The list in the IOD Chartered Director database.
  - 2.3 Internal executives, outsiders who have the required qualifications.
3. The Nomination and Remuneration Committee approaches, interviews and discusses with the persons possessing the required qualifications to ensure that the persons will be willing to take directorship with the Company if appointed by the Board of Directors or a shareholders' meeting, as the case may be.
4. The Nomination and Remuneration Committee proposes the person who meets the nomination criteria to the Board of Directors for appointment or endorsement before submission to a shareholders' meeting for appointment individually, on the basis of
  - 4.1 share held is equivalent to 1 vote.
  - 4.2 Each shareholder may use all votes in clause 1 to elect 1 person or several persons as directors but cannot divide the votes for any persons.
  - 4.3 Persons who receive the highest number of votes respectively shall be appointed as directors in the number of directors that have to be elected.

In case persons who have been elected in the following order have equal votes which will make the number of directors elected exceeds the number required, the Chairman of the meeting shall have a second vote.

5. Appointing directors in accordance with the Company's Articles of Association.

In the event that the positions on the Board become vacant for some other reason than the normal expiration of a director's term of service such as resignation, the Nomination and Remuneration Committee may then propose an appropriate person to the Board of Directors to elect as a replacement in the meeting of the Board of Directors within the time stipulated by law or regulators, to fill that position only for the remaining term, unless the remaining period is less than two months. However, the resolution of the designation shall receive votes of not less than 3/4 of the remaining directors.

## (2) Nomination and Appointment of Executives

Human Resource Unit will recruit and select qualified individuals with knowledge, experience, skill and understanding of business and propose to authorized persons for consideration.

Executives shall be nominated and appointed in line with the Corporate Authorization Index as follows:

1. The appointment of Group Chief Executive Officer and/or Chief Executive Office must be proposed to the Board of Directors for approval.
2. The appointment of executives (C-Level); Chief Finance Officer, Chief Investment Officer, Chief Administrative Officer, shall be approved by Group Executive Committee.
3. Appointment of executives below the level specified in 2, shall be approved by Group Chief Executive Officer and below level-executives (depending on the case).

## Supervision of Subsidiaries and Associated Companies' Operations

The Board of Directors has mechanisms to supervise and control the operations of subsidiaries and associated companies as follows:

1. Sending the Company's high-level executives with knowledge, abilities and experiences related to the business and management to be directors or executives of those companies at least in proportion to the number of shares held, with consent of the Board of Directors, Group Chief Executive Officer or Chief Executive Officer of each business line in accordance with the Corporate Authorization Index as specified in the scopes of duties and responsibilities of directors or executives representing the Company.
2. Requiring that a meeting of high-level executives be held once a month to jointly determine policies, strategies, operating guidelines, follow up on operations in accordance with the set strategies and report the operating results, problems and obstacles to the management to participate in determining policies on business operations. The meeting is divided into groups, such as Group Executive Committee Meeting, Executive Committee Meeting of each business line such as GMM Music, GMM Channel Digital TV (changed as GMM Media since 1 Jan 2017), and GMM ONE Digital TV and Executive Committee Meeting of associate companies, etc.
3. The Board of Directors has determined the Group's Authorization Index, specifying approval power in supervising subsidiaries and associated companies, such as management power, investment, financial management, approval of connected transactions, etc.
4. Determining regulations for important functions such as Human Resources Management Regulation, Purchasing Regulation, Asset Management Regulation, Advance Payment Regulation, etc., so as to provide the Group with definitive operating guidelines as standards for supervision and control.
5. Sending teams to randomly inspect operations of subsidiaries on a regular basis.
6. Operation and expense control by centralizing, finance, accounting and operations departments of subsidiaries and determining payment ceilings and authorized persons for payment with co-signers for review purpose and supporting documents in place.

7. Requiring that subsidiaries and associated companies prepare annual budgets, with budget review and adjustment for operating controls on a regular basis
8. Disclosure of financial information, the Company's overall operating results, consolidated financial statement and financial information, prepared in accordance with generally-accepted accounting standards and audited by reliable auditors and disclosure of other important information, such as investment structures, risk factors and connected transactions.

## Confidentiality and Treatment of Insider Information

The Board of Directors is committed to conducting business with integrity, transparency, fairness and equal treatment of all stakeholders and adopts a policy on confidentiality and treatment of insider information by instituting a code of ethics on confidentiality, protection of information and treatment of insider information in the Company's Corporate Governance and Business Ethics Manual, which could be summarized as follows:

1. The Company shall provide the directors and management with knowledge and understanding about reporting of their securities holding and changes in securities holding in the Company to the SEC according to Section 59 of the Securities and Exchange Act B.E. 2535, whereby they must also provide such report to the Company Secretary for further notification to concerned parties. They must also be informed of punishment clauses for any violation or non-compliance with the said regulation.
2. The directors, members of Group Executive Committee and management (according to definitions of the SEC), including their respective related persons according to Section 59 of the Securities and Exchange Act, have the duty to report their holding of the Company's securities at the first chance of their being appointed to assume such position and upon any later change in their said securities holding. The Company Secretary is to submit a summary report on the said securities holding and changes in securities holding in the Company to the Board of Directors' meeting quarterly for acknowledgement.
3. It is stated in the employment contract, working principles and employee best practices towards the Company and also is deemed to be employees' business ethics, that employees shall strictly protect confidential information and shall not, due to their position in the Company, seek to benefit themselves or their related parties by unethically using or publicly disclosing the Company's information or news which is confidential and has not yet been released to the public, or to cause a decrease in the Company's benefits, or take any actions that create conflicts of interest.
4. Importance is attached to the strict and consistent protection of customers' confidential information and prevention of the use of such information for personal benefits or related parties' benefits, except for the information that must be disclosed publicly according to relevant laws.
5. In cases where external parties are involved in special projects dealing with information undisclosed to the public and is in the negotiation stage, such projects fall into the scope of insider information as it may affect the price of the Company's securities. These external parties must sign a confidentiality agreement with the Company until the information is disclosed to the SET and the SEC.
6. The Company has established a code of ethics on the use of computers, information and communication technology so as to control and protect data security in information systems and/or prevent outsiders from gaining access to such information. The Company also sets the levels of employees' data accessibility according to their authority and responsibility.
7. The Company will levy, according to its regulations, the maximum penalty on any member of the Management, employees or related parties found to have unethically used insider information or behaved in such a way that could cause damage to the Company.
8. The Management will report any unethical use of insider information or behavior that could cause damage to the Company to the Board of Directors for information on a yearly basis.

In 2017, the Company's approach to prevention of unethical use of insider information was still effective.

## Compensation of External Auditor

Compensation paid by the Company and its subsidiaries to external auditors.

### 1. Auditing fees

In 2017, the Group appointed EY Office Limited and Pro Trinity Ltd. as the Group's external auditors with auditing fees, amounting to 6,218,600 baht with a breakdown as follows:

- Auditing fees for EY Office Limited, in parts of the Company amounting to 3,053,600 baht and in parts of subsidiaries amounting to 2,781,000 baht , Total amount 5,834,600 baht
- Auditing fees for Pro Trinity Ltd., in parts of small subsidiaries amounting to 384,000 baht

### 2. Compensation for other services

There was no compensation for other services, whether in the past accounting period or in the future for unfinished services agreed in the past year accounting period.

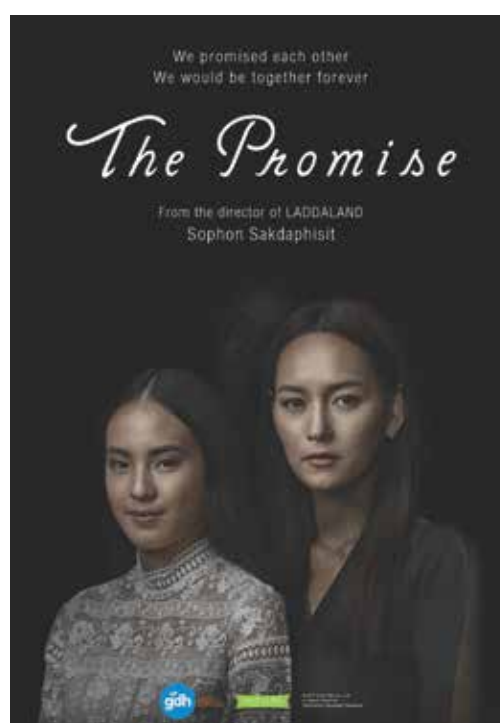
## Other Operations Under the Principles of Good Corporate Governance

In 2017, there are several matters that have not been disclosed or complied with the principles of good corporate governance as stipulated by the SET as follows:

### Responsibilities of the Board of Directors

1. The Board of Directors should have independent directors who comment on the performance of the management independently. The number of independent directors should meet or exceed the SEC requirements. The remaining directors should be representatives of each group of shareholders. In case of the chairman is not an independent director, the number of directors should be proportionate to the ownership of each group. The independent directors should make up more than 50% of the Board.
  - The Independent Directors consist of 4 persons or one-third of total directors which is in compliance with the composition of the number of directors as defined by the Company.
2. Terms of service of directors should be clearly stated in the Company's CG policies.
  - The Board of Directors does not stipulate the working terms of directors due to the fact that a person qualified for the director position is difficult to find, especially a person with experience in entertainment industry. Term limits may cause the loss of experience and expertise important to the optimal operation of the Board.
3. The chairman of the Board of Directors should be an independent director.
  - The Board of Directors does not elect an independent director as a committee chairman due to the fact that there is no qualified person with appropriate experience, knowledge and business skills which is consistent to the Company's strategy.
4. The Board of Directors should clearly state the policies and procedures regarding board positions in other firms held by the Company's managing director and/or top executives, both in terms of director type (i.e., executive, outside, or independent) and the number of board positions that can be held. For example, the board of Directors may state that any board position held in other firms by the Company's managing director must be approved by the board of Directors.
  - The Board of Directors stipulates the policy regarding holding director position in other companies by the managing director and top executives in general without prior approval from the Board of Directors. As most of the cases, the Board of Directors designates each director to the company group which generates benefit to the Company and such designation does not impact their current duties and responsibilities. Such directorship must not breach the laws or prohibition of regulators.
5. The majority of remuneration committee members should be independent directors, including its chairman. This committee is responsible for setting the criteria and the form of payment to directors and top executives and presenting the results to the Board of Directors While the Board of Directors approves executives' remuneration, the shareholders must approve those of directors

- The Nomination and Remuneration Committee is responsible for setting the criteria and the form of payment to directors and Group Chief Executive Officer. While the criteria and form of payment to other top executives; Chief Executive Officer of Business Group; Chief Financial Officer; Chief Legal Officer, are based on the evaluation of their work performance which is connected to the operating result of the Company. The Human Resource Department will process and submit the result of the evaluation to the Group Chief Executive Officer for acknowledgement and approval.
6. The Nomination and Remuneration Committee should be comprised entirely of independent directors. It is responsible for setting the criteria and process of nominating directors and top executives, selecting qualified candidates according to the predetermined criteria and process and presenting the results to the Board of Directors. Then, the Board of Directors will present the results to the shareholders' meeting for election. Therefore, the criteria used in selecting and the process followed in appointing new directors and senior management should be disclosed.
- The Nomination and Remuneration Committee is composed of 2 independent directors and 1 executive director with one of the independent committee serving as the committee chairman. The duties of Nomination and Remuneration Committee are seeking and selecting appropriate persons to assume the position of the Company's directors as stipulated in the criteria and procedures disclosed. In regard to the nomination of top executives, the Human Resource Department will seek, select and propose to the Group Executive Committee or the Board of Directors for approval.
7. The Board of Directors should appoint an external consultant to facilitate a board assessment at least once every three years and assessment results should be disclosed in the annual report.
- The Company has no policy because the expense is high.
8. Remuneration of the managing director and top executives should be in accordance with the board policy and within the limit approved by shareholders. For the best interests of the Company, executives' salaries, bonuses and other long-term compensation should correspond to the performance of each given executive. Type and level of compensation should be related to shareholders' benefit and the sustainability of the Company.
- Remuneration of the managing director (Group Chief Executive Officer) and top executives is in accordance with the principles and policy stipulated by the Board of Directors based on the evaluation form of the operation result of the Company and performance of each executive, thus, the matter is not proposed to the meeting of shareholder for approval.



## Internal Control and Risk Management

Recognizing the importance of an internal control system, the Board of Directors has put in place an internal control system that governs the financial, management and operational aspects for greater effectiveness and efficiency in accordance with related laws and regulations. Meanwhile, an emphasis is placed on continuous improvement according to COSO (The Committee of Sponsoring Organizations of Treadway Commission) with respect to organizational and control environment, risk assessment, control activities, information and communication and monitoring activities.

The Board of Directors has clearly defined in writing the duties and approval authority for the Management, and has controlled and ensured an efficient utilization of the Company's assets. To maintain proper checks and balances, the roles and duties of front-line operators, supervisors and evaluators are clearly delineated. In addition, the Company ensures that there is a financial reporting to those in the direct line of responsibility.

There is also the Audit Committee, which was appointed by the Board of Directors, by the Stock Exchange of Thailand's guidelines which currently consists of 4 independent directors and the Senior Director of Internal Audit Department acts as Secretary of the Audit Committee. The Audit Committee has the duties and responsibilities of auditing financial statements, disclosure of the financial reports and related transactions or any matters with conflicts of interest to be accurate, complete, reliable, and coordinate with the Internal Audit Department, auditors and management of the Company to review the internal control system and ensuring compliance with the relevant laws and regulations, as well as, to consider and approve an audit plan, performance evaluation and compensation of the Internal Audit Department, including selection and appointment of the auditor and audit fee. The Audit Committee shall also perform other duties as assigned by the Board of Directors, and conduct self-assessment to evaluate their performance to ensure that the Audit Committee has performed their duties effectively and completely.

The Board of Directors has implemented the Assessment Form of the Securities Commission as a guideline to assess the adequacy of the internal control systems of the Company and subsidiaries and a reporting of the assessment results to the Board of Directors' meeting on a yearly basis. The assessment results are also to be disclosed in the Company's annual registration statement (Form 56-1) and annual report.

All Board of Directors members and the Management, had collaboratively evaluated the sufficiency of internal control during 2017. The Board of Directors' Meeting on February 27, 2018 comprising of the Board of Directors, the Audit Committee, and the Management convened a meeting for the adequacy of the internal control systems of the Company and its subsidiaries as set up by the Management in five areas, namely, internal control, risk assessment, operation control, information and communication system and monitoring system. The Board of Directors and the Audit Committee shared the same opinion that:

"In general, the internal control system of the company and its subsidiaries was adequate and appropriate to the business operations of the Company. In addition, the Company has provided adequate personnel to follow the system effectively, as well as the internal control system for monitoring the operations of the subsidiaries in order to protect the assets of the Company and the subsidiaries from wrongful action of the directors and executives including transactions with persons who may have a conflict of interest and related persons. The Committee and the Management recognized the importance of good corporate governance, internal control, and continuous risk management, which would ensure good corporate governance principles of company, acceptable level of internal control and risk management, accurate and reliable accounting and financial reporting practices, together with compliance with the laws, the rules or announcements of the SET and regulations related to the Company's businesses."

