

# ANNUAL REPORT 2017

TRANSITIONING

**maco**



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# TABLE OF CONTENTS

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## 1.0 Introduction

1.1	Our Vision and Mission	02
1.2	Financial Highlights	04
1.3	Message from the Chairman	06
1.4	Message from the Chief Executive Officer	08
1.5	Audit Committee Report	10
1.6	Our Board of Directors	12
1.7	Our Management	13
1.8	Organisation Chart	14

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## 2.0 Our Business

2.1	Important Events in 2017	16
2.2	Our History	18
2.3	Business Overview	20
2.4	Corporate Profile	25
2.5	Shareholding structure	26
2.6	Dividend Payment Policy	27
2.7	Corporate Structure	28
2.8	Subsidiaries and Associated Companies Information	29

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## 3.0 Annual Business Review

3.1	Media Industry and Competitive Strategy	32
3.2	Risk Factors	35
3.3	Social, Community and Environment Responsibility for Sustainable Growth	37
3.4	Management Discussion and Analysis 2017	38

---

## 4.0 Corporate Governance Report

4.1	Management Structure	44
4.2	Corporate Governance Policy	47
4.3	Nomination and Remuneration of Directors and Executives	63
4.4	Internal Control and Risk Management	66
4.5	Related Party Transactions	69
4.6	Profiles of Directors and Executives	72
4.7	Information on the Positions of the Director and the Executive in the Company, Subsidiaries and Associates	79

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## 5.0 Financial Report

5.1	Director's Responsibility Report	81
5.2	Independent Auditor's Report	82
5.3	Audited Financial Statements	86
5.4	Notes to Consolidated Financial Statements	96

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1.0

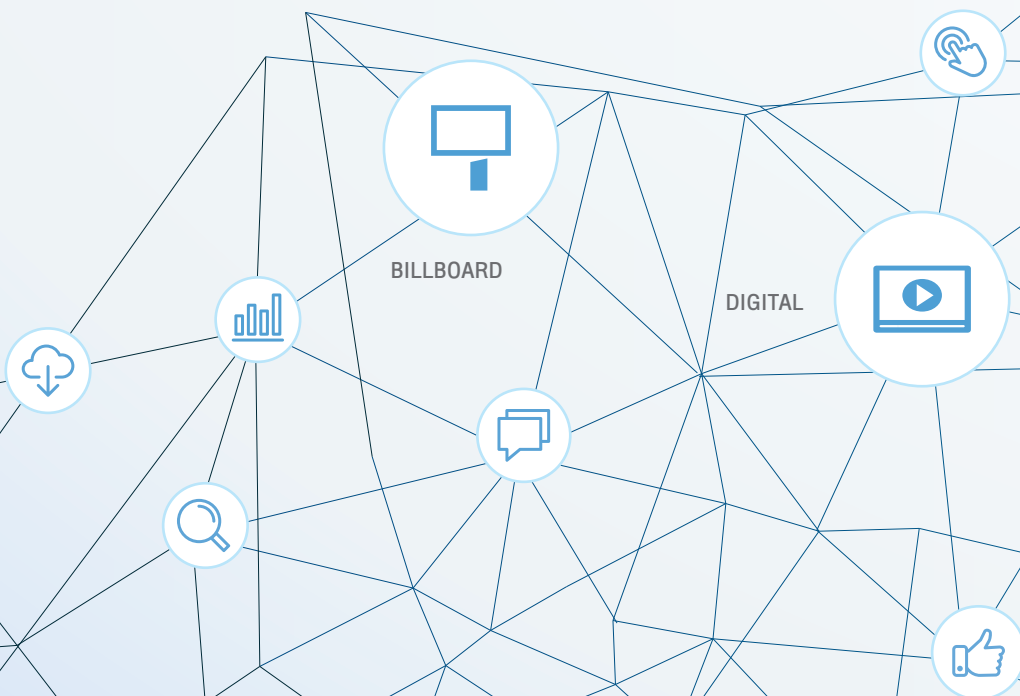


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1.1	Our Vision and Mission	02
1.2	Financial Highlights	04
1.3	Message from the Chairman	06
1.4	Message from the Chief Executive Officer	08
1.5	Audit Committee Report	10
1.6	Our Board of Directors	12
1.7	Our Management	13
1.8	Organisation Chart	14

## VISION

“ To enrich lifestyles by offering innovative Out-of-home media advertisement and smart connection platform across the ASEAN region in conjunction with the principles of good governance and social and environmental responsibility ”







## MISSION

“ Deliver premium solutions by offering Insight and Integrated Out-of-home media advertising to ignite engagement and purchasing using our experiences team and strong partners.”

## 1.2

## FINANCIAL HIGHLIGHTS

	2015	2016	2017	YoY(%)
<b>STATEMENT OF COMPREHENSIVE INCOME (THB mn)</b>				
Revenue from services <sup>(1)</sup>	694	735	932	26.9%
Billboard	370	370	584	57.8%
Street Furniture	324	365	348	-4.5%
Cost of sales	309	330	390	18.1%
Gross profit	385	405	542	34.1%
EBITDA	245	173	348	101.4%
Net profit	171	102	221	116.5%
<b>STATEMENT OF FINANCIAL POSITION (THB mn)</b>				
Total assets	895	1,631	2,011	
Total liabilities	150	472	517	
Total shareholders' equity	745	1,159	1,494	
<b>PER SHARE DATA (THB / share)</b>				
Earnings per share	0.06	0.03	0.07	
Dividend per share <sup>(2)</sup>	0.05	0.03	0.04	
Book value per share	0.25	0.35	0.44	
<b>KEY RATIOS</b>				
Gross profit margin (%)	55.5%	55.1%	58.2%	
EBITDA margin (%)	35.3%	23.5%	37.3%	
Net profit margin (%)	24.6%	14.1%	24.3%	
Debt to equity (times)	0.2X	0.4X	0.4X	
ROA (%)	25.2%	11.5%	15.6%	
ROE (%)	24.6%	11.1%	17.4%	
<b>SHARE INFORMATION (as of 31 December of each year)</b>				
Share price (THB)	0.90	1.21	2.02	
Outstanding shares (shares mn)	3,009	3,343	3,439	
Market capitalisation (THB mn)	2,708	4,045	6,947	
Par value (THB per share)	0.10	0.10	0.10	

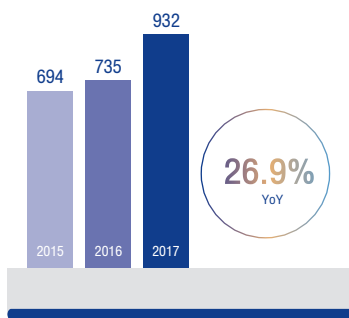
Note:

(1) Excludes other income

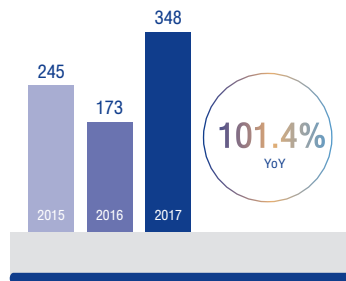
(2) The total dividend payment from 2017 operations was THB 122mn

## REVENUE STRUCTURE

Revenue from services  
(THB mn)



EBITDA  
(THB mn)

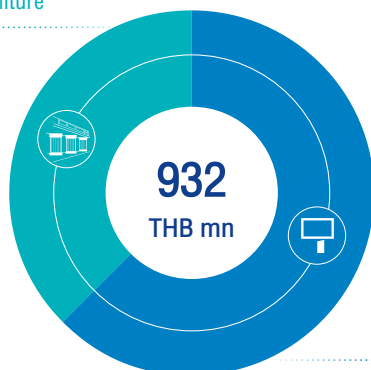


Net profit  
(THB mn)



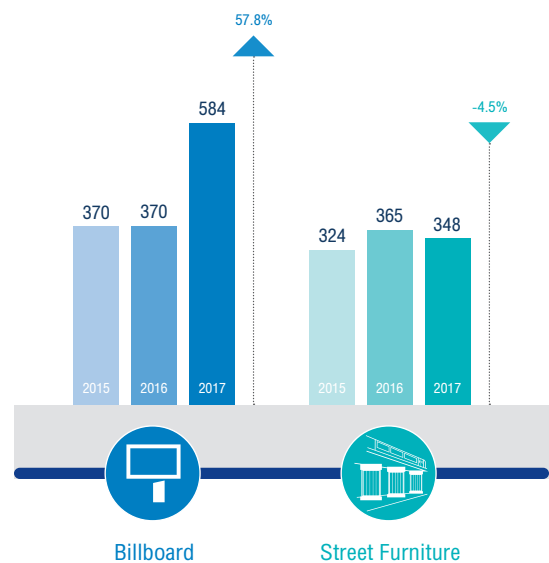
2017 Revenue Contribution

37.4%  
Street Furniture



62.6%  
Billboard

Revenue by Business units  
(THB mn)



1.3

## MESSAGE FROM THE CHAIRMAN

*Mana J. I.*

**MANA JANTANAYINGYONG**  
**CHAIRMAN OF THE BOARD**  
**OF DIRECTORS**



On behalf of Master Ad Public Company Limited (“MACO”)’s Board of Directors, I am pleased to report that 2017 was a historic year for MACO as we delivered the strongest performance in the Company’s history. The Board of Directors realised that the achievement in 2017 was a collaboration of every related party, especially our management team and employees. I would like to take this opportunity to convey my appreciation to all staff who have played invaluable roles in translating the Company’s vision and mission into reality. I would also like to convey my appreciation to the shareholders, customers, and business partners for their continued support and confidence in MACO.

Over the past years, MACO has expanded in new acceleration Out-of-home (“OOH”) media platform and entered into a major growth phase throughout 2017. After the acquisition of Multi Sign Company Limited back in October 2016, we once again enhanced our competitive capabilities through the acquisition of Comass Company Limited, in June 2017. During the year, MACO also has started to introduce digital media into its product portfolio by replacing several of static media platforms with digital media. It has become an important growth engine of profitability of the company and we expect to continue expanding this network in 2018.

MACO has consistently adhered to its corporate social responsibility (“CSR”) philosophy. In the last couple of years, the Company has continued CSR project, namely MACO Media for CSR. This project is to provide media spaces for CSR activities without any charges. Moreover,

this is the first year that the Company has prepared the sustainability report in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). Through our long-term corporate governance practices, MACO has been recognised with a 4-star corporate governance rating (Very good) for 12 consecutive years.

Let us also take this opportunity to inform you on a change of the Chief Executive Officer position of MACO from Mrs. Suparanan Tanviruch to Mr. Phoon Chiong Kit. Throughout the past 2 years, Mrs. Suparanan has dedicated herself to build the strong fundamental of the Company and push the Company toward being a leading OOH media company in Thailand. On behalf of Chairman of the Board of Directors, I would like to extend my sincere appreciation for her consistent hard work and dedication provided to the Company.