### Head of Internal Audit Department

The Board of Directors' Meeting No.3/2006 held on May 15, 2006 appointed Mr. Wichai Santadanuwat as a Secretary to the Audit Committee and Head of Internal Audit Department. The Audit Committee has considered and agreed that Mr. Wichai Santadanuwat has experience in performing the audit of the Company's including an understanding of the activities and operations of the Company as well, so that it is appropriate for him to perform such functions.

The appointment, termination and transfer, as well as performance evaluation and compensation for the Head of Internal Audit Department must be approved by the Audit committee. The qualifications of Head of Internal Audit Department appear in the attachment.

NOTE: Details of the Head of Internal Audit and Head of Compliance appear in "Details about the Head of Internal Audit, Company Secretary and Head of Compliance".





## Connected Transactions

The Company, on regular basis, enters into transactions which is considered as normal course of business operation or business supporting such as advertisement, publicity, sales promotion, distribution of copyrights, recording commission, studio service, artist management, hire of work, radio station rental, concert hosting service, activity hosting, production of video clips, production of stage play, lights and sound equipment rental. It is the Company's determination that future connected transactions will be executed as a normal commercial business, by taking into account the highest benefit of the Company.

### 1. Parties which may have conflicts of interest that have entered into connected transactions with the Company and its subsidiaries

In 2017, The Company and its subsidiaries entered into connected transactions with the Company and connected persons where conflicts of interest may have occurred. These included both transactions which were the normal course of business by the Company and subsidiaries, and transactions which were not. Business that conducted connected transactions is divided into 3 categories as follows:

#### A) The Group

The Group composes of the Company and subsidiaries of the Company.

Details of the Group are as follows:

Company	Business Type	% Holding by the Company (As at December 31 <sup>st</sup> , 2017)
GMM Grammy Public Company Limited	Fully-integrated entertainment businesses, including music business, digital TV business, media business, movie business, home shopping business and others entertainment business	-
<b><u>Subsidiaries Directly held by the Company</u></b>		
GMM Holdings Company Limited	Holding company	100 %
GMM Music Publishing International Company Limited	Management of music copyrights	100 %
GMM Thai Hub Company Limited	Production of films and television programs	51 %
Fan TV Company Limited (Another 49% is held by GMM Holdings, a subsidiary)	Production of satellite television programs	51 %
GR Vocal Studio Company Limited	Vocal and music schools	100 %
GMM CJ O Shopping Company Limited	Wholesale and retail by using advertising media and phone orders service	51 %

Company	Business Type	% Holding by the Company (As at December 31 <sup>st</sup> , 2017)
<b><u>Subsidiaries Directly held by the Company (continued)</u></b>		
Z Trading Company Limited (Formerly known as “GMM Z Trading Company Limited”)	Production and distribution of satellite television and digital TV receivers	100 %
Digistream Company Limited	Providing music in streaming	100 %
GDC Company Limited	Providing service to games members, distribution of games playing cards	100 %
MGA Company Limited	Currently inactive	100 %
Digital Gen Company Limited	Currently inactive	100 %
Extraorganizer Company Limited	Currently inactive	100 %
More Music Company Limited	Currently inactive	100 %
Teen Talk Company Limited	Currently inactive	100 %
Deetalk Company Limited	Production of television programs	100%
GDH559 Company Limited	Production of film and television programs	51%
Exact Company Limited	Production of television programs	100 %
<b><u>Subsidiaries held by GMM Holding Company Limited</u></b>		
GMM Studio Company Limited	Currently inactive	100 %
Grammy Publishing House Company Limited	Currently inactive	100 %
GMM Fitness Club Company Limited	Wholesale and retail merchandising	100 %
Mifa Company Limited	Currently inactive	100 %
GMM Digital Domain Company Limited	Currently inactive	100 %
Magic Film Company Limited	Currently inactive	90.91 %
Global Music and Media (China) Limited	Currently inactive	100 %
<b><u>Subsidiary held by GMM Digital Domain Company Limited</u></b>		
Digital Arms Company Limited	Currently inactive	100%
<b><u>Subsidiaries held by Z Trading Company Limited</u></b>		
G S-one Company Limited	Currently inactive	100 %
GMM Z Company Limited	Providing of satellite television network	100 %



## B) Associated Companies

Company	Business Type	% Holding by the Company (As at December 31 <sup>st</sup> , 2017)
<b>Associated companies held by the Company</b>		
Family Know-how Company Limited	Production of television programs and publishing media	50 %
Lucks (666) Satellite Co., Ltd.	Currently inactive	25 %
Scenario Company Limited	Production of television programs and plays	25 %
<b>Associated companies held by GDH559 Company Limited</b>		
Siengdee Thaweesuk Co., Ltd.	Provider of recording movie sound and movie advertisement, produce sound and music for movie	45 %
Ngandee Thaweesuk Company Limited	Provision of public relation and organizer	40 %
Good Thing Happen Company Limited (Another 0.6% held by associates - Na Dao Bangkok Company Limited)	Media advertising, public relations consultancy and marketing organizer	19 %
Na Dao Bangkok Company Limited	Films production and talent agency services	30 %
Sawasdee Thaweesuk Company Limited	Production post and design of advertising media and films and public relations for films	25 %
<b>Joint Venture held by the Company</b>		
The One Enterprise Company Limited (Another 17% held by Scenario Company Limited)	Production of television programs on digital TV	25.5 %
GMM Channel Trading Company Limited	Production of television programs on digital TV	50%

## C) Related Companies through Common Directors

Company	Business Type	% Holding by the Company (As at December 31 <sup>st</sup> , 2017)
H.Y. Infinite Company Limited (Formerly known as “Hou You Company Limited”)	Japanese restaurant	<ul style="list-style-type: none"> <li>- Mr. Paiboon Damrongchaitham, a director of the Company, is also a director with signing authority at H.Y. Infinite Company Limited.</li> <li>- Miss Suwimon Chungjotikapisit, a director of the Company, is also an authorized director with signing authority at H.Y. Infinite Company Limited.</li> <li>- Mr. Fahmai Damrongchaitham, a director of the Company, is also an authorized director with signing authority at H.Y. Infinite Company Limited.</li> </ul>
Geurt Fah Company Limited	Property rental and related services	<ul style="list-style-type: none"> <li>- Mr. Paiboon Damrongchaitham, a director of the Company, is also an authorized director with signing authority at Geurt Fah Company Limited.</li> <li>- Miss Suwimon Chungjotikapisit, a director of the Company, is also an authorized director with signing authority at Geurt Fah Company Limited.</li> <li>- Mr. Fahmai Damrongchaitham, a director of the Company, is also an authorized director with signing authority at Geurt Fah Company Limited.</li> </ul>
A - Time Traveler Company Limited	Creative Travel Agency provides domestic and international travel	<ul style="list-style-type: none"> <li>- Mrs. Saithip Montrikul Na Audhaya, a director of the Company, is also an authorized director with signing authority at A-Time Traveler Company Limited.</li> <li>- Miss Suwimol Chungjotikapisit, a director of the Company, is also an authorized director with signing authority at A-Time Traveler Company Limited.</li> </ul>
Weerawong, Chinnavat & Partners Company Limited	Thailand's Leading Law Firm	<ul style="list-style-type: none"> <li>- Mrs. Veeranuch Thammavaranucupt a partering lawyer, is also a director with signing authority at Weerawong, Chinnavat &amp; Partners Company Limited.</li> </ul>
Me Miti Company Limited	Production of television programs	<ul style="list-style-type: none"> <li>- Mr. Takonkiet Viravan a director of the Company' subsidiary is also an authorized director with signing authority at Me Miti Company Limited.</li> </ul>
Advisor and Beyond Company Limited	Management and Marketing Consultancy	<ul style="list-style-type: none"> <li>- Miss Lackana Leelayouthayotin, a director of the Company, is also an authorized director with signing authority at Advisor and Beyond Company Limited.</li> </ul>
Thanaset Business and Development Company Limited	Hotel and Resort	<ul style="list-style-type: none"> <li>- Mrs. Veeranuch Thammavaranucupt, a director of the Company, is also an authorized director with signing authority at Thanaset Business and Development Company Limited.</li> </ul>

## 2. Characteristics of Connected Transactions

The Company operates the fully-integrate entertainment businesses, such as music business, digital terrestrial TV business, media business, etc. Many of the Company's subsidiaries operate a variety of media businesses to support the core business. Therefore, there are many connected transactions between the Company and its subsidiaries, as well as with the Group, associated companies and related companies with common directors.

Connected transactions can be divided into 2 major categories, as follows:

- Transactions which are the normal course of business consists of revenue from the sale of music products and copyrights, production and distribution of motion pictures, advertising fees, public relations and sales promotions, profit sharing from CDs VCDs DVDs sales, studio rental fees, artist management fees, production fees, rental of radio stations, event organization fees, etc.
- Transactions which are not the normal course of business such as rental of office space, loans to subsidiaries, shared administrative management fees, professional fees and purchase of assets which are not related to the Company's normal course of business.

## 3. Measures or procedures on approval of connected transaction

By virtue of Section 89/12 of the Securities and Exchange Act B.E. 2551 (No.4) which states that a director, executive or related person can enter into the transaction with the Company or its subsidiary only under approval by the meeting except for commercial transaction with terms as those an ordinary person would agree with any unrelated counter party under similar circumstances and/or criteria which has already been approved by the Board of Directors. In the Board of Directors' Meeting No. 1/2011, held on February 25, 2011, assembly passed its resolution to approve agreement and conditions of commercial transaction with related person. In addition, the Company has determined the Corporate Authorization Index (CAI) No. 1/2555 regarding the execution of connected transaction to be in compliance with the notifications of the Stock Exchange of Thailand.

## 4. Policy or Trend of Future Connected Transactions

The Company, on regular basis, enters into transactions which is considered as normal course of business operation or business supporting such as advertisement, publicity, sales promotion, distribution of copyrights, recording commission, studio service, artist management, hire of work, radio station rental, concert hosting service, activity hosting, production of video clips, production of stage play, lights and sound equipment rental. It is Company's determination that the future connected transactions will be executed as a normal commercial business, by taking into account the highest benefit of the Company.

The connected transaction which is not considered as normal business course, which may occur in the future such as grant of loan to the subsidiaries, central management expense and profession service fee, acquisition-disposal of assets irrelevant to normal business transaction or the price and commercial terms are not in compliance with general markets, must be reviewed and approved by the resolution of Board of Directors. In addition, the meeting requires Audit Committee's attendance to ensure the fair execution of connected transaction and appropriate pricing policy. The directors of interest will be waived the right to vote for such transaction. The Company at its best effort, will execute such connected transaction to be in compliance with notifications of the Stock Exchange Commission and the Stock Exchange of Thailand, regulations on disclosure of connected transactions and acquisition and disposal of assets of the Company and its subsidiaries, as well as the accounting standards stipulated by the Federation of Accounting Professions.



**Connected transactions between the Group and Related Companies with Common Directors, which are the normal course of business**

Parties that may have conflicts of interest	<ol style="list-style-type: none"> <li>1) H.Y. Infinite Company Limited (Operates a Japanese restaurant)</li> <li>2) Geurt Fah Company Limited (Property rental and related services)</li> <li>3) A - Time Traveler Company Limited (Creative Travel Agency)</li> <li>4) Weerawong, Chinnavat &amp; Partners Company Limited (Law Firm)</li> <li>5) Me Miti Company Limited (Production of TV programs)</li> <li>6) Advisor and Beyond Company Limited (Management and Marketing Consultancy)</li> <li>7) Thanaset Business and Development Company Limited (Hotel and Resort)</li> </ol>	<p>Relationship shown in 1. C)</p> <p>Relationship shown in 1. C)</p> <p>Relationship shown in 1. C)</p> <p>Relationship shown in 1. C)</p> <p>Relationship shown in 1. C)</p> <p>Relationship shown in 1. C)</p> <p>Relationship shown in 1. C)</p>
Types of Transaction	<ol style="list-style-type: none"> <li>1) Revenue from artist management</li> <li>2) Revenue from management fees and other services</li> </ol>	
Total Consideration	4.03 million Baht, with reference to price setting based on mutual agreement (comprising the Company's income of 2.90 million Baht and subsidiaries' income of 1.13 million Baht)	
Outstanding Accounts Receivable	As at December 31 <sup>st</sup> , 2017, the amount is 4.11 million Baht. (comprising the Company's accounts receivable of 3.69 million Baht and subsidiaries' accounts receivable of 0.01 million Baht).	
Opinion of the Audit Committee	Audit Committee has the opinion that the revenues derived as above is based on mutual agreement which refers to the market price and is according to the normal course of business. The Audit Committee agreed that such price setting is reasonable and fair.	

Types of Transaction	<ol style="list-style-type: none"> <li>1) Food expenses for entertainment and meetings</li> <li>2) Utilities and parking fees</li> <li>3) A domestic and international travel agent service fees</li> <li>4) Legal and marketing consultancy fees</li> <li>5) Accommodation expenses</li> <li>6) Production costs</li> </ol>	
Total Consideration	121.16 million Baht, with reference to price setting based on market prices, and contractual prices according to market, as well as prices based on mutual agreement. (comprising the Company's service expenses of 23.45 million Baht and subsidiaries' service expenses of 97.71 million Baht).	
Outstanding Accounts Payable	As at December 31 <sup>st</sup> , 2017, the amount is 18.37 million Baht. (comprising the Company's accounts payable of 18.06 million Baht and subsidiaries' accounts payable of 0.31 million Baht).	
Opinion of the Audit Committee	Referring to the executives and management of the Company consideration and review of the other expenses upon market price, including expenses related to creative, advertising and travel service both domestic and international travel under contractual prices aligned to the market together with prices based on mutual agreement, such price setting is in accordance with the normal course of business and deemed reasonable. The Audit Committee has the opinion that the price setting is likely to be appropriate and reasonable, as agreed by the management.	



## Connected transactions between the Group and Associated Companies, which are the normal course of business

Parties that may have conflicts of interest	<ol style="list-style-type: none"> <li>1) Scenario Company Limited (Production of television programs and plays)</li> <li>2) Good Thing Happen Company Limited (Media advertising, public relations consultancy, and marketing organizer)</li> <li>3) The Secret Farm Company Limited (Design and post production of advertising media)</li> <li>4) Na Dao Bangkok Company Limited (Films production and talent agency services)</li> <li>5) Family Knowhow Company Limited (Production of television programs and publishing media)</li> <li>6) Ngandee Thaweesuk Company Limited (Provision of public relation and organizer)</li> <li>7) Sawasdee Thaweesuk Company Limited (Production post and design of advertising media and films and public relations for films)</li> <li>8) Siengdee Thaweesuk Company Limited (Provider of recording movie sound and movie advertisement, produce sound and music for movie)</li> <li>9) The One Enterprise Company Limited (Production of television programs on digital TV)</li> </ol>	<p>Relationship shown in 1. B)</p> <p>Relationship shown in 1. B)</p> <p>Relationship shown in 1. B)</p> <p>Relationship shown in 1. B)</p> <p>Relationship shown in 1. B)</p> <p>Relationship shown in 1. B)</p> <p>Relationship shown in 1. B)</p> <p>Relationship shown in 1. B)</p> <p>Relationship shown in 1. B)</p>
Types of Transaction	<ol style="list-style-type: none"> <li>1) Revenue from sales of goods</li> <li>2) Revenue from producing television programs that generate revenue from advertisement sales</li> <li>3) Revenue from producing satellite television programs that generate revenue from channel management</li> <li>4) Revenue from producing digital TV programs</li> <li>5) Revenue from organizing concerts and staging theatrical performances</li> <li>6) Revenue from copyrights of songs, dramas and programs</li> <li>7) Revenue from artist management</li> <li>8) Revenue from studio rental, event organization</li> <li>9) Revenue from management and advisory fee</li> <li>10) Interest Income</li> <li>11) Other Income</li> </ol>	
Total Consideration	In the amount of 306.20 million baht, the price is based on mutual agreement with reference to a market price. (comprising the Company's revenue at 107.09 million baht, while 199.11 million baht goes to its subsidiaries)	

## Connected transactions between the Group and Associated Companies, which are the normal course of business (Continued)

Outstanding Accounts Receivable	As of December 31 <sup>st</sup> , 2017 the amount is 169.20 million Baht (comprising the Company's receivables at 83.06 million Baht, and its subsidiaries' at 86.14 million Baht).
Opinion of the Audit Committee	Audit Committee has the opinion that the revenues derived as above is based price setting according to mutual agreement which refers to the market price and is in accordance with the normal course of business. The Audit Committee agreed that such price setting is reasonable and fair.
Types of Transaction	Service expenses, consisting of: <ol style="list-style-type: none"> <li>1. Cost of advertisement spots on television and sponsorship fees.</li> <li>2. Share of copyrights from the sale of television programs such as dramas and drama soundtracks on CDs VCDs and DVDs.</li> <li>3. Media cost and time rental for program production.</li> <li>4. Soap opera production cost, event organization and property rental.</li> <li>5. Operating costs in sourcing artists.</li> <li>6. Fees for program hosts.</li> </ol>
Total Consideration	The amount is 240.45 million Baht. The price depends on negotiations between the service recipient and service provider which refers to market price. (The Company's cost of services is 109.55 million Baht and 130.90 million Baht to its subsidiaries).
Account payables and other payables	As of December 31 <sup>st</sup> , 2017, 132.32 million Baht (comprising the Company's trade creditors at 85.71 million Baht and its subsidiaries' at 46.61 million Baht).
Opinion of the Audit Committee	The Audit Committee has the opinion that the service expenses as above are based on price setting according to mutual agreement which refers to market price. The Audit Committee agreed that such price setting is reasonable and fair.

## Connected transactions between the Company and its subsidiaries with directors

Parties that may have conflicts of interest	Directors in the Company and its subsidiaries who are skilled in composing music, serving as program hosts, directing and writing scripts.
Types of Transaction	The Group paid program host fees and sound record's fees to these Directors.
Total Consideration	Amount of 0.92 million Baht. Prices are determined by the unit cost of products/goods sold at market prices. Prices also depend on the quality and services received. The final service fee will depend on negotiations between the companies receiving the services and service providers (comprising the Company's expenses totaled - million Baht and subsidiaries' expenses at 0.92 million Baht).
Trade payables and other payables	As of December 31 <sup>st</sup> , 2017, - million Baht
Opinion of the Audit Committee	The Audit Committee has the opinion that hosting service and other services provided by the directors who possess extensive expertise and experience in the business has benefited the Company. Audit Committee has the opinion that the fees charged to hosting or performing other services depends on many factors such as the scope and complexity of the work, creativity, reputation and experience of the service provider. Therefore, the Company has taken these factors into consideration in setting the preliminary price, but the final price depends on negotiations between the customer and service provider. The Audit Committee agreed that remuneration scheme by taking into consideration the scope, level of difficulty of the work, and the creativity to set the prices is reasonable and fair.

## Connected transactions that are not the normal course of business between the Group and Related Companies with Common Directors

Lessee:	The Group
Lessor (Company or Individual that may of Conflicts of Interest)	Geurt Fah Company Limited
Relationship	<ol style="list-style-type: none"> <li>1. Mr. Paiboon Damrongchaitham is a director of the Company, is also an authorized director with signing authority at Geurt Fah Company Limited.</li> <li>2. Miss Suwimon Chungjotikapisit, a Director of the Company, is also an authorized director with signing authority at Geurt Fah Company Limited.</li> </ol>
Characteristic of connected transaction	The Group rents a 43 storey office building, located at 50 Asoke Road (Sukhumvit Soi 21), Khlongtoeinuea, Wattana, Bangkok from Geurt Fah Company Limited.
Size of rented space	Approximately 31,000 sq.m, accounting for 80% of total rental space.
Contract tenure	3 years (from May 1 <sup>st</sup> , 2016 to April 30 <sup>th</sup> , 2017), where the lessee can renew the lease for a period of 3 years each time.
Rental and service rates	Increased by 10.33 % from original rental and service rate of 503 Baht per sq.m per month to 555 Baht per sq.m per month.
Price setting policy	In compliance with the original contract conditions of having renewal options every 3 years at market rates, except for the first rental renewal, where the rental and service rates increase cannot exceed 15%.
Total rent and service fees that the Group pays to Geurt Fah in 2017	184.18 million Baht (The rental and service fees from the Company in the amount of 116.31 million Baht and subsidiaries in the amount of 67.87 million Baht).
Total consideration	Approximately 654.92 million Baht throughout the 3 year period (excluding VAT and related taxes).
Opinion of the Audit Committee	The Audit Committee has the opinion that the rental rate which the Company and subsidiaries paid to Geurt Fah Company Limited in the amount ranging between 555 - 615 Baht per sq.m per month is reasonable and fair. This rate is in the range of market rental rates, which currently runs between 550 - 620 Baht per sq.m per month, according to an appraisal report by Jones Lang LaSalle (Thailand) Limited, an independent appraiser on the SEC's approved lists.



## Corporate Social Responsibilities (CSR)



The Company strongly believes in conducting business according to business ethics and good corporate governance principles alongside corporate social responsibility.



### Policy

The Board of Directors defined in the Company's business ethics for being norm of the Company to all stakeholders as the Corporate Governance and Business Ethics Policy and Manual (<http://www.gmmgrammy.com/cg-e-book/CG%20Manual%205-2556.pdf>) which is distributed through the various channels such as E-mail, the Group's intranet and the Company's website. Board of Directors has the policies and regulations about Ethics on Roles and Responsibilities towards Community, the Environment and the Society as follows:

1	▶ Supporting CSR development through co-creation with all stakeholders by participating, inspiring and giving opportunities to other organizations to work together
2	▶ Supporting provision of knowledge and training for staff to instill conscience of responsibility toward the community, the environment and the society in employees at all levels and encourage employees to participate in activities arranged by the Company
3	▶ Having social participation by supporting and promoting activities which maintain good tradition and culture and behaving as a good religion follower by supporting religious activities consistently
4	▶ Participating in supporting activities relating to education, sporting capabilities, development of professional knowledge, for sustainable self-dependence
5	▶ Having social responsibility relating to public benefits, maintenance of the environment and development of the community as well as creative projects to promote and support better living of underprivileged, the elderly, children and youths
6	▶ Having social responsibility in different forms such as organizing campaigns against narcotics continuously, hence promotion and support of children and youths to stay away from narcotics, leading to a healthy community and narcotic-free society
7	▶ Holding various projects to assist and relieve misery of people who are in trouble in many ways
8	▶ Supporting the community surrounding the Company and other communities to be strong and self-dependent in a sustainable manner, give mutual help, have a good quality of life, be happy and live happily in harmony
9	▶ Campaigning and instilling in employees conscience of preservation and smart and efficient use of resources and energy
10	▶ Creating and supporting activities which are beneficial to maintenance, preservation and use of natural resources and energy on a consistent basis
11	▶ Not performing any acts which will impair the reputation of the country, natural resources and the environment
12	▶ Not cooperating with or support any persons or organizations conducting illegal business or being a threat to the society and national security
13	▶ Complying and monitoring to ensure strict compliance with relevant regulations and laws

## Operations and Report

The Group discloses information on corporate social responsibility in accordance with the Integrated CSR Reporting Framework, Version 2, set by Thaipat Institute and the Corporate Social Responsibility Guidelines prepared by the Working Group for the Promotion of Corporate Social Responsibility and Environment in Listed Companies.

### Stakeholders

Stakeholders are the persons that involve with the Company in the value chain and should be treated with care following by their rights stated in relevant laws and regulations. The Company should not do any acts which can be regarded as violation of stakeholder rights and coordinate with them to create mutual prosperity, stability and sustainability. The Company separates stakeholders into 2 major groups as follows:

1. Primary Stakeholders such as shareholders, customers, suppliers, creditors, employees, etc.
2. Secondary Stakeholders such as regulatory agencies, government etc.

Stakeholders	Prospect	Activity/Channel of relationships in 2017
Shareholders Investors	<ul style="list-style-type: none"> <li>Return (dividends or stock dividends) and sustainable organizational growth</li> <li>The Board of Directors have normative ethics</li> </ul>	<ul style="list-style-type: none"> <li>Organized Annual shareholder's meeting</li> <li>Organized Extraordinary shareholder's meeting</li> <li>Joined the activities of SET</li> <li>Made press Release on the Company's investment or every significant business activities</li> <li>Presented the Company's information and over all industrial condition to the domestic institutional investors</li> <li>Organized site visit</li> <li>Gave information and answered questions by E-mail, letter, phones</li> </ul>
Business Partner	<ul style="list-style-type: none"> <li>Financial strength</li> <li>Personnel's knowledge and expertise</li> <li>Fair and transparent business</li> </ul>	<ul style="list-style-type: none"> <li>Meeting</li> <li>Company's visit</li> <li>Complaints filing and channels for submitting complaints, suggestions and recommendations</li> </ul>
Analysts	<ul style="list-style-type: none"> <li>Complete, correct and updated information used to analyze and recommend for investors</li> </ul>	<ul style="list-style-type: none"> <li>Welcomed analysts who visit the Company to enquire about its operating results</li> <li>Organized site visit</li> <li>Made press release on the Company's investment or significant business activities</li> <li>Gave information and answered questions by E-mail, letter, phones</li> </ul>
Customers Consumers	<ul style="list-style-type: none"> <li>Good products and services delivered in time with fair price</li> <li>View TV programs and/ or radio programs with variety of news, information and entertainment</li> <li>Artists are role model for the society</li> </ul>	<ul style="list-style-type: none"> <li>Assigned sale representative to visit customers' shop</li> <li>Organized meet and greet events for artist fan clubs</li> <li>Gave information, answered questions and gathered the claims via call center and sales</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>Regulatory compliance among fair and moral competitions</li> <li>Non-infringement of intellectual property rights</li> </ul>	<ul style="list-style-type: none"> <li>Met at business meetings on various occasions</li> </ul>
Trade Partners	<ul style="list-style-type: none"> <li>Fulfil obligations under the business contracts</li> <li>Fair trading practice</li> </ul>	<ul style="list-style-type: none"> <li>Organized partner agreement discussion</li> <li>Organized business partner meetings with the executives</li> <li>Cooperated to organize social activities</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>Fulfil the obligations under the loan contracts</li> <li>Receive the loan payment in time</li> </ul>	<ul style="list-style-type: none"> <li>Organized meeting with banks and financial institution</li> <li>Welcomed bank to meet the executive</li> <li>Company's visit</li> <li>Invited creditors to join conference on business partnership</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Compensation and privileges</li> <li>Promotion</li> <li>Seminars and trainings to develop employee skill</li> <li>Adequate facility, healthy and safety workplace</li> </ul>	<ul style="list-style-type: none"> <li>Organized GMM Songkran festival with the executives</li> <li>Made merit in the Company anniversary</li> <li>Organized fire drill and first aid training</li> <li>Provided the channels and processes for any complaints</li> <li>Offered employees to attend seminars and trainings</li> <li>Monitored the operation of each business every month and learned from executive coaching</li> <li>Communication channels such as intranet, E-mail</li> </ul>



Stakeholders	Prospect	Activity/Channel of relationships in 2017
Community	<ul style="list-style-type: none"> <li>• Transparent disclosure</li> <li>• Safety and environmental preservation</li> <li>• Corporate responsibility to improve quality of life</li> </ul>	<ul style="list-style-type: none"> <li>• Provided the channels and processes for any complaints</li> <li>• Organized CSR activities such as “Music Therapy” to encourage prisoners to return to society with good deed every year</li> <li>• Company’s visit</li> </ul>
Auditors	<ul style="list-style-type: none"> <li>• Fair compensation</li> <li>• Complete and correct information</li> </ul>	<ul style="list-style-type: none"> <li>• Provided the meeting with the Audit Committee without the executives at least once a year</li> <li>• Cooperated to give the information</li> </ul>
Regulators Government	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Supporting the government projects</li> </ul>	<ul style="list-style-type: none"> <li>• Attended seminars and trainings</li> <li>• Joined the event named “Thank You Thailand” under the concept of appreciating our country, “Tub Fah Khu Thai Puar Chaipattana”, etc.</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Transparent disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Made press release on the Company’s investment or significant business activities</li> </ul>

## Strategy for Sustainable Development

The Board of Director strongly believes in conducting business according to business ethics and good corporate governance principles alongside corporate social responsibility. This is carried by integrating with prospects of all stakeholders to define strategy for sustainable development for creating shared values between corporate and social which will create sustainable business growth.

The Group reinforces its role as a “content provider” covering television, radio, music, movies and showbiz. It is now ready to develop an online platform as a part of its “Total Media Solutions” strategy. In 2017, the company revised the management structure within each business segment in order to enhance its strength. For sustainable development, operating strategies include 3 aspects.

### Economic

1. Branding by creating the relationship between business and customers with the impression, making customers feel happy and bound to the company.
2. Collaboration with domestic and international partners in order to expand contents to international markets including China, Korea, ASEAN and other countries.
3. Being the content provider and trendsetter in media industry, the Group targets to create high quality in terms of both commercial, art and culture in order to build up mutual benefit for both the corporate and society.
4. Presenting contents covering online, on-air and on-ground, especially focused online content.
5. Seeking investment opportunities to grow strongly and steadily.
6. Good corporate governance abide by business ethics includes transparent, fair and traceable operations to laws and regulations.

### Social

1. Improving the quality of life of the communities and societies with attention, care and share.
2. Having social responsibility in organizing campaigns against narcotics continuously, hence promotion and support of children and youths to stay away from narcotics, leading to a healthy community and narcotic-free society.
3. Supporting and promoting activities which maintain good tradition and culture and behaving as a good religion follower by supporting religious activities consistently.
4. Holding various projects to assist and relieve misery of people who are in trouble in many ways.