On behalf of the Board of Directors, I am very pleased to announce that we have chosen Mr. Phoon Chiong Kit to serve as the next Chief Executive Officer of MACO. The Board of Directors are confident that he will bring his extensive experience, leadership and expertise in managing leading regional companies to achieve the significant success for the next phase of MACO and deliver sustainable growth to the Company. I am sure that we will see a further acceleration of business expansion throughout 2018.





MRS. SUPARANAN TANVIRUCH  
CHIEF EXECUTIVE OFFICER



2017 was the most successful year in our Company's history. We reported the highest annual revenue of THB 932mn, increased by 26.9% YoY and the record high profit of THB 221mn, an increase of 116.5% YoY.

The past fiscal year was strongly shaped by the digitisation of our prime media portfolio throughout the key central business districts. Digital conversion is one of the most significant moves of the Company allowing us to realise higher value from potential footprints. Through our digital media network, MACO can potentially provide an innovative service to customers of which consequently help them to approach people's ever-changing lifestyles nowadays. We have installed more than 20 large-format, digital screens in numerous cities across Thailand since July 2017. Such growing premium digital portfolio has proven to be a success reflecting in a financial record year for MACO.

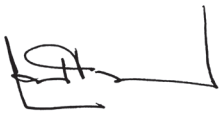
The Company continues to drive the consolidation of the outdoor advertising industry with some acquisitions such as the acquisition of 70% of Multi Sign Company Limited in October 2016 and 70% of Comass Company Limited ("Comass") in June 2017. Both acquisitions have led MACO to greatly expand and strengthen our media network nationwide as well as allow us to increase the leadership position in Out-of-Home ("OOH") advertising industry in Thailand.

Moreover, in line with the direction of VGI Global Media Public Company Limited ("VGI"), MACO is now integrating Offline and Online media through VGI's OOH and Online platform. We strengthen our OOH media platform through VGI's structural OOH assets including Mass Transit and Office media. Also, we are bundling the core media portfolio with VGI's associates' assets such as Aviation media from Aero Media Company Limited and Activation business from Demo Power (Thailand) Company Limited. In order to provide diversified options for our clients, we also are in a process of integrating such assets through VGI's online platform- Rabbit Group.

MACO would not have been as successful as it is today without our dedicated employees and support from stakeholders. On behalf of the Board of Directors and the Executive Committee, it is my pleasure to thank all of our stakeholders for the trust you have placed in us. I am very thankful to the management and our staffs who dedicated their forces and energies in moving forward on the Company's mission. On this occasion, I would like to take this opportunity to inform about the change of management of the Company. It has been an honour to lead MACO these past 2 years and to serve our customers and stakeholders. I am proud of what we have accomplished as a team on behalf of management and employees as we pursue the interests of the company and achieved the targets and delivered exceptional developments both in network expansion and financial performance. I would like to thank you for the opportunity to serve as CEO these last 2 years.

I am also pleased to introduce Mr. Phoon Chiong Kit (CK), the new CEO of MACO-effective from 1 April 2018 onwards. With his excellent experiences in entertainment business across South East Asian countries, I strongly believe that he can push forward MACO to the next level and I am convinced that MACO will continue to be an increasingly strong force in the media industry.

In spite of the change in roles within the senior management, MACO is committed to continue to strive achieving a solid growth in 2018, supporting by the full year consolidation of Comass and the expansion of digital network. We hope to continue receiving even greater support and encouragement from you in the year ahead.



MR. PAISAL TARASANSOMBAT  
CHAIRMAN OF  
THE AUDIT COMMITTEE



The Auditing Committee has performed the duties according to the scope of responsibilities approved by the Board of Directors. The key functions include reviewing the Company's financial reports to ensure its accuracy and adequacy, reviewing the Company's internal audit control system for its efficiency and effectiveness as well as making sure of the Company's corporate governance according to good corporate practices. In 2017, the Auditing Committee arranged 5 meeting which can be summarized as follows:

**1. Jointly reviewed and approved the financial statements of the Company,**

The Audit Committee Jointly reviewed and approved the financial statements for Quarterly and for fiscal year 2017 financial statement before forwarding to the Board. The meetings were arranged together with the Company's auditor to listen on the explanation, the observations and the suggestions. The opinion was that the financial statements were prepared correctly as it should with adequacy and in accordance with financial reporting standards.

**2. Overseeing the Company Internal Control Systems and regulating the internal control effectively**

In 2017, the Company requested the Internal Audit Office to examine the internal controls for two times in the 3<sup>rd</sup> quarter and the 4<sup>th</sup> quarter. From the evaluation of the internal control within the organization with the scope of the assessment based on the assessment of the adequacy of the internal control system of the Securities and Exchange Commission, the internal auditor agreed that the Company had adequate internal control system.

**3. A review of risk management**

The Audit Committee has reviewed the risk management system to ensure that the Company has effective and appropriate risk management. According to the reports of the Risk Management Committee which has reported to the Audit Committee twice a year, there are no significant issues or defects in risk management. The Board recommended the Risk Management Committee to further improve the risk management to be effective even further.

**4. Intercompany cross-checking**

The Audit Committee has already considered and reviewed the major related transactions and the transactions that may cause conflict of interest between the Company and the persons or related business. The Audit Committee has found that such transactions are reasonable and beneficial to the Company according to the business terms and the criteria agreed between the Company and related parties or business which are in the normal course of business.

**5. Ensuring compliance with the Company's Principles of Good Corporate Governance**

The Auditing Committee monitors the Company's compliance with the Securities and Stock Exchange laws and other relevant laws strictly especially in regard to the transaction and items that may have a conflict of interest in order to comply with good corporate governance principles.

**6. The selection of auditors for the year 2018**

The Audit Committee has considered the auditors with regards to availability, scope of services, rates in accordance with the SEC rules on auditor and others and resolved to propose to the Board of Directors for approval by the shareholders meeting the appointment of Miss. Siraporn Ouuanunkun CPA. No. 3844 Or Mrs. Chonlaros Suntiasvaraporn CPA. No. 4523 or Mr. Chatchai Kasemsrithanawat CPA. No. 5813 The Auditors from E Y Co., Ltd. will be the auditors for 2018.

**The opinion of the Audit Committee as a whole**

In 2017, the Audit Committee has performed its duties and responsibilities as specified in the scope of authority of the Audit Committee, which is in line with the regulations of the Stock Exchange of Thailand, with sufficient independence and for the benefits to all stakeholders. The Audit Committee is of the opinion that the Company's financial reports for the year then ended in accordance with Thai Financial Reporting Standard. The Company has a system of internal control, internal audit and risk management that is sufficiently effective and complies with the laws regarding the Public Company, Securities and Exchange Commission Act as well as the regulations of the Securities and Exchange Commission (SEC) and strictly complies with the rules and regulations of the Stock Exchange of Thailand.





**1. Mr. Mana Jantanayingyong**  
Chairman of the Board of Directors

**2. Mrs. Suparanan Tanvirush**  
Director

**3. Mr. Chaiyasit Puvapiromquan**  
Director

**4. Mr. Surachet Sangchayosawat**  
Director

**5. Mr. Paisal Tarasansombat**  
Independent Director / Chairman of the Audit Committee

**6. Mr. Danai Tangsriviriyakul**  
Independent Director / Audit Committee

**7. Mr. Chalush Chinthammit**  
Independent Director / Audit Committee

**8. Mr. Chavin Kanlayanamitr**  
Director

**9. Ms. Daranee Phanklin**  
Director





1. Mrs. Suparanan Tanviruch  
Chairman of Executive Committee /  
Chief Executive Officer

2. Mr. Phakhanaaz Phumchijzarnan  
Executive Committee /  
Chief Marketing Officer

3. Mr. Yanis Tipakorn  
Executive Committee

4. Miss. Tamonwan Narintavanich  
Executive Committee /  
Chief Financial Officer /  
Company Secretary

5. Miss. Rodjana Trakulkoosri  
Executive Committee / Chief Business Development Officer

6. Mrs. Uraiwan Boonyarataphan  
Executive Committee / Chief People Officer

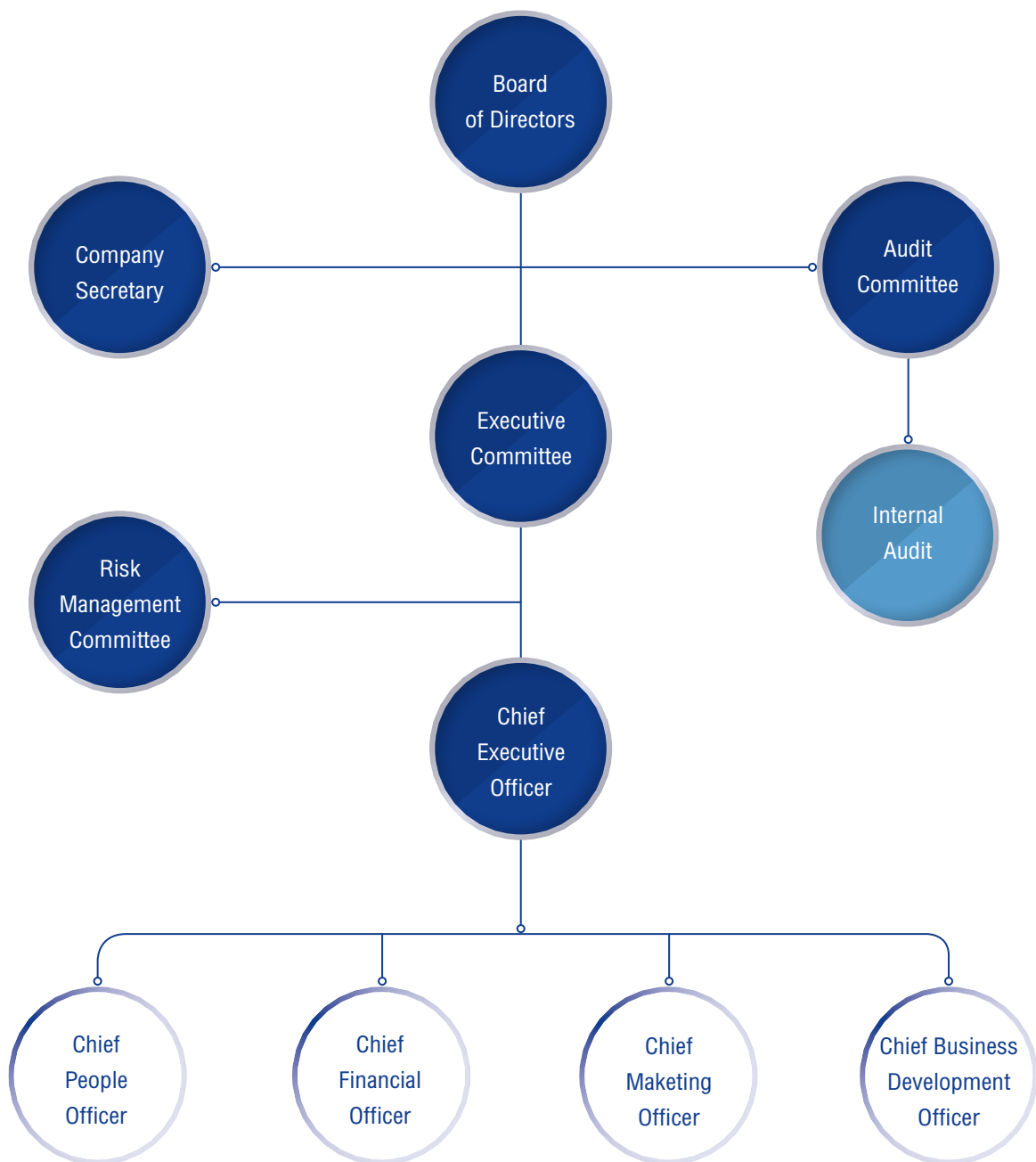
7. Mr. Pipop Mokekhao  
Executive Committee / Director of Operations and Maintenance

# 1.8

## ORGANISATION CHART

AS OF 31 JANUARY 2018

As of 31 December 2016, the Company's organisation structure consists of the Board of Directors and the 3 Sub-committees: The Auditing Committee, the Executive Committee and the Risk Management Committee with the following operational structures:





## Our Business

2.1	Important Events in 2017	16
2.2	Our History	18
2.3	Business Overview	20
2.4	Corporate Profile	25
2.5	Shareholding structure	26
2.6	Dividend Payment Policy	27
2.7	Corporate Structure	28
2.8	Subsidiaries and Associated Companies Information	29



## 2.1

## IMPORTANT EVENTS IN 2017

### March

On 30 March 2017, Eye On Ads Company Limited, a wholly-owned subsidiary of MACO, acquired the lease rights and 72 billboards from Out of Home Media Company Limited (30 billboards) and Outdoor Construction Company Limited (42 billboards) at the total value of THB 154mn. The acquisition has improved the asset management's efficiency and reduced cost and risk of depending on the sole major leasers.



### June

On 30 June 2017, Eye On Ads Company Limited, a wholly-owned subsidiary of MACO, successfully acquired 70% of COMASS Company Limited ("COMASS") with a total investment of THB 355mn. With 19 years of experience, COMASS secured a strategic network which mostly located in Central Business District area in Bangkok and upcountry. Currently, COMASS network comprises of 113 static billboards covering 23 provinces and 7 LED screens in 5 provinces of Thailand with total media capacity of THB 200mn. The acquisition made MACO to become the leader in Outdoor media segment which that has total media capacity of more than THB 1,400mn and media spaces of more than 140,000 sq.m.



## July

The Company has started the process towards digitisation by converting static billboards of Multi Sign Company Limited (“Multi Sign”), which are mainly located in CBD areas in upcountry, to digital screens. Subsequently, the Company has begun the full operation of 21 screens 1 July 2017



## November

On 6 November 2017, the Company reported the results of the sale of securities, warrant of MACO No. 1 (MACO-W1) with number of exercised warrants of 96mn units and exercise price of THB 2 per share. Subsequently, 98mn additional listed shares begin trading on SET on 9 November 2017, resulting in an increase in paid-up common stock to THB 3,439mn shares.

## DIVIDEND PAYMENTS

### August

Interim cash dividend from the Company’s performance as of 1 January 2017 to 30 June 2017 at the rate of THB 0.018 per share (a total of THB 60mn) paid on 30 August 2017.

## February

On 9 February 2018, MACO’s Board of Directors resolved to approve the cash dividend payment from the operating results of 2H 2017 at THB 0.018 per share (a total of THB 62mn) to the shareholders of the Company whose name appeared on 15 March 2018 (Record Date). The dividend will be paid to shareholders on 18 May 2018. Hence, the total dividend payment from 2017 operations will be equal to THB 122mn (subject to the resolution of Annual General Meeting of Shareholders, which will be held on 25 April 2018).





## 2.2

## OUR HISTORY



1988

### FEBRUARY

Established as a limited company under the name Master Ad Company Limited to provide Out-of-Home media and production services

2001

Expanded business into Street Furniture segment by granting the exclusive rights from Bangkok Mass Transit System Public Company Limited to install and manage advertising panels under BTS station. Later, in 2015, MACO was once again granted the rights from the Bangkok Metropolitan Administration to manage advertising panels under flyovers across Bangkok.

2010

### NOVEMBER

Established a joint venture, namely Green Ad Company Limited ("Green Ad"), together with We Big Company Limited, which the Company holds a 51% interest, to provide environmentally friendly media production. Later, MACO increased its stake in Green Ad to 100% in 2557.

1996

### AUGUST

Established a 50-50 joint venture, namely Inkjet Images (Thailand) Company Limited, together with Inkjet Images (M) SDN BHD Company Limited, to provide inkjet media production services and support media production for the group.

2003

### SEPTEMBER

Converted into a public company limited and successfully listed on the Market for Alternative Investment ("MAI") under the ticker symbol "MACO". MACO begins trading on 29 September 2003.

### SEPTEMBER

Established a 50-50 joint venture, namely Master & More Company Limited ("Master & More"), together with Clear Channel Company Limited, to provide advertising media and production services for small format billboard. Later, MACO increased its stake in Master & More to 100% in 2553.



2013

#### SEPTEMBER

Moved from MAI to The Stock Exchange of Thailand ("SET") under services industry and media and publishing sector.

2015

#### APRIL

Expanded its presence into an international market by establishing a wholly-owned subsidiary MACO Outdoor Sdn. Bhd. (Maco Outdoor) in Malaysia. Subsequently, MACO Outdoor has invested 40% in Eyeball Channel Sdn. Bhd. ("Eyeball Channel"). Eyeball Channel is a joint venture between MACO and potential local partner to operate advertising in Malaysia.

2017

Please see more details in section 2.1 Important Events in 2017

2014

#### MAY

VGI Global Media Public Company Limited. ("VGI") has expanded its media footprint into Outdoor media segment by acquiring 751mn shares or 24.96% of the total issued shares of MACO.

#### SEPTEMBER

Changed the par value from THB 1.00 per share to THB 0.10 per share. MACO's new shares begin trading on SET with new par value on 3 October 2014

#### NOVEMBER

Master & More invested 80% in Open Play Company Limited, a company that was granted the exclusive rights from PTT Public Company Limited to manage advertising space inside PTT Jiffy gas stations nationwide.

2016

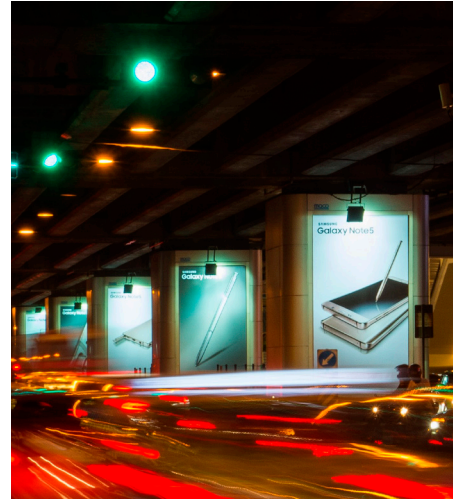
#### MAY

VGI acquired an additional 375mn shares of MACO (or 12.46%), resulting in a total holding of 1,126mn shares (or 37.42%) as of 30 May 2016, and become a majority shareholder of the Company. VGI and MACO has leveraged each other's strengths by initiating value-added strategies and marketing plans for advertising campaigns that help promote and take both companies to be the leaders in the integrated advertising network in the country and across ASEAN.

#### SEPTEMBER

Acquired 70% in Multi Sign Company Limited ("Multi Sign") through a wholly-owned subsidiary, Green Ad, with a total investment of THB 439mn. Multi Sign is an outdoor media company with a total network of 862 billboards nationwide. Consequently, MACO has secured its leadership in outdoor media with more than 2,200 advertising panels, presenting in all provinces of Thailand.

- Issued and allocated 334mn newly issued ordinary shares with par value of THB 0.01 per share to Ashmore OOH Media Limited ("Ashmore OOH Media") at the price of THB 1.28 equivalent to THB 428mn in total, in order to finance Multi Sign's acquisition. Subsequently, 334mn newly issued ordinary shares begin trading on SET on 31 October 2016, resulting in the existing registered capital of 3,343mn shares.
- Green Ad issued and allocated 99mn newly issued ordinary shares with par value of THB 5.00 and the total value of THB 495mn to the existing shareholders at pro rata to their respective shareholdings (Rights Offering), in order to purchase ordinary share of Multi Sign.



### Company's Businesses

Master Ad Public Company Limited (“MACO”) has been providing Out of Home media (“OOH media”) as the leading media advertising company in Thailand for over 29 years. The Company has effectively connected brands and product’s owners to their target customer with our variety of media services. Throughout the entire operation of our business, MACO continues to develop products and services and build the attractive advertising network in order to provide the OOH media end-to-end solution for our advertisers. Currently, MACO provide the full media service with the combination of static and digital media format at over 2,000 locations<sup>1</sup>, presenting in all provinces of Thailand.

In October 2016, the Company has made an initial successful strategic step by acquiring 70% in Multi Sign Company Limited (“Multi Sign”), with a total investment of THB 439mn. Multi Sign is an outdoor media company

with a total network of 860 billboards located in prime areas nationwide. This enables MACO to reach all of the major cities outside Bangkok and jump its media coverage from 40 provinces to 77 provinces of Thailand. In June 2017, MACO was once again strengthened its presence by acquiring 70% in COMASS Company Limited (“COMASS”). With 19 years of experience, COMASS has secured a strategic network in Central Business District areas in Bangkok and upcountry, comprising of 113 static billboard in 23 provinces and 7 LED screens in 5 provinces of Thailand with total media capacity of THB 200mn. After those significant expansions, MACO is now becoming the real Nationwide OOH Media Platform.

Currently, MACO’s products are categorised into 5 main types consisting of 1) Billboards, 2) Street Furniture, 3) Digital Advertising, 4) Overseas Advertising, and 5) Creative OOH.

<sup>1</sup> In 2018, we terminated 124 media panels that installed at Chaloem Maha Nakhon and Si Rat expressway and 7 media panels in the area of Mochit bus terminal station. These network generated only about 1% of total revenue in 2017.