## Environment

1. Training, campaigning and instilling in employees conscience of preservation and smart and efficient use of resources and energy
2. Creating and supporting activities which are beneficial to maintenance, preservation and use of natural resources and energy on a consistent basis

The Group has conducted business according to business ethics and good corporate governance principles alongside with corporate social responsibility as follows:

### 1. Fair Business Operation

The Board of Directors has been adhering to the business operation under business ethics, related laws, standards and code of best practices as defined in the Corporate Governance and Business Ethics Manual and there are other actions as follows:

- 1.1 The Company has definite policies and practices on the treatments of all stakeholders as specified in the ethics of treatment of shareholders, ethics of treatment of customers and consumers, ethics of treatment of competitors, ethics of treatment of trading partners, ethics of treatment of creditors and ethics of treatment of employees, without a preference for any particular groups or persons.
- 1.2 The Company has definite operating procedures and practices for various matters such as purchasing and employment, with approval authorization powers clearly defined for respective matters so that operations can be carried out with transparency, justice and accountability.
- 1.3 Opening opportunity for all stakeholders to express their opinions for improvement of the Company's business operations at various occasions, such as annual general meetings of shareholders, business visits, press conferences, analyst meetings, etc.
- 1.4 The Board of Directors is committed to conduct business with integrity, transparency, fairness and equal treatment of all stakeholders and adopts a policy on confidentiality and treatment of insider information by instituting a code of ethics on confidentiality, protection of information and treatment of insider information.
- 1.5 The Board of Directors has a policy to respect intellectual property rights of other persons by not violating or supporting any acts which can be regarded as violation of intellectual property rights and copyrights of other persons, thus reflecting the Company's strong intention to conduct business with fairness and respect for and compliance with the laws relating to intellectual property rights, by instituting a code of Ethics on Intellectual Property and Copyright and the Company has a policy to promote the use of legal products by cooperating with state agencies and related private sector parties in a campaign against piracy titled 'Took, Took Jai, Took Gohd Mai' ('Cheap, Pleasing, Legal) to raise awareness of copyright protection among the public through various activities. The 'Not Buy, Not Sell, Not Use Pirate Goods' slogan aims to encourage the public to be more aware of the intellectual property to help reduce the piracy problem in the long run.

The information technology was held to prevent software piracy, the rights to download software belongs to IT employees only.

- 1.6 The Group promotes free trade competition under fair play rules, not seeking confidential information of business competitors in a dishonest manner.
- 1.7 Treating trading partners equitably and fairly, not demanding or receiving any dishonest assets or benefits from trading partners, having definite operating procedures and purchasing committees responsible for the selection of trading partners and not cooperating with or supporting any persons or organizations engaged in illegal businesses or posing threats to society and national security.
- 1.8 Maintaining agreements and foster sustainable relationships with trading partners and contracting parties, adhering to trading conditions or agreements made with each other in a strict manner.

## 2. Anti-corruption

The Board of Directors adheres to transparent business operations under legal frameworks, principle of ethics and good corporate governance guidelines, supporting anti-corruption campaigns, with full awareness that corruption is detrimental to the development of the country's economic, social and national security systems as defined in the Corporate Governance and Business Ethics Manual.

The Company has supervisory measures in place to ensure that employees comply with anti-corruption policies and practices and provides channels where complaints and information on dishonest practices can be sent to the Audit Committee, which comprises independent directors, by posting and e-mail to [auditcommittee@gmmgrammy.com](mailto:auditcommittee@gmmgrammy.com), as given in the Company's website, Annual Information Report Form (Form 56-1), the Company's Annual Report and Good Corporate Governance and Business Ethics Manual for processing and submission to the Board of Directors. The Company also has a policy to protect the provider of information or clues and treat the information with strict confidentiality, with measures on investigation and punishment under relevant regulations. In 2017, there were no reports or cases of fraudulent activities involving the Company and/or affiliated companies.

## 3. Respecting Human Right

The Board of Directors gives importance to respecting human right law and practice, as indicated in the Corporate Governance and Business Ethics Manual Re: Respect of Human Right Law and Practice. This could well signify the Board's commitment to conduct business in compliance with laws, while embracing human rights which are the basic rights ensuring that all human beings are born free and equal in dignity and rights without discrimination against birth, race, nationality, skin color, gender, religion, age, language, physical and health condition, personal status, economic and social status, social value, education or political opinion. The Board also promotes employees' awareness of their rights, duties and responsibilities to society and other fellows. In the past year, the Company treated all stakeholders equitably without discrimination as the policies and regulations about Ethics on Respecting Law and Human Right in the Corporate Governance and Business Ethics Manual, such as

- Among the Company's executives and employees are males and females, Buddhists, Christians and Muslims, who work together in a reconciliatory manner. Without discrimination, everyone has opportunity for promotion, based primarily on performance.
- As for receptions organized for employees and shareholders on various occasions, the Company places importance on the selection of foods for guests of all religions or vegetarians, at all times.
- The Company is not opposed to political expressions and exercises of rights under provisions of laws by employees at all levels.

## 4. Fair Treatment of Labor

The Board of Directors is conscious of the value of every employee as given in the policies and practices in the ethics on Treatment of Employees in the Corporate Governance and Business Ethics Manual.

In 2017, the Group organized welfare-related activities on personnel promotion and development in various areas, as follows:

- 4.1 Annual health check-up was arranged for employees with health examination choices suitable to the age of each employee and special health examination at discount prices at the Company's premises and provisions. The Company also encourage members of the employees' families to have special health examinations with discount prices.
- 4.2 Employee welfare in various forms, such as medical expenses (inpatient, outpatients, dental care, optical care), treatment room service, life insurance and group accident insurance, financial assistance and other welfare (financial assistance in case of the death of employees and the death of their parents, children or spouses under law; employee's marriage, employee's ordination, etc.)

- 4.3 Providing housing loan sources with special interest rates and benefits in other transactions with banks for employees.
- 4.4 Supporting and providing knowledge to employees on financial investment, tax management and savings for the future, by inviting experts from financial institutions to lecture on investment in interesting funds that have tax benefits such as Provident Funds.
- 4.5 Arranged and dispatched its employees to attend of 32 courses (340 hours) conducted by various institutions, focusing on managerial, professional and team-working skill development. The company's training course is divided into 2 parts;
  - The back office staffs were trained by several training courses. The training average hours are 9.2 hours/person/year.
  - The front office staffs, were trained in term of on the job training individually. The supervisor guide, teach and pass on knowledge and techniques to the staffs directly. This has more advantage than attending training course as they can practice, understand the process and solve the problems in real situation, but the training hours could not be recorded evidently.
- 4.6 Encouraging employees to participate in an array of activities regularly arranged by the Group such as GMM Songkran Celebration, Corporate Anniversary Charity, Blood Donation Day.



- 4.7 Employees may lodge complaints or provide clues on suspicious cases of right infringement, fraudulent action breaches of laws and policies on good governance and business ethics, to the Audit Committee by e-mail at [auditcommittee@gmmgrammy.com](mailto:auditcommittee@gmmgrammy.com) for investigation and submission to the Board of Directors.

Besides, the Company has provided other assistance to the employees when needed, for instance, the Company decided to grant subsidy and accommodation at work during the previous heavy flood.

The Board of Directors has realized about safety and health at workplace as stated in Ethics on Workplace Safety and Health Policy to provide a safe and hygienic working atmosphere for management and employees.

In 2017, the Company took measures to ensure safety and health as follows:

- 1) Spraying insecticide at the office every month to prevent the build up of dirt, contagion insects.
- 2) Daily Fit Daily Firm activities to promote exercising for health
- 3) Vaccination against flu virus in 4 species.
- 4) Training on the use of air conditioning system of the building.
- 5) Training on the fire escape and evacuation drills to rescue those trapped in the building basics to employees annually at GMM Grammy Place
- 6) Provide training staffs and occupational safety staffs

With commitment to the safety and health of employees, in 2017, the Company did not have any report on injury or illness as a result of work.



## 5. Responsibility to Customers and Consumers

The Board of Directors is committed to create and produce all media and entertainment forms to bring satisfaction for customers continuously, provide distribution channels for all groups of customers to access goods and services at sufficient quantities and fair prices, as given in the policies and practices on customers and consumers in the ethics on treatment of customers and consumers in the Corporate Governance and Business Ethics Manual.

The Company is committed to the distribution of quality goods and services to customers by:

- 5.1 Disclosing detailed information of goods and services. The goods are not hazardous to consumers and can be returned in case of defects or failed behind the information on the label and advertisement, or they can be returned under normal commercial conditions of certain types of business. There are multiple channels for the changes or the returns of goods, depending on the characteristics of the distribution. Following are examples of the changes or returns of goods in the past by the Company.
  - Returns of concert tickets which was cancelled by the Company, the audiences were informed in advance through various channel and allowed to return the ticket at the 13 main counters of Thaiticketmajor, or Call Center (662) 262 3456 or GMM Live at GMM Grammy Place, Asoke, call (662) 669 8846.
  - Set-top boxes of GMM Z Trading Co., Ltd. can be changed within 1-year warranty conditions, new set-top box would be delivered to the customers free of charge within 15 days of the date of change agreement. Customers may contact sale agent shops for change or directly return the boxes to GMM Z Trading Co., Ltd. Via Post Box 88, Phra Khanong, Bangkok, while wholesale customers have to contact sales representatives.
  - Change of damaged CDs, VCDs or DVDs of Imagine shops, the Company's retail shops, can be made in seven days, with the shop's receipt being presented.
  - Return of damaged or outdated CDs, VCDs, or DVDs, in case of wholesale, can be made through the Company's sales representatives under the agreement made between the customers and the Company.
  - Change or return of goods of GMM CJ O Shopping Co., Ltd. can be made under the condition and time period for each product on a case by case basis such as errors in delivery, losses during delivery, change of color or size (for fashion goods). The Company is responsible for the delivery cost in case of change if the error is made by the Company. In case of the change of color or size is made by the request of the customer, the delivery cost shall be borne by the customer. The customer may call for information or request to return goods at (662) 817 9988 or e-mail care@gcj.co.th.
- 5.2 The Group is committed to develop goods and services of all categories, aiming to access every customer and bring about customer satisfaction by offering quality goods and service on a continued basis.
- 5.3 Considering the importance of the safety of employees, the Company takes measures to deal with violence activities. For example, for concert shows, the Company has plans in place and rehearses all staffs to brace for violence that may occur, such as deployment of staff to take care of the audience and escort them to safe places in case of a violent incident. Insurance is also bought to cover such activities.
- 5.4 The Group has a record of customers database and customer category in order to give discounts, privileges or offers sales promotion activities. The Company has a security system to protect the database. No information can be shared with others without consent of the customer.
- 5.5 With diverse businesses and customer databases, the Group has set up a call center to provide advices and information, answers, receiving complaints and solving problems for customers and interest parties. Customers can call the Group's call center at (662) 669 9000 and directly call each business's call center such as the call center for set-top boxes of GMM Z at 1629 and the call center of A-Time Media Co., Ltd. At (662) 669 9500. Besides, the Group has other communications channels such as e-mail and post, as may be deemed convenient to the customers.

5.6 With commitment to the development of goods and services, the Company does not only consider the profits but also responsibility to society and environment. Therefore, the Company introduce its professionalism to help solving social problems or social development to create economic and social values, such as:

- Well-known songs in honor of His Majesty the King such as “Ton Mai Khong Phor” (Tree of the Father), “Khong Khwan Jak Kon Din” (Gift from the Soil), “Roop Thi Mee Yoo Thuk Baan” (The Photo Belonging to Every House), “Phra Racha Phu Songtham” (The Virtuous King) special songs in order to express our loyalty for the royal institution.
- Songs to create willpower, give spirit and positive attitude, leading life from the past until present, such as “Tham Dee Dai Dee” (Do Good, Receive Good), “Phalang Namjai Thai” (Power of Thai Spirit), “Cheewit Pen Khong Rao” (Life is Ours), “Saeng Sud Thai” (The Last Light) and “Rua Lek Khwan Ok Jak Fang” (Small Boats Should Leave the Shore), “Dharmajati” (The Natural), and “Rot Fai Kabuan Haeng Kwahm Fun” (Train of Dreams).
- Preserving traditional Thai country music. As one of Thailand’s cultural heritages, the Thai Country music has unique characteristics, including the pronunciation and the way of use of language. Thai traditional country songs reflect Thai lifestyle, beliefs and society, which all contribute to the country’s heritage. We elaborately composed quality Thai country songs, with touching lyrics and symphonic melodies and those songs have become timelessly renowned, for instance Nak Rong Baan Nok, Rak Khon Tro Ma, Tong Mee Sak Wan, Palangnan Jon, Kor Jai thur Laek Ber Tro, etc.
- Radio station, Green Wave F.M. 106.5 , owned by A-Time Media Company Limite, is a radio station which is the first and only station in Thailand focuses on environmental conscience. Green Wave also plays music which appeals to every generation and enjoys the longest popularity, focusing on reporting social and environmental information. It also campaigns for a healthy and green Earth. Green Wave organizes these activities by inviting listeners to do good deeds together, helping, and giving back to the community, like donating blood giving, unneeded items to be reused, providing public relations campaigns to raise funds for the sick, poor, and unfortunate and taking care of the environment as well.
- To Be Number 1 Project (as detailed in “The Anti-drug project”).
- Programs on digital TV channels. Apart from dramas, variety shows, sitcoms, and game shows, they also offer news and documentaries which accounted not less than 25%.

## 6. Environment Conservation

Considering the importance of environment protection, especially energy conservation (which will be discussed under Innovations and the Dissemination of Innovations in Corporate Social Responsibility Operations), the campaign and creation of awareness among employees in energy conservation and the wise and efficient use of resources and energy has been applied. The Board also creates useful activities for environment protection and supports the use of resources, environment and energy on a continued basis, where all employees are duty-bound to prevent the property under their care from degradation, loss or damage, as well as efficient use of other resources of the Company and the country. The Company has prepared guidelines for management and campaigns in various forms, with emphasis on the use of energy as necessary to reduce the waste of resources.

In 2017, the Company arranged the training for the employees on the use of air conditioning system of the building. The office air conditioning system has been improved with the installation of automatic temperature control cabinet and Sensor detector of temperature in AHU room to control the temperature to meet the standard of all floors for the whole building causing the temperature in the work area to be stable and the air compressors does not function hard at the same time (compressor rotary in functioning) to reduce energy and save energy costs by approximately 10%. This can support the conservation and the use of natural resources, the environment, and the reduction of energy. It is also the care on the employee’s health both directly and indirectly.

## 7. Community and Social Development

During the past years, the Group had important roles on social responsibility and environment, with key persons in various areas taking part in activities as operators, organizers or supporters, aiming to enable communities to be self dependent, help each other, have good quality of life and live together with happiness continuously. In 2017, the Group’s major projects on community and social responsibility were as follows:



## Ceremony in paying homage and express condolences over the passing of the late King Bhumibol Adulyadej

With the recognition on the divine grace of His Majesty King Bhumibol Adulyadej, the executives, artists, and employees of GMM Grammy Public Company Limited and the subsidiaries attended the ceremony and activities to express the loyalty and condolences to His Majesty King Bhumibol Adulyadej as follows.