## 1. Billboards

The Company is considered as one of the first pioneer in initiating billboard business in Thailand. At the present, MACO offers various billboard formats to different customer's needs, comprising of 1) Large-format Billboards, 2) Nationwide Billboards, 3) PTT Posters (Billboard in PTT Jiffy gas station) with a total billboards of over 1,229 panels.

### 1.1 LARGE-FORMAT BILLBOARDS

Large-format Billboards are mostly installed at key strategic locations such as expressways, city gateways and central business zones where heavy traffic congestions occur and high frequency exposure with a network of more than 254 panels both in Bangkok and upcountry.

### 1.2 NATIONWIDE BILLBOARDS

Upcountry areas have experienced the expansion of department store and real estate development over the past years, reflecting the decentralisation from Bangkok and vicinity to those potential provincial cities, implicating the incremental purchasing power of local people. MACO foresees this opportunity, and has laid strong foundation in such areas in order to support and service customers that aim to reach their target audiences.

Nationwide Billboards of the Company is mainly located in key intersections, local commercial areas, local markets as well as education zone where they have a high population density. Currently, MACO has 735 panels covering 77 provinces of Thailand.

### 1.3 PTT POSTER (BILLBOARD IN PTT JIFFY GAS STATION)

MACO was granted the exclusive rights from PTT Public Company Limited to manage 240 advertising panels in lightbox advertising format inside 139 PTT Jiffy gas stations nationwide.



## 2. Street Furniture

Street Furniture became a very attractive media for brands and product's owners since it enabled them to conduct advertising campaigns in the heart of the city. Likewise, Street Furniture is one of the outstanding media format in MACO's portfolio because of its location that installed primarily in city centre locations along with major commuting routes where pedestrians and traffic congestion reached their peak. MACO Street Furniture contracts include Street Furniture under BTS stations and Bangkok's flyovers.



For BTS skytrain network, MACO was granted the exclusive rights from Bangkok Mass Transit System Public Company Limited (BTSC) to install and manage 188 advertising panels under 23 BTS station. For Bangkok's flyovers, MACO was granted the rights from the Bangkok Metropolitan Administration (BMA) to manage 306 advertising panels under 19 flyovers across Bangkok.



### 3. Digital Media

A key trend in the media landscape is the increasing proliferation of digital media. The growth of digital media is supported by its flexibility and scalability for advertisers to deliver messages to a target audience. Through its flexibility, advertisers can easily and quickly deploy marketing campaigns, reaching a broader scope of audience compared to static media. In order to sustain our competitive edge, the Company has started to introduce digital media into our product portfolio. Digital media of the Company comprises of 1) CBD LED Network (Digital Billboard) and 2) Aroy Aroy Network

### 3.1 CBD LED NETWORK (DIGITAL BILLBOARD)

The Company has started to replace several of our static media platforms with digital media and commence its full operation in July 2017. As of 1 January 2018, MACO has 35 digital billboards covering in 31 provinces in Thailand focusing on main cities such as Chiangmai, Khonkaen, Udonthani, Phuket and Rayong.

### 3.2 AROY AROY NETWORK

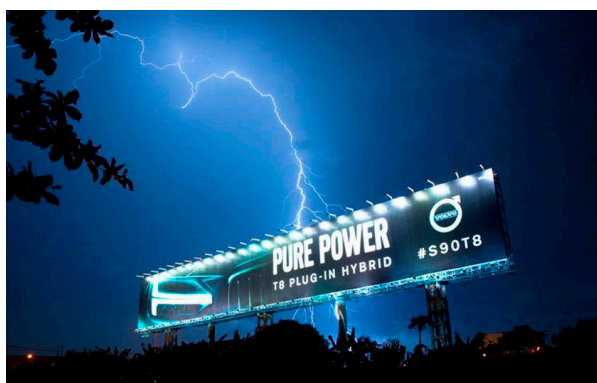
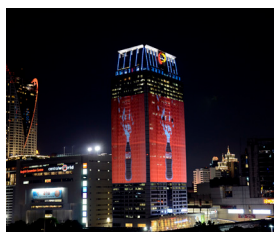
Advertising media in high-definition television format of 250 screens, which were installed in famous restaurant recommended by well-known reviewers, providing customer both digital and static advertising to deliver customers' advertising messages to target audiences and travelers.



### 4. Oversea Media

MACO has expanded its media footprint in Malaysia market with strong local partnership to establish a joint venture company, namely Eyeball Channel Sdn. Bhd. ("Eyeball Channel"). Eyeball Channel is focusing OOH media business in Malaysia whose network is located in major highway, main road that connects airport and Kuala Lumpur city centre, and important places that enable to reach audience effectively.





**Volvo Lightning-powered Billboard by GREYNJ UNITED agency presented on MACO's large-format billboard was granted Gold award from ADFEST 2018 TRANSFORM in Best use of Billboard & Street Furniture, Large/Highway Billboard category.**

## 5. Creative OOH Media

Not only providing Outdoor media to advertisers, MACO also presents Creative OOH media that is exclusively tailored to customer requirements. Creative OOH media can be various forms such as the contraction of large billboard, Interior Design, Projection Mapping, Mock up, and Event, which can enhance value of media campaign.

### Target Groups

#### 1. Media Agency

The media agency is not only acts as representative of brands and product's owners in contracting media company to produce and install advertising for them, but also provides strategic planning for the use of various types of media, including media budget planning and media usage decision making in order to meet their customers' needs or exceed the expectations. With experience and expertise in media type selection, the media agencies mostly looking for media companies who offer media network coverage that can deliver marketing campaigns to a wide customer base covering all target consumer groups. In 2017, media agency contributed 63% of total operating revenue.

## 2. Product and Service Owner

Apart from media agency, the Company also provide media services to brands and product's owners who directly contact with the Company to assist them in producing and installing media in accordance with details and format given by customer. In 2017, product and service owners contributed 37% of total operating revenue.

### Distribution Channel

The Company provides variety of distribution channels which link the Company to customers and other stakeholders. Distribution channels offer convenience in selecting media services and accessing products information, and provide other stakeholders such as business partners, supplier and shareholders to receive the company's information. Key distribution channels of the Company include;

#### 1. Publication and Online Channel

The Company attacheed strategic communication channel by creating company's website [www.masterad.com](http://www.masterad.com), where the clients can access initial information of the Company including product details, showcase, media location, helping customers make purchase decisions. Apart from website and other printing media, the Company also produced VDO presentation of the Company's introduction which is currently available on online channels such as Facebook page and Youtube.

#### 2. Sales Representative

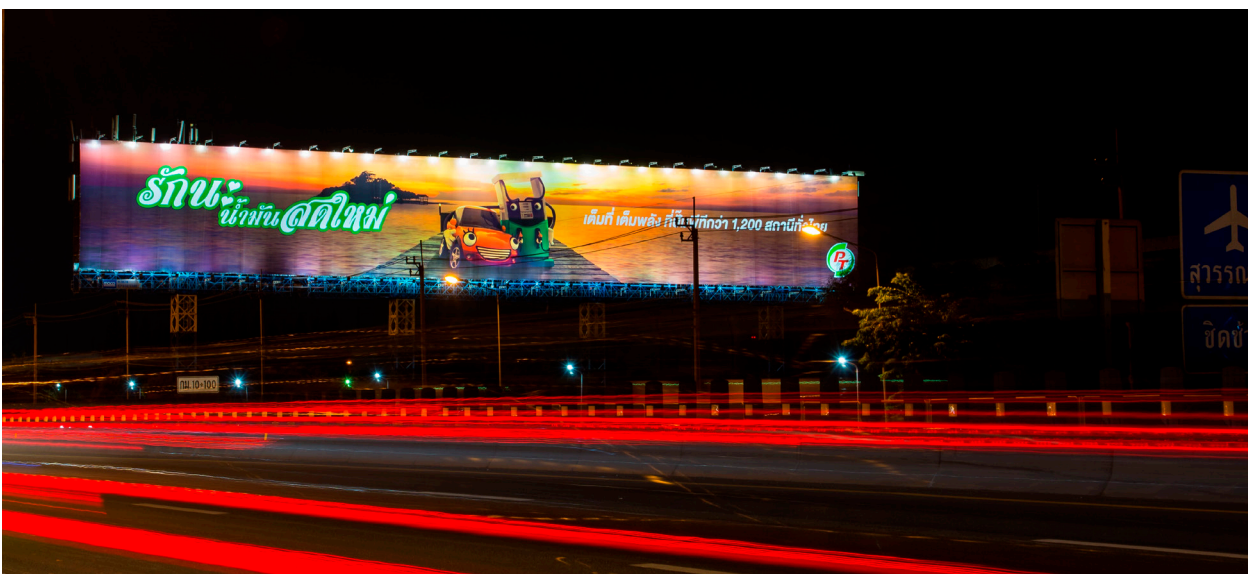
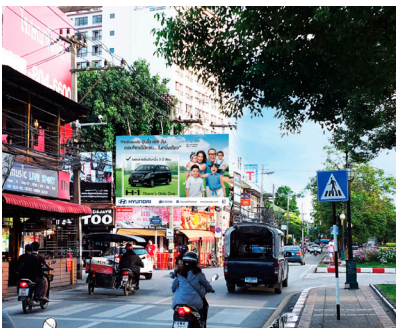
When customer contacts company thorough provided channels such as website and telephone number, the Client Relations team will inquire of the client's needs in the primary and transfer the matter to the Sales and Marketing Department which has specific knowledge in each media. The Company will contract existing customers and encourage new customers who potentially use OOH media through our experienced sales representative, offering them products and services to promote their brand. The Company has prepared sales presentation documents which describe details of various media, advising an effective decision to the customers.

### 3. Company Inventory

The Company has utilised the benefit of having full coverage of media footprint by providing company information such as the Company's name and contract number on our media panels which allow customers, who are interested in advertising on our media, to contract directly to the Company. Moreover, having company's information on media panels enhances an observation point for our staffs. The Company encourages our staffs to participate in monitoring the conditions of media panels and reporting the defects to our maintenance team so that the maintenance team can immediately take action of the matter.

### Pricing Policy

Price setting of media and services is usually determined by 4 main factors as followed: 1) media location, 2) media cost, 3) operational cost and 4) media purchasing volume. Since most of the Company's inventory is located in prime locations with high density of population, the Company has high bargaining power on product pricing which allows the Company to set high rental rates for advertising media. On the cost side, the Company considers pricing of each media based on its related cost in terms of media type, size, details, rental cost of installation, and cost of construction. In terms of pricing, the Company also takes into account other relevant costs both variable costs directly associated with the media such as insurance premiums, electricity bills, signboard taxes and maintenance cost, and fixed cost such as employee salaries to accurately reflect operational and enable the Company to make a profit from its operations.



Company Name	: Master Ad Public Company Limited. (MACO)
Registration No.	: 0107546000113
Type of Business	: Providing advertisement services through the supply of Out-of-home Media and engagement in the field of Entertainment
Market	: SET
Industry	: Services
Sector	: Media & Publishing
Registered capital	: 409,521,187.50 Baht
Paid-up capital	: 343,891,036.60 Baht Comprised of 3,438,910,366 ordinary shares.
Per value	: 0.10 Baht .
Headquarter Office	: 1, 4 <sup>th</sup> -6 <sup>th</sup> Floors Soi Ladphrao 19, Ladphrao Road, Jomphol, Chatuchak, Bangkok, 10900
Telephone	: 0-2938- 3388 Fax.0-2938-3489
Website	: <a href="http://www.masterad.com">http://www.masterad.com</a>
Investor Relation	: Tel. 02 273 8639 Email address: Pornpimol@masterad.com; ir@masterad.com
Company Secretary	: Tel 02 938 3388 ext. 480, 487 Email address: tamonwan@masterad.com; sukjai@masterad.com

#### Reference

Duties of Securities Registrar	: Thailand Securities Depository Co., Ltd. (TSD) No. 93, 14 floor Ratchapisek Road, Dindaeng Bangkok 10400 Tel. 02 009 9000 Fax.02 009 992
Auditor	: EY Office Company Limited By Mr.Supachai Phanyawattano CPA. 3930
Address	: No.193/136-137 Lakeratchada Complex 33 floor New Ratchada Klongtoey Bangkok 10110
Tel.	: 0-2264-0777, 0-2661-9190
Fax	: 0-2264-0789-90

## 2.5

## SHAREHOLDING STRUCTURE

As of 31 December 2017, the Company recorded registered capital of 409,521,187.50 Baht, Paid Up Capital 343,891,036.60 Baht. comprising 3,438,910,366 common shares at registered value of THB 0.10 per share.

**Top 10 Major Shareholders (as of December 31, 2017)**

	Name	No. of Shares	% of Total
1	VGI Global Media Plc. <sup>1</sup>	1,040,710,300	30.26
2	BTS Group Holding Plc.	633,533,700	18.42
3	Nortrust Nominees Limited-Guernsey Re Ggdp Re: Aif Clients 10 Percent Account	333,517,400	9.70
4	Mr. Noppadon Tansalarak	105,031,999	3.05
5	N.C.B.Trust Limited-Norges Bank 11	66,061,600	1.92
6	Tisco Mid/Small Cap Equity fund	43,710,800	1.27
7	Mr. Jessada Buranaphansri	38,500,000	1.12
8	Miss. Pornrat Maneerattanaporn	34,171,600	0.99
9	J.P. Morgan Bank Luxembourg S.A. LEND	33,954,900	0.99
10	Phatra Small and Mid Cap Equity Fund	32,961,700	0.96
	Total	2,362,153,999	68.69

**Remarks:**

- <sup>1</sup> VGI Global Media Public Company Limited ("VGI"), which has 30.26% holding in MACO, is the provider of Out of Home media services and Digital services listed on the Stock Exchange of Thailand. As of 18 July 2017, major shareholders of VGI comprises of Bangkok Mass Transit System Public Company Limited (BTSC) (51.0% holding in VGI) and BTS Group Holdings Public Company Limited (20.9% holding in VGI).

**Dividend Payment Policy of MACO**

The company establishes dividend payment policy to the shareholders at the rate of not less than 50% of net profit after corporate income tax and legal reserves. However, this depends significantly on the economic status and the future operations as well.

**Dividend Payment Policy of Subsidiaries**

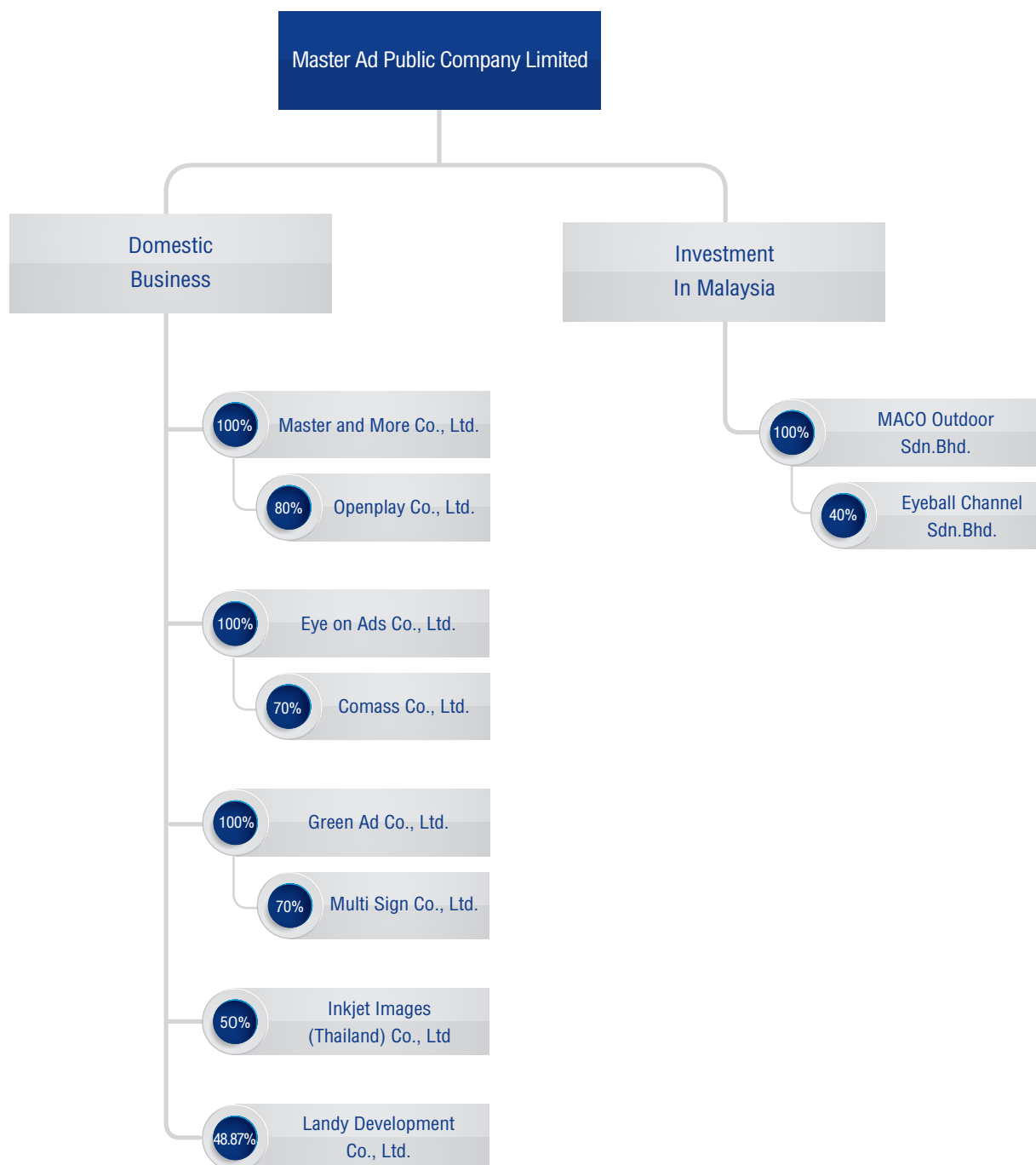
The company establishes dividend payment policy to the shareholders at the rate of not less than 50% of net profit after corporate income tax and legal reserves. However, this depends significantly on the economic status and the future operations as well.

**The details of dividend payment are as follow:**

Dividend payment	for the fiscal year ended 31 December		
	2015	2016	2017
<b>1. Net profit</b>			
- Separate Financial Statement (THB.mn.)	111.41	99.16	149.53
- Consolidate Financial Statement (THB.mn.)	170.65	102.00	220.86
<b>2. No. of share (Million)</b>			
- Interim Dividend (Baht/Share)	3,008.96	3,008.96	3,342.97
- Annual Dividend	3,008.96	3,342.96	3,438.91
<b>3. Dividend per share</b>			
- Interim Dividend payment (Baht/Share)	0.018	0.018	0.018
- Total Dividend (THB.mn.)	54.16	54.16	60.17
- Annual Dividend (Baht/Share)	0.03	0.011	0.018
- Total Dividend (THB.mn.)	90.27	36.77	61.9
<b>4. Total Dividend payment for the year 2017</b>			
- Total Dividend payment (Baht/Share)	0.048	0.029	0.036
- Total Dividend payment (THB.mn.)	144.43	90.93	122.07
<b>5. Percentage of dividend on net profit after allocation of reserve as required by law</b>			
- Separate Financial Statement	129.64%	91.71%	81.64%
- Consolidate Financial Statement	84.64%	89.15%	55.27%

\*The rights to receive annual dividend 2017 is uncertain because it has not yet been approved by the 2018 Annual General Meeting of shareholders which is going to be held on 25 April 2018.