GMM Grammy Public Company Limited, The One Enterprise Co., Ltd., and GMM Media Public Company Limited co-hosted in making merits on the funeral of His Majesty King Bhumibol Adulyadej at Dusit Maha Prasat Throne Hall.



The executives and Grammy artists attended the voluntary project in “making the funeral flowers by hand and graciously giving to the King by heart” by granting the opportunities for general people to become volunteer in making the funeral artificial flowers from the corn’s husk to express the condolences and the gratitude in the King’s royal divine to be used in the royal cremation ceremony of His Majesty King Bhumibol Adulyadej. The 9,999 funeral artificial flowers would be delivered to 44<sup>th</sup> Ranger Forces, Saiburi District, Pattani Province, in order to be submitted to the 3 Southern border provinces; Yala, Pattani, and Narathiw.





GMM Grammy Public Company Limited, One Channel 31, GMM channel 25, and the subsidiaries joined in arranging the ceremony to pay loyalty and condolences on the royal divine of His Majesty King Bhumibol Adulyadej on the occasion of 1 year of the King's death.



Ice-Saranyu Winaipanich, Punch-Worakan Rotjanawat, Amp-Phurikunkrit Chusaksakulwiboon, Toon-Natthapasorn Chansong, and Wut-Worawut Khleuanwong, representative of Parata band were the Grammy artists being the volunteer in making the funeral artificial flowers to be used in the royal cremation ceremony of His Majesty King Bhumibol Adulyadej at Sports Building 1, Thai-Japan Bangkok Youth Center held by Bangkok.





Grammy artists such as Bird-Thongchai McIntyre, Phalaphon-Thatchaphon Phonkongseng, Mike Phiromphorn-Phornphirom Phinthapakang, Tai-Orathai Dabkam, Paowalee-Phornphimon Feuangfung, Dew-Arunphong Chaiwinit attended the ceremony to give the funeral artificial flowers to be used in the royal cremation ceremony of His Majesty King Bhumibol Adulyadej at the place for the ceremony of giving the funeral artificial flowers to pay condolences and gratitude to the great divine of His Majesty King Bhumibol Adulyadej.



Dome-Jaruwat Chiewaram and Tao-Phusin Warinrak, Grammy artists, participated in singing the special song in the event “million hearts given to the Father” arranged by the National Broadcasting Services of Thailand to commemorate the endless divine and to pay loyalty to His Majesty King Bhumibol Adulyadej.



Bie-Sukrit Wisetkhaeo, Nuna-Neungthida Sophon, Namcha-Cheeranat Usanon, Name-Prakan Raiwa, and Pinta-Natthanit Rattanaserikiart, Grammy artists, participated in the charity concert “In the evening... with the Father’s songs” in order to commemorate the endless divine and to recall the musical genius of His Majesty King Bhumibol Adulyadej through the songs composed by him.



Dew – Arunphong Chaiwinit and Amp-Phurikunkrit Chusaksakulwiboon, Grammy artists, participated in singing the honorable songs in the Thai-international musical show “the songs of the King who stay in people’s heart” in the occasion of exhibition on the royal cremation ceremony of His Majesty King Bhumibol Adulyadej.

# ทำตามรอยบาทองค์พระราชา



GMM Grammy Public Company Limited, One Channel 31, GMM channel 25 adjust the contents proposed to the music business group and the contents in various programs broadcasted via One Channel 31 and GMM channel 25 throughout October in the occasion of exhibition on the royal cremation ceremony of His Majesty King Bhumibol Adulyadej scheduled to be held in October to pay gratitude to the endless divine of His Majesty King Bhumibol Adulyadej such as download the calling melody for free “Father’s songs”, special music stickers for free “Songs to commemorate the King Father”, special program “Honoring the Musical King”, special series “We were born in the reign of King Rama 9 the Series”, program 25 activities to make merit following the King and Project Nine, etc.





## Project to honor Her Majesty Queen Sirikit in His Majesty King Bhumibol Adulyadej



Grammy artists, Getsunova and S.D.F, joined in being volunteers to clean the road and cut the branches in Soi Suan Ngeon together with the officials of National Council on Social Welfare of Thailand, officials of Ratchathewi District Office, and people in Soi Suan Ngeon community including the volunteers of excellent children and youth of National Council on Social Welfare of Thailand. After finished cleaning Soi Suan Ngeon, the lunch is prepared for free following the project of royal kindness given to the project participants after finishing the voluntary activities to honor His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun and Her Majesty Queen Sirikit in His Majesty King Bhumibol Adulyadej at National Council on Social Welfare of Thailand.



Grammy artists, Phi Saderd-Phiraphat Sawasmoon, Earn-Surattikan Phakcharoen, and Tao-Phusin Warinrak brought the jasmine products to be sold at the Government's House as well as inviting Thai people to buy the jasmine products on Mother's Day of 2017. The income gained from the sale would partly be given to Her Majesty Queen Sirikit in His Majesty King Bhumibol Adulyadej contributed to a charity fund and partly contributed to the community aid fund for helping the suffering persons and being the scholarship for the poor children around the country.

## Project to honor His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun

Ice-Saranyu Winaipanich, Is-Issaraphong Dokyor, and Tri-Chainarong Yotha, Grammy artists, attended "Light of mercy for the whole Thai people to walk, run, and bike to prevent being paralyzed, 3<sup>rd</sup> time to honor" arranged by Siriraj Hospital in cooperation with Thaikom Foundation to honor His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun.



## To Be Number One Project



The Company participated in “To Be Number One” Project in the anti-drug campaign project initiated by Princess UbolRatana Rajakanya and organized by Mental Health Department, Ministry of Public Health, by sending artists to join the concert shows with members of To Be Number One club.

## Project to honor HRH Princess Maha Chakri Sirindhorn



Grammy artist, Lukwa – Pijika Jittaputta, joined in recording the special program “Transfer what the Father did and do what the Father taught” arranged by Sai Jai Thai Foundation Under Royal Patronage in the occasion of the birthday of HRH Princess Maha Chakri Sirindhorn, the President of Sai Jai Thai Foundation Under Royal Patronage.

Bird-Thongchai McIntyre, Tu-Nanthida Kaewbuasai, Dew-Arunphong Chaiwinit, Grand-Kornphassorn Duaysiankiao, Kung-Worakorn Sinrisorn, and Jida-Jidapha Siribanchawan, Grammy artists, joined in being the leaders in the campaign to find money contributed to construct the building to honor the 60<sup>th</sup> birthday anniversary of HRH Princess Maha Chakri Sirindhorn and contributed to the fund of Her Majesty Queen Sirikit in His Majesty King Bhumibol Adulyadej to help the poor psychiatric patients as well as buying the medical devices arranged by Somdet Chaopraya Institute of Psychiatry.





## Blood Donation Project



The Company has regularly held a ‘blood donation’ activity with Thai Red Cross Society to offer a chance to the Company’s executives, employees, artists, organizations and nearby communities and interested persons, to join this great giving activity every 3 months since 2005. In 2017, total number of blood donors was 595 units.

## Project to raise the awareness in not infringing the intellectual properties



GMM Grammy Public Company Limited has the policy to promote and support the use of legal products seriously all the time by cooperating with public and private sector related to the protection of intellectual properties to conduct the project in intellectual properties “cheap price, satisfactory, and legal” to raise the awareness in the intellectual properties to people under the slogan “not buying, not selling, not using the fake products” to stimulate people to be aware of the products on the intellectual properties which can reduce the problem of piracy in the long term.

## Anti-Drugs and Addictive Substances Project

Today, the spread of illegal drugs is becoming a national problem or even a global. The situation is getting more serious as time goes by and results in additional problems as knock-on effects. For example, crime, theft, and family problems - all of which impact economic and social stability. To solve these problems, cooperation from every party of society is required. It must be done systematically and continuously to fight against these issues and revitalize the affected groups.

Through the past years, the Group had followed and realized the key issues of surrounding illegal drugs. Therefore, they came into the role of campaigning; and supporting activities against illegal drugs of all kinds, by having the artists to be idols or role model for society - especially for at-risk youth and pooling energizing people to help address the issues. The “Just Say No Project” or “To be No. 1” Project are good examples to create a tide of opinion against illegal drugs, to imply to people that the expression of your potential in the correct way brings positive things in your life. Let them know that they can be number one without being dependent on illegal drugs. The project also consists of rehabilitation procedure “Whoever is addicted to drugs, raise your hand.” with aim to return better person to the society.

## Just Say No Project



Phut-Phutthichai Kasetsin, Kacha-Nonthanan Anchuleepradit, and Singto-Pratya Reaungrote, Grammy artists, joined in the campaign of Just Say No project (for the drugs, Just say No) by wearing the “Just Say No” Just Say No shirts with the project symbol as the Just Say No artists to make Thai people know how to deny, not buying, not selling, and not trying the drugs on the Anti-drug day.

From the operational commitment on promoting the activities against all types of drugs that the Company group have received the awards from various organizations (the details are as shown in “the obtained award in 2017”).

## Projects for Child and Youth

GMM Grammy Co., Ltd. supports the development of child and youth, who are the national power, to have good thoughts and attitudes toward themselves, people around them, and public, e.g. Gift for You project on National Children’s Day, food and support for disadvantaged children, and activities on National Youth’s Day etc

Phalaphon-Thatchaphon Phonkongseng, Ploychompo-Yannin Pharawi Waikel, Paowalee-Phornphimon Feuangfung, Atom-Chanakan Rattanaudom, Nat Sakdathorn, PK-Piyawat Kempetch, Mike Phiromphom-Phornphirom Phinthapakang, Tai-Orathai Dabkam, Bigass, and Cocktail, Grammy artists, gave the personal things to be auctioned for gaining the income to help those who suffer social problems in the activity “Singha volunteer to help developing the society” under the project of “people help to develop the society” arranged by Department of Children and Youth and the agencies under the Ministry of Social Development and Human Security.



Greenwave 106.5 FM.’s Oxygen Running was the cooperative activity with Burabha Foundation. It’s one of the activities under “25 activities in pursuit of His Majesty’s footsteps” of Greenwave 106.5 FM. and GMM 25 gathering for charity marathon with all proceeds goes to Oxygen Bank Setup for National Child’s Health Institution under Her Majesty Queen Sirikit’s Royal Patronage.





The activities on 12<sup>th</sup> August, 2017, the group of Grammy Gold artists joined in making merit in the activities “make merit to find milk for feeding children” led by Pai Phongsathorn, Earn Surattikan, Paowalee Phornphimon at Phaya Thai Welfare Center to collect milk whether powder milk, yoghurt milk, UHT milk from the artists, fans, employees of GMM to donate milk in this time. Moreover, there was also the executive “Phi Chod Khun Saithip Montrikul Na Ayutthaya, CEO in business of GMM Media to contribute money in this activity for 20,000 baht.



The activities of Channel One led the teachers, students, media of domestic-foreign to observe the broadcasting of Channel One 31 : Variety, Game Show, News having the executives, MC, news reporters to give the welcome at GMM Studio.

GMM CJ O Shopping Co., Ltd. brought the volunteers who were the employees in the organization to join in building 1 house for the poor in the project of Habitat for Humanity in Pathum Thani.



GMM CJ O Shopping Co., Ltd. promoted and supported the taekwondo players from Ban Pang Daeng school in the project of ‘Make the dream come true in moving towards to become Thai national team” to attend the taekwondo competition, the 5<sup>th</sup> Kukkiwon Cup Thai-Korean Choi Young Seok Taekwondo championship 2017.





GMM CJO Shopping Co., Ltd. brought 6 taekwondo players from Ban Pang Daeng school to visit and view the taekwondo competition in Sea Games competition in Kuala Lumpur, Malaysia.



Faculty of Management Science, Chandrakasem Rajabhat University, arranged the activities to supervise graduate students having Dr. Puwanat Kunaphalin, Director of news of GMM25 Channel, as the special guest speaker to give lecture on the topic "Have fun with your life and enjoy working" to answer the students' questions and concerns about their daily work experience. The MC was Professor Chanin Phumbandit, Lecturer in International Business, Chandrakasem Rajabhat University. The event was held on Wednesday 27<sup>th</sup> April, 2017, at 08.00-12.00 AM at Indoor Stadium, Chandrakasem Rajabhat University. More details can be observed on [www.msci.chandra.ac.th](http://www.msci.chandra.ac.th).



The actors, celebrities and business people joined in the seminar honored by Phi Chod Khun Saithip Montrikul Na Audhaya, CEO in business of GMM Channel Digital TV and Dr. Aun - Puwanat Kunaphalin, Director of news of GMM25 Channel, to give the lecture in "Let's Go! Thai Entertainment Industry - Thai Entertainment goes beyond what it is" following the integration program in media and strategies of products and services of Dhurakij Pundit University; Man-Garin Satayu, Nanny - Phattharanan Deerasami, Air-Phanthila Fooklin, DJ Dada Varinda Damrongphon, etc. at the meeting room of Dr. Sawai Sutthiphitak, Dhurakij Pundit University.



Dr. Puwanat Kunaphalin, Director of news of GMM25 Channel, was the special speaker to join in the discussion in the topic of Language for Communication for Communication Arts Students in the "Communication in University" activities organized by the Faculty of Communication Arts. Phranakhon Rajabhat University in collaboration with GMM 25 to prepare students to study at the conference hall, Chulermphrakiat Building, Phranakhon Rajabhat University.



Prof. Dr. Linda Kenma, Rector of Ban Somdet Chaopraya Rajabhat University, held the seminar on “Tune in to Teenage Life in the TV Digital era” by Special Guest Speaker, Dr. Puwanat Kunaphalin, Director of news of GMM25 Channel, to answer the questions and solve the problems at the parents' meeting in the academic year of 2016. The event was closed by Associate Professor Dr. Chanwipha Diloksamphan, Deputy Rector, to give advice on the welfares, privileges and the regulations of the university along with viewing the musical show of the students on Monday 13<sup>th</sup> June, 2017, at 08.00-12.30 AM at the Auditorium of Building 1, 4<sup>th</sup> Floor, Ban Somdet Chaopraya Rajabhat University.



3 MC entertainers of MENT& MOUTH program “Pae Wissawa, Pooky Paweenuch, and Palm Supachai” welcomed teachers and students of Triam Udom School to visit, study, and watch live filming “MENT & MOUTH” on the GMM25 Channel, the entertainment news that catches every COMMENT for MOUTH with professional advice from the professionals who share their knowledge and experience in mass media at the studio, 11<sup>th</sup> Floor, GMM Grammy Place (Asoke).

### The projects for traditional and cultural support and practice of good Buddhism



GMM Grammy Public Company Limited organized the activity “GMM Songkran Joyful Retreats 2017” to transfer the unique culture and celebrate the traditional Thai New Year following the concept of government this year “Thai Songkran Festival to use water valuably and safety for all”.