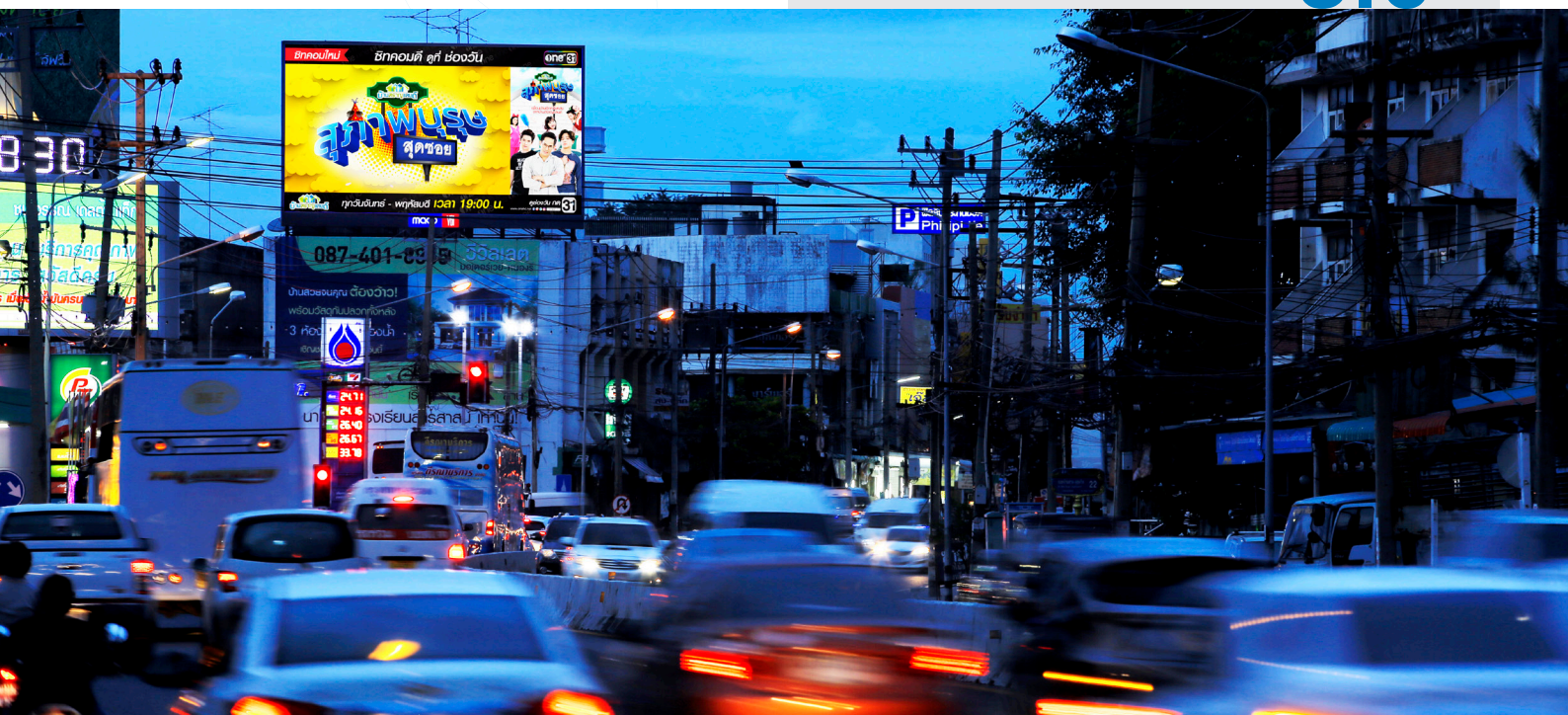
## 2.8

## SUBSIDIARIES AND ASSOCIATED COMPANIES INFORMATION

Subsidiaries and associated companies information As of 31 December 2017

	Juristic Person	Type of Business	Address	Paid-up Capital (THB)	Type	Shareholding (%)
1	Master & More Co., Ltd.	Provide advertising media and production services of small format billboard	4 <sup>th</sup> -6 <sup>th</sup> Floor,1, Soi Ladprao 19, Ladprao Road, Chomphon, Chatuchak Bangkok 10900 Tel.+66 ( 0) 2 938 3388 Fax.+66 (0) 2 938 3486-7 Website: www.masterad.com	20,000,000 Baht (Par value of THB 10 per share)	Ordinary Shares	100
2	Eye On Ads Co., Ltd.	1. Provide advertising media, especially static and digital billboard 2. Shareholding in COMASS Co.,Ltd.	28/43-45 Vipavadee-Rangsit Road, Lardyaow, Chatuchak Bangkok 10900. Tel. +66( 0) 2 938 3388 , Fax. +66 (0) 2 938 3486-7	5,000,000 Baht (Par value of THB 10 per share)	Ordinary Shares	100
3	Green Ad Co., Ltd.	Shareholding in Multi sign Co.,Ltd.	6 <sup>th</sup> Floor,1, Soi Ladprao 19, Ladprao Road, Chomphon, Chatuchak Bangkok 10900 Tel.+66 ( 0) 2 938 3388, Fax. +66 (0) 2 938 3486-7	401,000,000 Baht and 99,000,000 Baht unpaid (Par value of THB 5 per share)	Ordinary Shares	100
4	Landy Development Co., Ltd.	Office Building for Rent	1, Soi Ladprao 19, Ladprao Road, Chomphon, Chatuchak Bangkok 10900 Tel. +66 (0) 2 938 3460	40,000,000 Baht (Par value of THB 10 per share)	Ordinary Shares	48.87
5	Inkjet Images (Thailand) Co., Ltd.	Provides production of inkjet media	28/43-45 Vipavadee-Rangsit Road, Lardyaow, Chatuchak Bangkok 10900 Tel.+66 (0) 2 936 3366 Fax.+66(0) 2 936 3636 Website: www.inkjetimagethailand.com	6,000,000 Baht (Par value of THB 10 per share)	Ordinary Shares	50
6	Juristic Person	Provide advertising media and production services	77/37 Soi permsin 24/1, Sukhapiban 3 Road, Khongthanon, Syamia Bangkok 10210 Tel.+66 (0) 2 938 3388 Fax.+66 (0)2 938 3486-7	5,000,000 Baht (Par value of THB 100 per share)	Ordinary Shares	80 (held by Master & More Co., Ltd. )
7	Multi Sign Co., Ltd.	Provide out-of-home advertising media across all provinces of Thailand	34/13-14 Moo 10, Borromratchachonnane Road, Sala Thammasop, Thawi Watthana, Bangkok 10170 Tel. +66(0) 2 441 17612 Fax.+66(0) 2 441 1763 Website: www.multisign.co.th	14,000,000 Baht (Par value of THB 100 per share)	Ordinary Shares	70 (held by Green Ad Co., Ltd.)

	Juristic Person	Type of Business	Address	Paid-up Capital (THB)	Type	Shareholding (%)
8	Comass Co.,Ltd.	Provide out-of-home advertising media in both digital and static format. Comass's network is located in business areas of Bangkok and upcountry	1, Soi Ladprao 19, Ladprao Road, Chomphon, Chatuchak Bangkok 10900 Tel. +66 (0) 2 938 3488 Fax.+66(0) 2 938 3486-7	5,625,000 Baht (Par value of THB 100 per share)	Ordinary Shares	70 (held by Eye on Ads Co., Ltd.)
9	MACO Outdoor Sdn. Bhd.	Holding Company in Malaysia	No.52, 1 <sup>st</sup> Floor, Jalan SS 21/58 Taipan Damanasara 47400 Petaling Jaya Selangor MALAYSIA	MYR 200,000 (Par value of MYR 1 per share)	Ordinary Shares	100
10	Eyeball Channel Sdn. Bhd.	Provide out-of-home advertising media and production services in Malaysia	G-1-11, Jalan PJU 1A/3 Taipan Damanasara 47301 Petaling Jaya Selangor MALAYSIA	MYR 500,000 (Par value of RM 1 per share)	Ordinary Shares	40 (held by MACO OUTDOOR Sdn. Bhd.)



## Annual Business Review

3.1	Media Industry and Competitive Strategy	32
3.2	Risk Factors	35
3.3	Social, Community and Environment Responsibility for Sustainable Growth	37
3.4	Management Discussion and Analysis 2017	38



## 3.1

# MEDIA INDUSTRY AND COMPETITIVE STRATEGY

## 1. Media Industry and Outlook

Thailand's economic recovery remained on track and is poised to continue in 2018. The Thai GDP expanded by 3.8% in the first 9 month of 2017, (following the growth of 3.3% in the first 9 month of 2016)<sup>1</sup>. The growth supported by a marked upturn in exports which rose by 5.3% YoY as well as continued recovery in private consumption which expanding by 3.1% YoY.

Nevertheless, Thailand's advertising industry reported a decline of 6.0% YoY to THB 101,445mn in 2017<sup>2</sup>, mainly due to an ongoing postponement of festivities subsequent to the mourning period over the passing of His Majesty King Bhumibol Adulyadej and the shrinkage of advertising spending in a conventional media sectors. The TV sector with the highest market share at 64.8%, fell 7.4% YoY to THB 65,786mn and Traditional media (Newspaper, Magazines and Radio) with a 13.9% market share, declined by 21.7% YoY to THB 14,125mn. Meanwhile, Outdoor media-segment which MACO focuses on-bucked the trend, increased by 12.8% YoY to THB 6,391mn.

In recent years, advertising industry has witnessed the shift in the media landscape brought by the change in people's lifestyles and the way people consume media after the increasing popularity of mobile phones (or smartphones). Advertisers have adjusted their budget allocation from conventional media such as TV, Newspaper, Magazine and Radio to other potential sectors to capture this ever changing lifestyle. Hence, it is expected that expenditure on TV sector and traditional media have peaked and they will be surpassed by OOH media (Outdoor, Transit and In-store media) and digital/online spending in a near term.

To capture the key components of industry growth, OOH and digital/online media, MACO has strengthen our media portfolio through 1) nationwide network expansion, 2) digitizing our media assets, and 3) integrating media inventory with Online services through Rabbit Group. Rabbit Group is a lifestyle solutions company that owning an extensive database of users and data analytics capability. The synergy with Rabbit Group enables MACO to provide deeper services with targeted and measurable advertising.

1 The Bank of Thailand

2 The Nielsen Company (Thailand) Co.,Ltd.





FIGURE 1 : MEDIA INDUSTRY MARKET SHARE IN THAILAND IN 2017

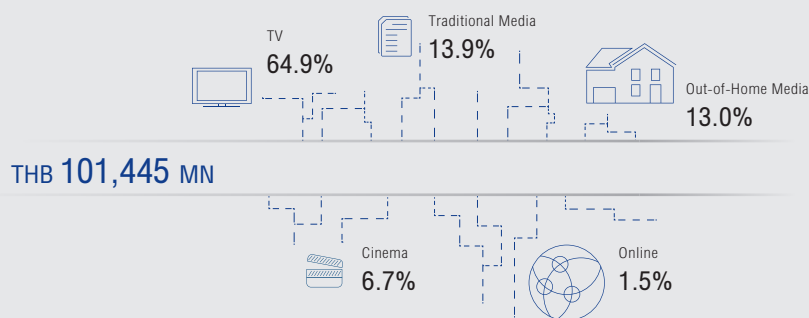
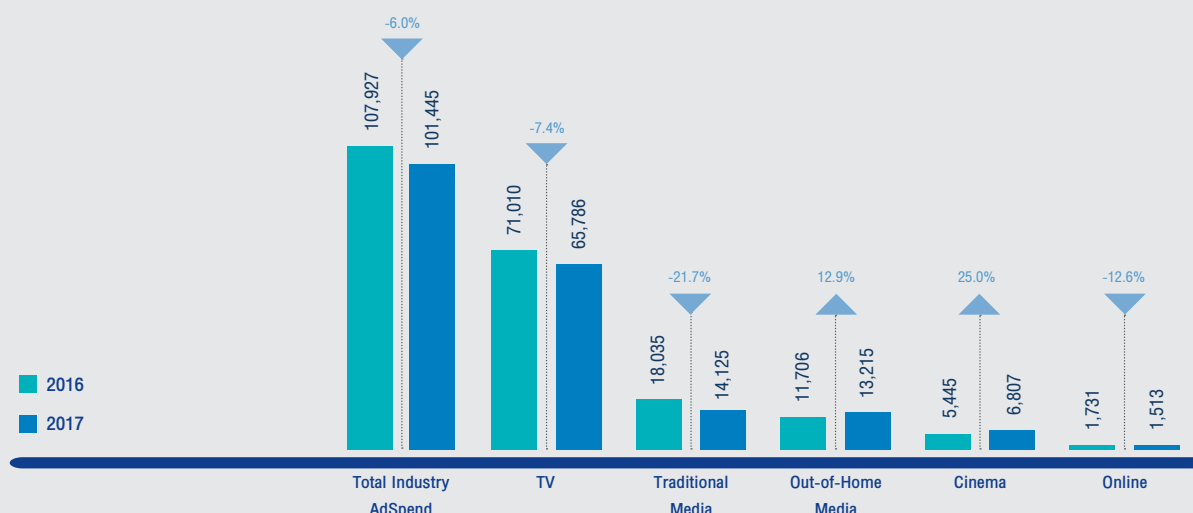