The Group support and encourage continuing traditional cultural and good practice of Buddhism (Receiving awards for supporting the Religious Art and Culture shown as “Awards in 2017”), for example

- “Merit Making Ceremony giving alms to 9 temples” for employees and managers to make merit together by giving alms to monks to create auspiciousness and luck on New Year's Day and is to be held annually.
- Organizing an event “GMM Songkran Rejoice!” annually to have the employees preserve and continue the tradition of “Rod Nam Dam Hua” to enable employees’ chance to meet and be blessed by senior management.
- Organizing the meditation class for employees to practice
- Organizing an event allowed the employees to listen to sermon and practice meditation along with pray for His Majesty The King by Phra khu Palad Mongkolwat
- Organizing Wai Kru Ceremony (Teacher Appreciation Day) every year. The company invited executives, employees, and artists wearing white clothes for attending Wai Kru Ceremony. This ceremony is considered as maintaining Thai cultural heritage, also shows respect and gratitude to the teachers which is a distinctive tradition worth preserving.
- The activities “Siriporn Ampaipong” made merit by hosting the monk ordination of 100 monks dedicated to King Rama IX. Every monk had spread to stay in 3 prepared temples; Wat Phra Samakom, Don Kloy Sub-district, Phibunrak District, Wat Phra Thaen, Ban Daeng Sub-district, Phibunrak District, and Wat Sumsao, Udon Thani.

Phalaphon-Thatchaphon Phonkongseng, Lukwa-Pijika Jittaputta, Num Kala-Naphasin Saengsuwan, and Pek-Palitchoke Ayanabut, Grammy artists, attended “Thai Festival 2017” organized by the Royal Thai Embassy in Tokyo, Japan, to celebrate the 130<sup>th</sup> anniversary of Thai-Japanese diplomatic relations and the promotion of good image of Thai people among Japanese and foreign tourists.





Phalaphon-Thatchaphon Phonkongseng, Nad-Panadda Reaungwut, and Lukwa-Pijika Jittaputta, Grammy artists, were honored to be Thai representatives in disseminating Thai culture through special songs in the event “An Evening at the Pavilion Lawn” organized by the Royal Thai Embassy in Singapore.



Mr. Frank Li, Consultant of Department of International Organizations, Ministry of Foreign Affairs of Taiwan, Taipei Economic and Cultural Office Thailand and the delegates from Taiwan visited GMM Grammy Public Company Limited in the Cultural Exchange Program organized by Taiwan Ministry of Foreign Affairs.



Phalaphon-Thatchaphon Phonkongseng and Bell-Suphon Phuasirirak, were honored to attend the event “Thai Festival 2017” organized by the Royal Thai Embassy in Hanoi to publicize Thailand in all respects especially in tourism, Thai culture, food, and Thai fruits as well as strengthening Thai community in Hanoi and the North at Thong Nhat Park, Hanoi.

## Projects in promoting good quality of life in society

Projects in promoting good quality of life in society were the cooperation of GMM Grammy Co., Ltd., government sectors, and other sectors in supporting society with many advantageous activities beneath projects in promoting good quality of life in society In the year 2017, GRAMMY has supported many social programs such as Because We Care activities for assaulted children and women, public relief civil state project to help and encourage the flood victims, World AIDS Day Campaign, Mahidol Flagship Project of Siriraj Foundation on Mahidol Day to support the fund for people with disabilities, relief projects under the Thai Red Cross Society such as World Blood Donation Day, charity walk, etc.



Phalaphon-Thatchaphon Phonkongseng, Paowalee-Phornphimon Feuangfung, Panadda Reaungwut, and Eak -Thanachote Kusumornsanan, Grammy artists, attended the concert S2S : Light of Love, the first disabled concert held for the first time in Thailand by Ministry of Social Development and Human Security, Thailand Association of the Blind, and TAB Music Academy for the S2S artists to present the potential and competence in music to the society.

Kung - Worakorn Sinrisorn, Grammy artist, visited General Prayut ChanOcha, the Prime Minister, to invite for the blood donation reserved to be used in the long holidays in the project “this summer we can make merit for the Father to further what the Father did by blood donation” at the Government’s House.



Phi Saderd-Phiraphat Sawasmoon and Kacha-Nonthanan Anchuleepradit, Grammy artists, invited people to buy poppy in the occasion of Veteran Day to gain money for funding the veteran families under the royal patronage.



DJ Aoy-Naphaphorn Triwitwareekul, DJ Aun-Puwanat Kunaphalin, and Phut-Phutthichai Kasetsin had been selected as the presenters for the donation campaign of “Ananda Mahidol badge” of 2017 to receive the donation contributed for Ananda Mahidol Foundation, Thai Red Cross Orphanage, and to help poor monk-poor patients, King Chulalongkorn Memorial Hospital.



Faculty of Medicine, Prince of Songkla University, Faculty of Medicine, Chiang Mai University, Faculty of Medicine, Khon Kaen University and Thai Health Promotion Foundation together with GMM Grammy Public Company Limited launched “3 gether: Run & Ride for Life” for charity and help poor patients.



Matang-Radabdao Sirawong, Grammy artist, and March-Juthavut Phattharakamphol, actor for GDH 599, were selected by the Office of the Narcotics Control Board and Ministry of Justice to be the presenters on the anti-drug world of 2017.



Tao – Phusin Warinrak and Pin-Pornchanok Liankattawa, Grammy artists, attended the campaign “World Blood Donor Day 2017” to invite people especially teenagers and modern people to donate blood for the poor patients with the need of blood in the treatment and support in the blood services of Thai Red Cross in the occasion of World Blood Donor Day.



Tao-Phusin Warinrak, Jenny-Ratiphan Phanphinit, and Singto-Pratya Reaungrote, Grammy artists, were selected to be the presenters on Anti-alcohol Day of 2017 organized by Anti-alcohol Network Organization, Ministry of Public Health.



Phut-Phutthichai Kasetsin and Matang-Radabdao Sirawong, Grammy artists, were selected by the National Council on Social Welfare of Thailand in selling the jasmines on the Mother Day of 2017.



Phalaphon – Thatchaphon Phonkongseng was honored as Grammy representative to attend the event of Thai people living in New York City, a charity event, to raise funds to be donated to the disabled children in Thailand.



Tum-Warawut Phoyim, Dome-Jaruwat Chiewaram, Jina (MBO)-Natthacha De Susa, and Eiffel (MBO)-Krit Chen, Grammy artists, campaign for donation to find income to help poor patients in the “24<sup>th</sup> September Mahidol Day for underprivileged patients, Siriraj Hospital provides treatment for underprivileged patients at Siriraj Hospital”.



DJ Aom - Sunisa Sukbunsang and DJ Aoy - Naphaphorn Triwitwarekul were appointed to be the presenters in the “Because We Care” activity on Facebook fan page aims to help children and women who are victims of abuse and human trafficking,



Plengkwan - Nuttaya Thongsaen and Bright-Noraphat Vilaiphan, Grammy artist, sold the tickets for “The 17<sup>th</sup> Health Charity Walk” organized by the National Blood Center, Thai Red Cross Society, in cooperation with the Thai Red Cross Blood Donation and Support Committee to promote and support blood donors, government and private agencies to be involved in charitable activities and to earn money to fund the operations of the National Blood Center.



Grammy artists Takkataen-Chonlada Thongchunklang and Is-Issaraphong Dokyor were the presenters of World AIDS Day 2017 as the leaders on World AIDS Day AIDS Campaign of 2017 to give the red ribbon, the symbol of World AIDS Day, to General Prayut Chan-Ocha, the Prime Minister, at the Government House.



Project of 25 activities to make good deeds following the Father, “seeing with the ears and knowing with the kindness”. It is the project occurring from the cooperation of GMM 25 and Green Wave 106.5 FM having Phi Chod Khun Saithip Montrikul Na Ayutthaya and DJ Dr. Aun - Puwanat Kunaphalin, delivered 600 Club Friday audiobooks to give the interesting ideas and encouragement on the weak day to the blind with the Foundation for the Blind of Thailand. Miss Chonthip Yimyong, representative of the Blind Foundation, supervised the information service for the blind (1414Plus) and RFS received the audio books. All would be distributed to the National Library of the Blind via National Print Media.



“Drug for Life” Project is one of the activities of the “25 activities to make good deeds following the Father” of Green Wave in cooperation with the GMM channel 25 to invite people across the country to donate medicine (the non-expired drug which has not expired yet remaining for 6 months, the drug which was modified to treat but it is still in good condition) and can be used again to send to poor patients in Umphang Hospital, Tak Province.

“Eyes to the Heart” project, Project is one of the activities of the “25 activities to make good deeds following the Father” of Green Wave in cooperation with the GMM channel 25 to invite the volunteers to donate the unused sunglasses which are still in good condition to be forwarded to the cataract surgery by giving 2,000 sunglasses to the Plastic Surgery Unit, Thai Red Cross Society in Her Royal Highness Princess Maha Chakri Sirindhorn with DJ Aoy-Naphaphorn Triwitwareekul and DJ Por - Nanthachai Techasriwichien to receive.



## Project to help flood victims



GMM Grammy Public Company Limited, Channel One 31 and GMM 25 donated money to help the flood victims in the south. Bird-Thongchai McIntyre donated money in the event “Pracharat Help the flood victims in the south” organized by the government presided by General Prayut Chan-Ocha, the Prime Minister.



GMM Grammy Public Company Limited, Channel One 31 and GMM 25 donated money to the event “Pracharat under the royal patronage” to help flood victims in the north organized by the government presided by General Prayut Chan-Ocha, the Prime Minister.



Representatives of GMM Grammy Public Company Limited supported the flood victims in the south from the high floods in the South covering the wide area causing in people in the area to suffer from the flood. Grammy artists had volunteered in the area to help and encourage Southern flood victims. They provided survival kits that contained essential consumer necessities to be distributed to the flood victims in Phunphin District, Surat Thani Province.



Grammy artists joined with To Be Number One project to help and encourage the flood victims in the area of Chian Yai District, Nakhon Sri Thammarat province to visit and encourage the suffering villagers and distributed necessary supplies to the flood victims.

Grammy artists joined with To Be Number One project to help and encourage the flood victims in the area of Chian Yai District, Nakhon Sri Thammarat province to visit and encourage the suffering villagers and distributed necessary supplies to the flood victims.



Project of “Hundred Baht and Million mercy for the South” is one of the activities of the “25 activities to make good deeds following the Father” of Green Wave in cooperation with the GMM channel 25, and GMM Media to deliver rice, dried food, ordinary medicines and donated necessities with the total value of 2,734,695.48 baht to the 4<sup>th</sup> Army Division to be transferred to the Southern people of the Southern Provinces having Dr. Ornsuda Charoenrat, Assistant Secretary General of the Phra Dabos Project, the southern border, and Araya Pintadis, Director of Passenger Services, State Railway of Thailand, as the delegates in receiving.







Project “Doing of 2017: Connecting the Canals from Mahasawas to Ladmayom” is one of the activities of the “25 activities to make good deeds following the Father” of Green Wave in cooperation with the GMM channel 25, and GMM Media to apply His Majesty King Bhumibol Adulyadej’s Royal Initiative to continue the development and conservation of soil, water and environment. They have been working together to rehabilitate the canal and collect the weeds along the riverbank in the area of Mahasawas Canal, Ban Sala Din Community, Nakhon Pathom, and Ladmayom Canal, Bang Cheuknang Canal, Bang Phrom Canal, Ladmayom Canal floating market community, Bangkok.

Project of “Thai kindness for the flood victims nationwide” was the project that GMM 25, Green Wave 106.5 FM and GMM Media jointly donated money from the audience and the donors around the country to buy rice, dried food and necessities to be delivered to the Relief and Public Relief Office, Thai Red Cross Society to help and heal the flood victims throughout the country.

Project of the 25 activities to make good deeds following the Father “funeral artificial flowers made by heart” was the project that Green Wave 106.5 FM in cooperation with GMM 25 opened for volunteers to make 9,000 flowers to be given in Bangkok for being used in the royal cremation of His Majesty King Bhumibol Adulyadej to be accomplished with great success.



The activities “bringing mercy to the people in the northeast” organized by Grammy Gold were conducted to raise money sent to help the flood victims. The activity was the open-hat donation. From this activity led by Kru Sala Kunnwut, the donated money was gain in the amount of 112,132 baht including the cost of Grammy Gold for another 100,000 baht in total amount of 212,132 baht.

The activity of “Saen Naka” invited artists to organize the concert for “Rehabilitation and development to help Isan people” to raise money to help flood victims in northeastern province at Tawandaeng Brewery House by inviting friends and artists to join in the concert such as “Chaem Chaemram”. The total money was 146,582 baht. In this occasion, Grammy Gold took the money from music activities to contribute to this activity for 10,000 Baht.



The activity of “Tri Chainarong”, the new artist from Grammy Gold, traveled to give blankets to relieve cold winter for people and children with the money from the tips and to be given on the stage and donations from fans. After that, the money would be spent to buy blankets for the children for 1,000 pieces. The activities were arranged at Ban Thapki School, I-Pum Sub-district, Dansai District, Loei Province. The school was the representative to receive and transfer to 10 other villages and the students in 10 schools in Dansai District, Loei Province.



The Activity of “Pai Pongsathorn” organized for earning money to help the flood victims by arranging the charity football under the name “A Tribute to the Flood Victims” at All STARS FIGHTER CLUB to bring the items to the flood victims in Sawang Daendin and Wanornniwas District, Sakon Nakhon Province (on 2<sup>nd</sup> August) and 3<sup>rd</sup> August would be in Roi Et. On 4<sup>th</sup> August, it would be held in Yasothon (the birthplace of Pai Pongsathorn).





The activity “sending people to home in Songkran Festival”, Department of Land Transport together with Grammy Gold and Phi Saderd saw and recognized the campaign to help drivers using the road safely to reduce accidents and to promote the implantation of the love of homeland to people who come to work in Bangkok to return the hometown in the Songkran festival.



The activity of “Mike Phiromporn” opened the area at Ban Don Taeng, Naka Sub-district, Muang District, Udon Thani Province, to Mr. Watthana Putthachart, Governor of Udon Thani, in the organic harvest of organic rice in order to create the solidarity among people in the neighborhood and younger generations to know the traditional practices of their parents. Today, the spread of harvest become rare so that Mike would like to preserve these traditions for the children in the next generation.



The activity of “Mike Phiromporn” and “Earnkwan Waranya” came together to conduct the good activities at Friendship Foundation, Tiwanon Armhouse. They both prepared lunch in the happy atmosphere.



The activity of “people of same breed” opened the mini concert in the combination of Grammys Gold and TMG RECORD with 6 quality artists such as Chaem Chaemram to arrange the activities to raise money in helping the flood victims in early February organized at “Ruamsap Market” at the Grammy building, Asoke, and proceeded to donate money with the donation of 27,445.25 baht. All donated money would be sent to Grammy by coordinating the involved agencies to bring money to rehabilitate and heal the souls of the Southern flood victims.



Grammy Gold arranged the activity led by Paowalee Phornpimol, Khaothip Tidadin, Tao Phusin, and Tri Chainarong to bring 500 ready-to-eat rice boxes to the flood-affected homes in Pho Nang Dam Oak Sub-district. Many households could not leave their houses because they had no boats. There were the old and the sick people. The 4 artists went through high water level bringing food to the houses. This was one of the intentions of artists who wanted to relieve the suffering of the flood victims.



The activities of “Grammy Gold helps the Northeast people” this time was held by “Tai Orathai” with a sum of money together with the fans and Tai in doing this for helping the victims in 2 flooded villages (Ban Kui Pho and Ban Din Dam) Roi Et.



The project “Happy Day” which was conducted by the One Enterprise Co., Ltd. and GMM One TV Co., Ltd., on behalf of “Channel 31” saw the suffering and the problems of public safety whether from flood, coldness, and drought as the means of publicizing and gathering help from all channels and organizations to bring things and donations to relief, healing, mental rehabilitating, and repairing the buildings as well as helping the victims nationwide.

It is another good activity for the Father. DJ Aoy-Naphaphorn Triwitwareekul, Green Wave 106.5 FM and DJ Aun - Puwanat Kunaphalin, Director in news GMM News, Feuy – Phat Eaksaengkul, actor of GMM25 channel, in cooperation with Electricity Generating Authority of Thailand (EGAT) and the volunteered people of “good men for the Father” to continue the royal work of the Father to complete the Mangrove forest rehabilitation and learn mangrove forest innovation in the mangrove care of Eastern Region from the estuary of Bang Pakong Chachoengsao Province, to Kung Krabaen Bay and Welu River, Chanthaburi Province.







Khun Saithip Montrikul Na Audhaya, CEO in business of GMM Channel (GMM25) cooperated with Khun Arak Phornprapha, Vice President of A.P. Honda Co., Ltd. to arrange the press conference of GMM25 to generate the “helmet society” onwards “We do not accept the non-helmet riders” under the concept of “helmet office” to warn everyone in the society both the riders and the passengers to wear helmets everytime for the safety riding.

## Awards in 2017

- GMM Grammy Public Company Limited got the highest score, which is excellent or 5 stars, in Corporate Governance Report of Thai Listed Companies 2017, rating by Thai Institute of Directors (IOD).
- GMM Grammy Public Company Limited received the Best Music Sticker Award of GMM HIT SONGS FOR DAILY LIFE. The Music Sticker was collected from the popular songs of GMM GRAMMY to be used in communicating in various situations really occurring in daily lives from the event LINE STICKERS AWARDS 2017.
- GMM Grammy Public Company Limited received the Diamond Play Button award from YouTube as GMM GRAMMY OFFICIAL was the entertainment channel in YouTube with 10 million followers and was the first one in Southeast Asia.



## Artist award in 2017

- Khun Saithip Montrikul Na Audhaya, DJ Aoy-Naphaphorn Triwitwareekul, and Phalaphon-Thatchaphon Phonkongseng, were given “the 3<sup>rd</sup> class Thai Red Cross Society badge” as the person making benefits to Thai Red Cross Society from Queen Sirikit, the patron of Thai Red Cross Society. The Queen kindly allowed Her Royal Highness Princess Soamsavali to go on her behalf in giving the badge.
- Phalaphon-Thatchaphon Phonkongseng, Ploychompoo-Yannin Pharawi Waikel, DJ Dada-Warinda Damrongphon, and Num Kala-Naphasin Saengsuwan, Grammy artists, were awarded “best artists, actors, and media for the 8<sup>th</sup> non-smoking Thai society” by the network of professional health for non-smoking Thai society.
- Matang-Radabdao Sirawong, Grammy artist, and March March-Juthavut Phattharakamphol, actor for GDH 599, received the awards as the persons against drugs of 2017 from General Prayut Chan-Ocha, the Prime Minister.
- DJ Aoy-Naphaphorn Triwitwareekul, DJ Aun-Puwanat Kunaphalin, and Phut-Phutthichai Kasetsin had been selected as the presenters for the donation campaign of “Ananda Mahidol badge” of 2017 from HRH Princess Maha Chakri Sirindhorn went on her behalf.



- Phut-Phutthichai Kasetsin, Matang-Radabdao Sirawong, Is-Issaraphong Dokyor, and Tri-Chainarong Yotha, Grammy artists, were given the award “children with high gratitude to mothers in the occasion of Mother Day 2017” from Her Royal Highness Princess Soamsavali.



- Tao-Phusin Warinrak, Jenny The Star 12-Ratiphan Phanphinit and Singto-Pratya Reaungrote, Grammy artists, were given the awards as the presenters of non-alcohol Day from Her Royal Highness Princess Soamsavali.



- Tao-Phusin Warinrak, Grammy artists, was awarded “Petch Nai Pleng” as on Thai Language Day B.E.2560 organized by Office of Literature and History, Fine Art Department.



- Ko Kai-Jumphon Thongtan, Grammy artist, was awarded as the person making benefits to children and youth in culture of 2017 from Department of Children and Youth, Ministry of Social Development and Human Security.



- DJ Aom-Sunisa Sukbunsang and DJ Aoy-Naphaphorn Triwitwareekul were awarded from Police Colonel Adun Saengsinkaeo, Minister of Social Development and Human Security, as the presenter in the “Because We Care” activity on Facebook fan page aims to help children and women who are victims of abuse and human trafficking.



- Takkataen-Chonlada Thongchunklang and Is-Issaraphong Dokyor, Grammy artists, were awarded the badge as the leader of the World AIDS Day 2017 from Her Royal Highness Princess Soamsavali.



- Ms. Saithip Montrikul Na Audhaya, Chief Executive Officer GMM Channel Digital TV, GMM Channel Co., Ltd. (GMM25 Channel) won Women’s Award on Mass Media on television category from the selection by Department of Labour Protection and Welfare, Department of Labour Protection and Welfare, Ministry of Labour on International Women’s Day 2017.



- Phi Chod Saithip Montrikul Na Audhaya, CEO in business of GMM Channel Digital TV and GMM Channel Co., Ltd. (GMM25 channel) were awarded the badge as the person making benefits to Thai Red Cross Society from Thai Red Cross Society.



- DJ Dr. Aun-Puwanat Kunaphalin, represented Green Wave Radio 106.5 FM to receive the Thailand Energy Awards 2017 for Excellence in Energy Conservation and Renewable Energy Media type (radio) from Air Chief Marshal Prachin Chantong, Deputy Prime Minister, organized by Department of Alternative Energy Development, Ministry of Energy, at the Ballroom, Queen Sirikit National Convention Center, which was the eighth time that Green Wave won the award. This is to emphasize the commitment in delivering good things back to society.





- In the 8<sup>th</sup> Annual Natarat of 2016, GMM25 won one award of “Club Friday the Series 8 True or False love”. It was the third consecutive year for the best series.



- The World No Tobacco Day campaign, “GMM25 Channel” received the award (Category 3, the organization that cooperated with the campaign to stop smoking the world in the year 2560) Toy - Pathomphong Reauchaidee, GMM25 actor received the award (Category 3, who cooperated in the campaign to stop the world's tobacco smoke year 2017)



- LINE TV AWARDS, “O-Negative” received the award “Top Most Viewed” for 2016 Success



- In Youtube Summit 2017, GMM25 was awarded “Gold Button” in Youtube Summit 2017 as Youtube Channel of GMM25Thailand has more than 1 subscribers (by YouTube Thailand granting the Gold Button award for YouTube Channel with more than 1 million viewers from 32 channels at the first YouTube Summit of Thailand. The Gold Button was the award given to the YouTube Channel with more than 1 million viewers. It was the success of creators on YouTube to be accepted on YouTube as the most viewed channel)



- “OK! Awards 2016” was given to “Toy – Pathomphong Reauchaidee”, actor of GMM25, was awarded Male Rising Star



- In “daradaily The Great Awards#6”, GMM25 received 2 awards for the series “Club Friday to be Continued, Good and bad friends” to be the best series of 2016.



- “Toy – Pathomphong Reauchaidee” from “Club Friday to be Continued Good and bad friends” was awarded the Male Rising Star of 2016



- In “Fever Awards#3” of 2016, the series “Club Friday to be Continued Good and bad friends” was awarded the fever series of 2016.



- In “MThai Top Talk-About 2017”, Rassameekae Fakeulon, actor of GMM25, was awarded the Top Talk About Memorable Character from “Club Friday to be Continued Good and bad friends.



## 8. Innovation and the Dissemination of Innovation through Corporate Social Responsibility

The Company cooperated with Geurt Fah Company Limited, the owner of GMM Grammy Place building, has joined a campaign on producing personnel for building energy conservation or Building Energy Awards of Thailand 2010 Project (BEAT 2010), aiming to instill awareness on energy conservation among the public, produce personnel on energy conservation as an important force for the country in the long run and encourage the general public to become aware of energy conservation from real examples of known buildings. As the detail of measures in the Company's annual registration statement (Form 56-1)

### Company has received awards from the projects as follows:

1. **ESCO Project Award 2012**, No. 1, under the energy service company promotion project for the success in energy conservation through the use of ESCO system of the Institute of Industrial Energy, the Federation of Thai Industries and the Department of Alternative Energy Development and Efficiency (DEDE), Ministry of Energy on January 17, 2012.
2. **The Ministry of Energy's BEAT Awards 2010** on innovation and creation of mass awareness on energy conservation on March 8, 2012.

### Dissemination of innovation

The Company has disseminated innovation on energy conservation to the mass of people by

1. Publication of works in the book, "Join Forces to Conserve Building Energy," published by Energy Policy and Planning Office, Ministry of Energy.
2. Publication of works in Eworld Magazine, Issue 2013-02 of February 2013, under the topic, "GMM Grammy uniting all green building sciences for sustainable energy saving".
3. Sending representatives to join hands with the Federation of Thai Industries in giving lectures on the topic, "Break Energy Crisis by ESCO Service," in various regions such as Bangkok, Pattaya, Nakhon Ratchasima, Rayong, Phetchaburi, etc.
4. Sending representatives to give lectures on energy conservation technology transfer to graduate students on energy conservation at Thammasat University.
5. Welcoming interested parties from various sectors, including universities and business, to visit the Company's Energy Conservation Project in GMM Grammy Place Building, such as Airports of Thailand Public Company Limited, CP All Public Company Limited, PTT Public Company Limited, Energy Policy and Planning Office, Ministry of Energy, King Mongkut's University of Technology Thonburi, Thammasat University, Tesco Lotus Company Limited, Siam Paragon Department Stores, Bangkok Metro Public Company Limited, etc.

The Group is committed to the implementation of various activities on a continue basis for sustainable development of Thai society throughout the time.

## Business Operations with Impacts on Social Responsibility

The Board of Directors adheres to business operations in accordance with the principle of ethics and guidelines on good corporate governance, with responsibility to community, society and environment and therefore has never breached laws related to social responsibility operations.

## Activities Beneficial to Society and Environment

The Group and its artists have carried out activities for society and environment; these include donations, charitable activities for society, anti-drug campaigns, support to the Thai Red Cross Society's activities, party organizing for children at welfare centers and support to brave soldiers, as given in the Company's website under "Corporate Social Responsibility."

## Additional Guidelines on the Prevention of Corruption Involvement

The Risk Management Committee has determined additional guidelines on the prevention of corruption involvement, with three measures as follows:

### Fraud risk assessment process

The Company has put in place a risk management system suitable to the Company's business nature, aiming to prevent and combat fraud and corruption by identifying incidents of high fraud and corruption risks that may arise from business operations, estimating possibility and impact determining proper measures to combat fraud and corruption, suitable to the assessed risks, methods to measure the success and resources utilized in risk mitigation and evaluating the performance under the established risk management plan.

### Supervision and control practices to prevent and monitor fraud risk

The Company has established supervision and control practices to prevent and monitor fraud and corruption risks, which can be summarized as follows:

1. Put in place the audit process, internal control and risk management systems covering key operating systems, such as, sales and marketing, purchasing, contract preparation, account recording, payment systems, etc., aiming to prevent and monitor fraud and corruption risk and provide suitable guidelines in solving problems.
2. Provide channels for receiving information, clues or complaints on breaches of laws or the Company's business ethics or guidelines on the prevention of corruption involvement or suspicious abuse in financial reports or internal control systems, with a policy to protect the providers of information or clues and treat the received information with confidentiality, including measures on investigation and punishment under the Company's discipline and/or related laws. In case the provider of information or clues or the complainant can be contacted, the Company will give a written reply on the Company's action for information.
3. The relevant department's head is responsible for monitoring the action, correcting the error (if any) and reporting to the authorized person.

### Guidelines on monitoring and evaluating compliance with the guidelines on the prevention of corruption involvement

The Company has determined guidelines on monitoring and evaluating compliance with the guidelines on the prevention of corruption involvement as follows:

1. Executives and employees are required to regularly appraise their own performance in compliance with the Good Corporate Governance and Business Ethics Manual of the Company, which contains policies on good corporate governance, business ethics, ethics on support to fraud and corruption counteracting, guidelines on the prevention of corruption involvement and employees' ethics and code of conduct.
2. Internal Audit Office is set up to oversee the internal control system, risk management and corporate governance, to provide recommendations continuously by conducting audit in accordance with the annual audit plan approved by the Audit Committee and report significant results with recommendations to the Audit Committee.
3. Risk Management and Internal Control Department is responsible for testing and evaluating fraud and corruption risk on a regular basis to ensure that anti-corruption measures are implemented effectively, including monitoring, reviewing and improving anti-corruption measures on a continued basis, with the assessment results being presented to the Risk Management Committee and reported to the Board of Directors regularly, on a timely basis.
4. In case of the facts from the investigation or complaints present the evidence with a reasonable cause to believe that there exists a transaction or abuse that may have a significant impact on the Company's financial position or operations, including an offense or breach of laws or the Company's business ethics or guidelines on the prevention of corruption involvement or suspicious abuse in financial reports or internal control system, the Audit Committee will report the findings to the Board of Directors for correction and improvement within a period of time deemed appropriate by the Audit Committee.

The Company has provided various channels for the communication of guidelines on the prevention of corruption involvement, such as the Group's intranet and the Company's website so that all executives and employees can acknowledge and follow.