FIGURE 2 : ADVERTISING EXPENDITURE IN THAILAND IN 2017 VS 2016 (THB MN)



## 2. Competitive Strategies

Developing the guideline for business conduct and corporate strategy is a core value and an integral part of the Company. In order to sustain our competitive edge in the rapid changing industry, the board of directors and executive management has regularly conducted meetings to ensure the Company had good and efficient operations and management processes in accordance with the principle of good corporate governance. The Company focuses on the following approaches to increase our competitiveness:

### 2.1 Finding the potential location to install media

The Company firmly believes that securing the right locations of media network is important to be successful in this business. Our full-coverage media network allows the Company to attract attentions of media buyers in making a decision to use our products and services. We are constantly focusing on finding the potential media installation location by assigning our professional location

surveyors to do a research on the density of the community, including the number of population, the density of traffic and media eyeballs in each areas. This process ensures the effectiveness of strategic locations. The media network of the Company is capable of reaching a broader scope of audience since it is installed in various areas such as under the BTS skytrain network, the flyovers across Bangkok, expressway, motorways heading to Suvarnabhumi International Airport, and gateway to provincial cities. Furthermore, the Company also expanded its media presence to upcountry following the decentralisation to provincial cities that allow advertng budget to shift into that areas. Currently, MACO has installed advertising billboards into many provinces, especially in the provinces which are the business centers or tourist destinations such as Chiang Mai, Phuket, and Chonburi.

### 2.3 Focusing on developing quality of product and services and building relationship with customers

Our priority is to develop long-term trust-based relationships and we believe that that quality of work can build trust with clients and encourage customer to make repeat purchases. With the collaboration work within the group, the Company is able to control entire advertising production process by ourselves more closely. In some work pieces, we have to hire other companies to do a special production for us. However, the Company has its own advertising production department who is responsible for controlling the quality of work both in terms of color and design, to provide the maximum satisfaction to customer and ensure all of work quality matching with customer's requirement.

Apart from providing fast, quality service and custom-made order, the Company has also maintained good relationship with customer by arranging activities to enhance brand awareness and be the first potential company in customers' mind when they need a particular product or service.

### 2.4 Partnering with experienced partnerships

Working with a partner who has experience in this business enables us to learn of technology and new ways of doing business. At present, MACO has business partnerships with leading companies such as:

1) **VGI Global Media Public Co., Ltd. ("VGI")** VGI became the majority shareholder of the Company since 2016. As of XX, VGI holds [XX] share or [XX]% of total shares of the Company. VGI is leading Out of home media operator offering a fully integrated media platform including transit media, office building media, outdoor media (operating through MACO), Aviation media, digital services, and demonstration business. The consolidation between MACO and VGI allows them to share skills and knowledges to each other. Over the past years, MACO and VGI has initiated the collaboration between each other including 1) MACO has appointed VGI as advertising agency for MACO' street furniture media for the period of 3 years (2015-2017, 2) MACO and VGI has coordinated on strategy planning both corporate level and operational level, and 3) MACO and VGI has shared knowledge in terms of selling and marketing to each other.

Furthermore, MACO has partnered with Rabbit Group, one of VGI's subsidiaries, operating a lifestyle solution company that offers offline and online services. Rabbit group has an extensive database with more than 3.2mn active members and also data analytics capability that can deliver targeted advertisements to the consumers and provide greater value through brands.

MACO, VGI and Rabbit Group have created new media package called "Bundle Package", an integrated offline media inventory of the group and online media platforms, in order to help improve the utilisation rate across the group.

- 2) **JUPITER SMART TECHNOLOGY ("JUPITER")** JUPITER is an investing partner to install testing equipment of I-beacon devices on the bunting area under the BTS stations, in order to broadcast marketing message of clients to mobile phone of target customers. The Company is expected to benefit from the use of the database of the target that uses apps to link with I-Beacon for the benefits to advertisers to direct access to the target audience.
- 3) **Clear Channel International Co., Ltd. ("Clear Channel")**, a leading global out-of-home media company based in London, United Kingdom. Clear Channel has gave us an opportunity to the exchange of a variety advertising ideas in various forms of advertising.
- 4) **Inkjet Images Co., Ltd. (Malaysia)**, contributes to the exchange of technology in the field of printing large advertising which can accommodate the print job either in the form of Indoor or Outdoor.

The Company recognizes the importance of risk and risk factors in the business. The Risk Management Committee has been established and has been assigned to consider various risks affecting the Company as a whole, including internal and external factors, to evaluate the risk and lay out the organizational risk management structure. The issues used in the consideration and risk assessment are based on the organization's annual business plan. The risk management approach must be consistent with the Company's objectives, goals and strategic plans. In addition, the risk management approach will be monitored and the results from risk management will be reported to the Audit Committee for further acknowledgment.

### **The Risks to Business Operation of the Company**

#### **1. Risk due to economic slowdown**

In the year 2017, due to global economic uncertainty and volatility in both domestic and international markets as well as the recession in Europe and the United States, the overall economy was affected. Agricultural prices dropped sharply; causing farmers lose their income and lack of purchasing power. Even though the government has issued stimulus measures and tax measures to stimulate domestic spending and the tourism industry as well as promoting many mega projects together with the decline in world oil prices, however, did not result in a decrease in the price of consumer goods in the country and the public were cautious of spending. Consumption of goods and services decreased affecting domestic purchasing power and the sales of many businesses. The growth of the economy was limited causing a slowdown in the use of advertising media in the last quarter of the year. In addition, operators were cautious of the use of advertising media to get the best value for money.

However, the Company has found that such slowdown was only a short time as many clients have planned to buy media and use the Company's advertising media continuously. New media ads also attract customers' attention and contribute to the sharing of budgets from other media to use more of the Company's advertising media. As a result, sales of the Company increased year on year. The Company can also reduce the risk of liquidity management in the repayment of clients. Seeing that in the past year the amount of outstanding receivables or

provisioning did not have any increase rate. The debtor can repay the debt to the Company within the time limit, and the Company can manage the client accounts effectively.

#### **2. Legal risks associated with billboards and accidents that might occur**

The Company has paid attention to the regulation of billboards and maintains the policy to build a billboard only when it is authorized. The Company also has a working group to monitor the laws continuously. The Company has carried out with the risk management of the billboards by focusing on the design and construction by using qualified engineers. The company has also carried out the inspection of the building structure and billboards by the companies registered with the Department of Public Works and Town Planning to inspect and certify all the billboards and get the certificate of building inspection (Form R.1) as well as coordinating with the Billboard Association to ensure the stability of all the billboard structures. And to reduce the chance of damages caused by accidents, the Company has also insured against the property and outsiders as well.

#### **3. Risks arising from changes in consumer behavior in the digital and online age**

In 2017, the advertising budget for the digital and online advertising has been rising steadily due to the trend of consumer behavior in the digital age has drastically changed from the past. Digital and online internet media has played a greater role in consumer behavior and at the same time the consumer has also turned to such media as well because such media is interesting, visually appealing and can quickly respond to customer needs and access to all target groups. Also, digital media can provide its value for money in advertising goods and services to business operators. In the past, the Company had a large number of Static Billboards but at present the Company has planned to develop existing media and add new digital media which is more attractive to the eyes of the passers-by including CBD-LED media which covers major cities, main intersections and communities. The Company has also partnered with Rabbit Co., Ltd. to develop O2O media to connect OHM and online media, some of which have already been sold to customers. Both

CBD-LED media and O2O media have made the campaign more attractive and reach the target audience beyond expectation and have been well received by the customers. Therefore, the Company is confident that its digital media will generate very good revenue for the Company in the future.

#### **4. The risk of reliance on major agencies**

In the advertising media business, clients are divided into 2 groups: product owners and advertising agency. Most of the revenue comes from these agencies. The agency will act as a representative of the owner of the products and services to deal and negotiate regarding advertising media. Since the agencies play an important role in this business, this could make the Company at risk if an agency does not recommend the Company's advertising media to the owner of products and services. This would affect the revenues and the performance of the Company.

The Company, therefore, has focused on all major agencies. Our senior executives would meet these agencies to clarify business policy, fair and honest practices with the clients as well as to present the Company's new advertising media. The Company has a clear plan to improve and develop close relationships with the agencies on a consistent basis and in the same time many agencies are getting involved with the Company in developing new advertising media to fulfill their clients' requirements.

In addition, the Company plans to increase its advertising media network to be more diverse, for example, installing the small and large billboards at the locations with big audience in Bangkok and nationwide to cover all target groups and satisfy the clients who purchase advertising media in terms of cost and effectiveness. We, therefore, believe that the Company's new advertising media will be popular and get good feedback from our clients in all groups of products and services.

The Company still maintains high standards of service to clients consistently. We have management system to provide clients with accurate and fast services and to monitor and supervise the repair of advertising media as well as to report the condition of the billboard to clients that makes the clients feel confident to continue using our service.

#### **5. The risk of an obligation with counterparty that may affect the performance of the Company**

The Company has leased the billboard structures and the area for the billboards on a long-term basis with the owners of the area to ensure that the Company will have the billboards available for a longer period and prevent

competitors to take the advertising areas. However, this will result in the obligation to the Company to pay the rent for the future over the life of the contract. If the Company cannot make money from advertising media as planned, its financial position and the performance might be affected.

However, the long-term rental agreements with owners of the area have a positive impact on the operations of the Company rather than as a risk since the Company can be confident to have the area that can generate certain revenue. The Company has managed the contracts properly that every time of the contract renewal, the Company will review the cost of space rental and billboard structure rental to be always in line with the revenue.