## Details of the Head of Internal Audit, Company Secretary and Head of Compliance As of December 31, 2017

Mr. Wichai Santadanuwat (42 years)

Head of Internal Audit<sup>1</sup>

### Education Background

- Master of Business Administration (MBA), Bangkok University
- Bachelor of Accounting, Bangkok University

### Seminar Accomplishment

*The Thai Institute of Directors (IOD):*

- Family Business Governance (FBG) 9/2017
- Director Certification Program (DCP) 229/2016
- How to Develop a Risk Management Plan (HRP) 07/2015
- Anti-Corruption: The Practical Guide (ACPG) 2014
- Handling Conflict of Interest: What the Board Should do? (2008)

*The Institute of Certified Accountants and Auditors of Thailand (ICAAT):*

- Fundamental SAP R3 Auditing (2007)
- Risk Assessment for Better Audit Planning (2005)
- Introductory to Computer Assisted in Auditing (2005)

*Thai Listed Companies Association (TLCA):*

- Risk Management Conference (2009)

*Other Institutes:*

- IT Audit for Non IT Audit, NSTDA Academy (2012)
- Cyber Defense Initiative Conference (CDIC), ACIS Professional Center (2009)

### Number of Share Holding (%) as of 31/12/2017

-None-

### Experience

#### Listed Companies

Sep 2014 - Present	Internal Audit Senior Director/ Secretary of the Audit Committee GMM Grammy Plc.
Jan 2007 - Aug 2014	Internal Audit Director/Secretary of the Audit Committee GMM Grammy Plc.
Jan 2005 - Dec 2006	Internal Audit Department Manager GMM Grammy Plc.
Jan 2004 - Dec 2004	Internal Audit Division Manager GMM Grammy Plc.
May 2001 - Dec 2003	Internal Audit Supervisor GMM Grammy Plc.
Mar 1997 - Apr 2001	Internal Audit Staff Charoen Pokkaphan Food Plc.
Jun 1996 - Mar 1997	Internal Audit Staff Bara winsor Co., Ltd

## Mrs. Somsuda Ruampumsuk (45 years)

Corporate Secretary and Head of Compliance <sup>/2</sup>

### Education Background

- Bachelor of Engineering Computer Engineering  
King Mongkut's Institute of Technology Ladkrabang

### Seminar Accomplishment

*The Thai Institute of Directors (IOD):*

- Company Secretary Program (CSP) Class 71/2016
- Board Reporting Program (BRP) Class 19/2016
- Company Reporting Program (CRP) Class 16/2016
- Effective Minute Taking (EMT) Class 36/2016

*TLCA Executive Development Program (TLCA):*

- Fundamentals for Corporate Secretaries
- Advances for Corporate Secretaries

*The Securities and Exchange Commission (SEC)*

- Smart Disclosure Program (SDP)
- SCP Straight Through
- CSR for Corporate Sustainability:P01 Class 8
- Criminal Liabilities of Representatives of Juristic Person Act Seminar (May 18, 2017)
- New set portal system Seminar (May 23, 2017)
- Guidelines for the use of the Securities Change Management System for Directors, Executives and Auditors (Form 59-2) Seminar (July 11, 2017)
- New CG Code Seminar (July 31, 2017)
- New Issuer Portal Training Course (Nov 10, 2017)

*Thai Investor Association*

- AGM Assessment Project (Dec 8, 2017)

### Number of Share Holding (%) as of 31/12/2017

-None-

### Experience

#### Listed Companies

10 Aug 2016 - Present	Secretary of the Corporate Governance and Ethics Committee GMM Grammy Plc.
1 Jan 2016 - Present	Director, Office of Corporate Secretary GMM Grammy Plc.
13 May 2015 - Present	Corporate Secretary GMM Grammy Plc.
13 May 2015 - 31 Dec 2015	Manager, Office of Corporate Secretary GMM Grammy Plc.
Mar 2013 - May 2015	Co-ordinator Manager GMM Grammy Plc.
Jun 2012 - Aug 2013	Procurement Director TT&T Plc.
2009 - 2012	Acting Regulatory Affair Director TT&T Plc.
2005 - 2009	Concession Management Manager TT&T Plc.
1994 - 2005	Engineer TT&T Plc.

#### Other Companies

21 July 2015 - Present	Company Secretary The One Enterprise Co., Ltd.
------------------------	---



**Remarks:**

- /1 Duties and Responsibilities according to the Audit Committee's Charter regarding Head of Internal Audit
  - 1) Supervising the Internal Audit Department policies and operations, by evaluating the Internal Audit Charter, the independence of its audits, the scope of work and audit schedules.
  - 2) Evaluating, appointing, transferring, and terminating the Head of Internal Audit Department, as well as assessing the performance and approving compensation for the Internal Audit Department in accordance with evaluation performed by the Head of Internal Audit Department and top executives of the Company.
  - 3) Reviewing the recommendations conducted by the external auditor and the Internal Audit Department, as well as monitoring the management team to ensure that recommendations have been sufficiently followed and effective action has been taken within an appropriate timeframe.
- /2 Duties and Responsibilities of the Company Secretary (and acting as Head of Compliance)
  - 1) Being a Secretary to the Board of Directors by coordinating with all parties in organizing Board of Directors Meetings and Shareholders Meetings so that they adhere to principles of Good Corporate Governance and related regulations, the Company's Articles of Associations and best practices, and related laws such as the Securities and Exchange Act and the Public Limited Company Act B.E. 2535.
  - 2) Being responsible for disclosing the Company's information in line with SET's and SEC's regulations, and other regulatory bodies.
  - 3) Providing basic advice to the Board of Directors and Management who have to follow the Company's Articles of Association, rules of SEC and SET, and any new regulations that may be relevant to the Company.
  - 4) Preparing and storing important documents such as the registration of the Company's directors, the invitation letter and minutes of the Board of Directors Meeting, the invitation letter and minutes of the Shareholders Meeting, the Annual Report, shares holding report of directors and management team, and reports of conflicts of interest filed by directors and the management.
  - 5) Supervising various activities and events performed by the Board of Directors to ensure the efficiency and effectiveness of their works, and the greatest benefits to the Company.
  - 6) Coordinating with related parties to ensure that the resolutions from the Board of Directors Meetings and the Shareholders Meetings are carried out.
  - 7) Executing additional duties as assigned by the Board of Directors.

## General and Other Information

### General Information

Company Name	:	GMM Grammy Public Company Limited (“The Company”)
Head Office	:	50 GMM Grammy Place, Sukhumvit 21 Road (Asoke), Klongtoeinuea, Wattana, Bangkok 10110
Business	:	Entertainment and media
Company Registration	:	PCL. 0107537000955
Telephone	:	(66) 2669 9000
Facsimile	:	(66) 2669 9009
Company Homepage	:	<a href="http://www.gmmgrammy.com">www.gmmgrammy.com</a>
Authorized capital	:	819,949,729 baht consisting of 819,949,729 common shares with a par value of 1 baht each (as December 31 2017)
Authorized & Paid-up capital	:	819,949,729 baht consisting of 819,949,729 common shares with a par value of 1 baht each (as December 31 2017)

## Companies in which GMM Grammy holds more than 10% of their shares

### GMM GRAMMY PUBLIC COMPANY LIMITED, AND ITS SUBSIDIARIES

Company	Business Type	Issued Shares	
		Type	Number
Parent company			
GMM Grammy Plc.	Fully-integrate entertainment businesses, including music business, media business, satellite television business, digital TV business and other entertainment businesses	Common Shares	819,949,729
Subsidiaries			
1. GMM Music Publishing International Co., Ltd.	Management of music copyrights	Common Shares	50,000
2. Fan TV Co., Ltd.	Production of satellite television programmes	Common Shares	2,000,000
3. GDH 559 Co., Ltd.	Production of films and television programmes	Common Shares	1,500,000
4. GMM Tai Hub Co., Ltd.	Production of films and television programmes	Common Shares	420,000
5. GR Vocal Studio Co., Ltd.	Vocal and music schools	Common Shares	50,000
6. GMM Holding Co., Ltd.	Holding company	Common Shares	2,500,000
7. Exact Co., Ltd.	Production of television programmes	Common Shares	600,000
8. Deetalk Co., Ltd.	Production of television programmes	Common Shares	10,000
9. GMM Z Co., Ltd.	Satellite television platform provider	Common Shares	6,400,000
10.Z Trading Co., Ltd.	Production and distribution of satellite television and digital TV receivers	Common Shares	59,350,000
11.GMM CJ O Shopping Co., Ltd.	Wholesale and retail by using advertising media and phone orders service and receiving phone orders	Common Shares	5,400,000
12.GMM Fitness Club Co., Ltd.	Wholesale and retail	Common Shares	4,000,000
13.Digistream Co., Ltd.	Providing music in streaming	Common Shares	10,000
14.MGA Co., Ltd.	Currently non-active	Common Shares	1,200,000
15.More Music Co., Ltd.	Currently non-active	Common Shares	160,000
16.GMM Digital Domain Co., Ltd.	Currently non-active	Common Shares	500,000
17.Digital Arms Co., Ltd.	Currently non-active	Common Shares	7,000,000
18.Digital Gen Co., Ltd.	Currently non-active	Common Shares	50,000
19.Global Music and Media (China) Limited	Currently non-active	Common Shares	1,507,500
20.Extraorganizer Co., Ltd.	Currently non-active	Common Shares	10,000
21.GDC Co., Ltd.	Currently non-active	Common Shares	500,000

22. Grammy Publishing House Co., Ltd.	Currently non-active	Common Shares	1,650,000
23. GMM Studio Co., Ltd.	Currently non-active	Common Shares	500,000
24. Magic Film Co., Ltd.	Currently non-active	Common Shares	22,000
25. G S-one Co., Ltd.	Currently non-active	Common Shares	1,150,000
26. Mifah Co., Ltd.	Currently non-active	Common Shares	450,000
27. Teen Talk Co., Ltd.	Currently non-active	Common Shares	400,000
<b>Associated companies</b>			
1. Scenario Co., Ltd.	Production of television programmes and plays	Common Shares	14,000,000
2. Nadao Bangkok Co., Ltd.	Films production and talent agency services	Common Shares	20,000
3. Sawasdee Thaweesuk Co., Ltd.	Design and post production of advertising media and films and public relations for films	Common Shares	50,000
4. Siengdee Thaweesuk Co., Ltd.	Provider of recording movie sound and movie advertisement, produce sound and music for movie	Common Shares	500,000
5. Ngandee Thaweesuk Co., Ltd.	Public relations and organizer	Common Shares	100,000
6. Good Things Happen Co., Ltd.	Provide advertising media, public relations consulting, and organizer	Common Shares	50,000
7. Family Know-How Co., Ltd.	Production of television programmes and publishing media	Common Shares	2,500,000
8. Lucks (666) Satellite Co., Ltd.	Currently non-active	Common Shares	200,000
<b>Joint Ventures</b>			
1. GMM One TV Co., Ltd.	Production of television programmes and digital on-air	Common Shares	19,000,000
2. The ONE Enterprise Co., Ltd.	Production of television programmes and digital on-air	Common Shares	38,100,000
3. Acts Studio Co., Ltd.	Studio leasing	Common Shares	4,050,000
4. Exact Scenario Co., Ltd.	Artist managements	Common Shares	10,000
5. GMM Channel Trading Co., Ltd.	Production of television programmes and digital on-air	Common Shares	20,000,000
6. GMM Channel Co., Ltd.	Production of television programmes and digital on-air	Common Shares	20,000,000
7. GMM TV Co., Ltd.	Production of television programmes	Common Shares	200,000
8. GMM Media Plc.	Production of radio programmes	Common Shares	200,255,500
9. A-Time Media Co., Ltd.	Radio stations sub-leasing	Common Shares	10,000
<b>Other related companies</b>			
1. A-Time Traveller Co., Ltd.	Domestic and international trip service provider	Common Shares	50,000
2. Me Miti Co., Ltd.	Production of television programmes	Common Shares	60,000

1. GMM Grammy Plc., subsidiaries, associated companies and joint ventures have registered office at 50 GMM Grammy Place, Sukumvit 21 Rd. (Asoke) Kholngtoeinuea, Wattana, Bangkok except the following companies

1.1 GDH 559 Co., Ltd.	Office : 92/11 Soi Sukhumvit 31 (Sawasdee), Sukhumvit Rd., Klongtonnua, Wattana, Bangkok
1.2 GMM Tai Hub Co., Ltd.	Office : 92/11 Soi Sukhumvit 31 (Sawasdee), Sukhumvit Rd., Klongtonnua, Wattana, Bangkok
1.3 GMM CJ O Shopping Co., Ltd.	Office : 88/8 Rama 9 Rd., Huaykwang, Bangkok
1.4 Global Music and Media (China) Limited	Office : Level 12, 28 Hennessy Road, Wanchai, Hong Kong
1.5 Scenario Co., Ltd.	Office : 99 Ratchadaphisek Rd., Din Daeng, Din Daeng, Bangkok
1.6 Nadao Bangkok Co., Ltd.	Office : 92/14 Soi Sukhumvit 31 (Sawasdee), Sukhumvit Rd., Klongtonnua, Wattana, Bangkok
1.7 Sawasdee Thaweesuk Co., Ltd.	Office : 92/44 Soi Sukhumvit 31 (Sawasdee), Sukhumvit Rd., Klongtonnua, Wattana, Bangkok
1.8 Siengdee Thaweesuk Co., Ltd.	Office : 92/11 Soi Sukhumvit 31 (Sawasdee), Sukhumvit Rd., Klongtonnua, Wattana, Bangkok
1.9 Ngandee Thaweesuk Co., Ltd.	Office : 92/11 Soi Sukhumvit 31 (Sawasdee), Sukhumvit Rd., Klongtonnua, Wattana, Bangkok
1.10 Good Things Happen Co., Ltd.	Office : 132 Soi Charoen Mit, North Prakanong, Wattana, Bangkok
1.11 Family Know-How Co., Ltd.	Office : 93 Ratchadaphisek Rd., Khlongtoei, Bangkok
1.12 Lucks (666) Satellite Co., Ltd.	Office : 1417 Soi Ladprow 94 (Panjamitr), Plub-Pla, Wangthonglang, Bangkok
1.13 Acts Studio Co., Ltd.	Office : 9/9 Moo 1, Bang Khu Wat, Mueng Pathumthani, Pathumthani



## Other Reference Persons

Share Register	<b>Thailand Securities Depository Co., Ltd.</b> 93, 14 <sup>th</sup> Floor, Ratchadaphisek Road, Dindaeng, Bangkok 10400 Tel : (662) 009-9000 Fax : (662) 009-9992
Auditor	<b>EY Office Limited</b> 193/136-137 Lake Rajada Office Complex, 33 <sup>rd</sup> Floor, New Rajadapisek Rd., Bangkok 10110 Tel : (66) 2264 0777, (66) 2661 9190 Fax : (66) 2264 0789-90, (66) 2661 9192
Legal Advisor	<b>BAKER &amp; MCKENZIE Co., Ltd</b> 990 Abdulrahim Place, 22 <sup>nd</sup> - 25 <sup>th</sup> Floors, Rama IV Road, Silom, Bangrak, Bangkok 10500 Tel : (66) 2636 2000 Fax : (66) 2636 2111  <b>Weerawong Chinnavat and Partners</b> 540 Mercury Tower, 22 <sup>nd</sup> Floors, Plearnjit Road, Lumpini, Pathumwan Bangkok 10330 Tel : (66) 2264 8000 Fax : (66) 2657 2222

ANNUAL REPORT 2017

**G<sup>MM</sup>**

---

GRAMMY

## **GMM Grammy Public Company Limited**

50 GMM Grammy Place, Sukhumvit 21 Rd. (Asoke), Khlongtoeinuea, Wattana, Bangkok 10110, Thailand

Tel : (66) 2669-9000 Fax : (66) 2669-9009

[www.gmmgrammy.com](http://www.gmmgrammy.com)