#### **6. Risk of being un able to renew the governmental concession and the private space lease contract**

The main factor for the Company's business operation is the installation areas for advertising media that are obtained from the concession contract with the government and the rental contract with the private owners. Because the Company shall have the obligation as specified in those contracts, the Company is at risk if it cannot renew the leased area or in the case of termination. If the lessor needs to use the leased premises, the Company's ability to earn the revenue and its future financial status would be affected.

Over the years, the Company has complied with the terms of the agreement with the counterparty as well as being cautious in using the area to prevent problems and solved the problems promptly in case of force majeure. Therefore, the Company has a good relationship with the owner of the concession/rental area and the contracts have always been renewed accordingly.

#### **7. The risk that may arise from the revenue of new advertising media is not as expected**

Regarding investment in new media, if the return does not meet the estimates or the return is not as planned or there are other causes that prevent the Company to provide such advertising media services, its financial position and the performance would be affected.

The Company will apply negotiation and cost management to reduce the damage caused by the incapable to generate returns as estimated as well as to adjust the sales approach and prices to meet the needs of clients and markets. At the same time, VGI as the parent company has a variety of advertising media that can arrange sales package in bundles to attract more clients.



### 3.3

## SOCIAL, COMMUNITY AND ENVIRONMENT RESPONSIBILITY FOR SUSTAINABLE GROWTH

The Company has laid the foundation for growth and sustainable success in the future, which was as a result of the commitment and devotion of its executives and employees together with the fair and transparent administration and management of the Board of Directors and the executives, taking into account the roles of every stakeholder group, including having a business operation that is in compliance with the environmental standards, as well as the social and community development.

This is the first year that the Company has prepared the “Sustainability Report 2017” in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) Version 4 to communicate the Company’s policy and performance in social, community and environmental responsibility through economic, social and environmental aspects between 1 January 2017 and 31 December 2017. For more information, please refer to the Sustainability Report 2017, which is published on the Company’s website at <https://www.masterad.com/>

## 2017 CONSOLIDATED P&amp;L SNAPSHOT

## CONSOLIDATED P&amp;L SNAPSHOT

THB (mn)	2016	2017	YoY (%)
Operating revenue	735	932	26.9%
Cost of sales	330	390	18.1%
Gross profit	405	542	34.1%
Selling, general & administrative expenses	281	292	3.8%
EBITDA	173	348	101.4%
Net profit from operation	104	226	118.2%
Net profit (exc. Minority Interest)	102	221	116.5%

Gross profit margin	55.1%	58.2%	
EBITDA margin	23.5%	37.3%	
NPAT margin (from operation)	14.1%	24.3%	
NPAT margin (exc. Minority Interest)	13.9%	23.7%	

## 2017 PERFORMANCE ANALYSIS (YoY)

2017 was a year of high record revenue and profitability. The Company has added new growth engines through both organic and inorganic expansion which enable MACO to achieve an outstanding top and bottom line performance compared to the same period last year. The growth drivers are including of;

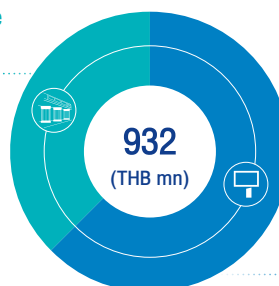
- 1) The consolidation of outdoor media operators, namely in Multi Sign and COMASS, which started in October 2016 and July 2017, respectively. The acquisition has increased MACO's media network and expanded its presence nationwide. The expansion increased MACO media capacity by more than 55% from THB 900 (pre-consolidation) to THB 1,400mn.
- 2) The launch of 1st phase of CBD LED Network, which consists of 21 LED billboards across 19 provinces. This rollout has transitioned MACO from a pure static media operator to a digital-static integrated media operator in order to capture the ever changing of modern lifestyle media.

Owing to the above-mentioned factors, the Company's Operating revenue increased by 26.9% from THB 735mn in 2016 to THB 932mn. Billboard revenue<sup>1</sup>, saw a significant increase of 57.8% YoY to THB 584mn. Street Furniture revenue, slightly decreased by 4.5% YoY to THB 348mn. In this year, Billboard revenue contributed 62.6% of total revenue whilst Street Furniture revenue contributed the remaining 37.4%.

## 2017 REVENUE CONTRIBUTION (THB mn)

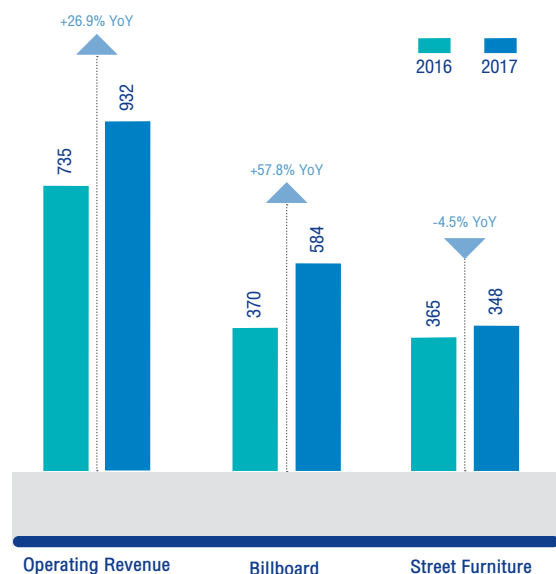
37.4%

Street Furniture

62.6%  
Billboard

<sup>1</sup> Billboard revenue includes static and digital billboard revenue and made to order revenue

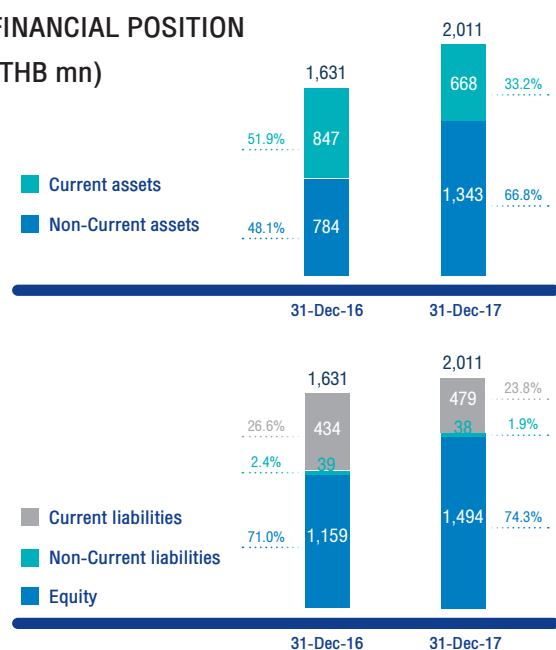
## 2017 REVENUE BY SEGMENTS (THB mn)



Cost of sales grew by 18.1% from THB 330mn in 2016 to THB 390mn, mainly due to the aforementioned consolidation and cost of LED screens. As operating revenue increased more than cost of sale, Gross profit margin grew to 58.2% from 55.1% last year.

Selling, General and Administrative expenses (“SG&A”) increased slightly by 3.8% YoY from THB 281mn to THB 292mn, primarily due to the consolidation. SG&A to sales ratio decreased significantly from 38.3% in 2016 to 31.3%. As a result, net profit attributable to the equity holders of the Company increased by 116.5% to THB 221mn from THB 102mn last year and net profit margin attributable to the equity holders of the Company increased to 23.7% from 13.9% in 2016.

## FINANCIAL POSITION (THB mn)



## ASSETS

ASSETS BREAKDOWN	31 DECEMBER 2016		31 DECEMBER 2017	
	(THB mn)	% out of total assets	(THB mn)	% out of total assets
Cash & cash equivalents and Current investments	484	29.7%	203	10.1%
Trade & other receivables	290	17.8%	357	17.7%
Building and equipment	176	10.8%	471	23.4%
Goodwill and Intangible assets	437	26.8%	710	35.3%
Other assets	244	15.0%	270	13.5%
<b>Total assets</b>	<b>1,631</b>	<b>100.0%</b>	<b>2,011</b>	<b>100.0%</b>

**Total assets** as of 31 December 2017 stood at THB 2,011mn, an increase of THB 380mn or 23.3% from THB 1,631mn as of 31 December 2016. **Total current assets** were THB 668mn, decreasing by 21.2% or THB 180mn. This was primarily attributable to the decrease in cash, cash equivalents and current investments of THB 281mn, which mainly due to a several investments comprising of a purchase of 74 billboards, an investment in 21 LED screens, an investment in COMASS and dividend payment. The decrease was offset by the increase in 1) trade and other receivables of THB 69mn (see Trade and other receivables section), 2) prepaid expenses of THB 21mn, and 3) other current assets of THB 14mn.

**Total non-current assets** stood at THB 1,343mn, an increase of 71.3% or THB 559mn primarily due to 1) the increase in building and equipment of THB 295mn, which mainly from the recognition of billboard structure of THB 147mn, an increase in work in process of LED screens installation of THB 139mn and the recognition of COMASS’s assets after consolidation of THB 43mn and 2) the increase in the differences between the price paid by the Company and the targeted company’s book value of THB 282mn after the acquisition of COMASS.

**Trade and other receivables** were THB 345mn, an increase of THB 69mn or 25.1% from THB 276mn as of 31 December 2016. The Company gives 90 days credit terms to customers. The average credit terms paid by customers was 69 days as of 31 December 2017 and 77 days as of 31 December 2016.

AGEING OF TRADE RECEIVABLES (THB mn)	31 DECEMBER 2016	31 DECEMBER 2017
Not yet due	132	124
Up to 3 months	47	89
3-6 months	-	-
6-12 months	-	-
Over 12 months	13	13
Total	193	227
Allowance for doubtful debt	13	11

#### LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES AND EQUITY BREAKDOWN	31 DECEMBER 2016		31 DECEMBER 2017	
	(THB mn)	% out of total liabilities and equity	(THB mn)	% out of total liabilities and equity
Short term loans from financial institutions	-	0.0%	230	11.4%
Trade & other payables	336	20.6%	164	8.2%
Accrued expenses	77	4.7%	57	2.8%
Other current liabilities	21	1.3%	28	1.4%
Non-current liabilities	39	2.4%	38	1.9%
Total liabilities	473	29.0%	517	25.7%
Shareholders' equity	1,159	71.0%	1,494	74.3%
Total liabilities and equity	1,631	100.0%	2,011	100.0%

**Total liabilities** were THB 517mn, increasing by 9.4% or THB 44mn from THB 473mn as of 31 December 2016 mainly from an increase in 1) short-term loan from financial institution of THB 230mn to invest in CBD LED network and 2) other current liabilities of THB 7mn. The increase was partially offset by 1) a decrease in trade and other payables of THB 162mn owing to the payment on investment purchase of Multi Sign and COMASS, 2) a decrease in dividend payable of subsidiaries of THB 21mn and 3) a decrease in current portion of long-term loan from financial institution of THB 9mn.

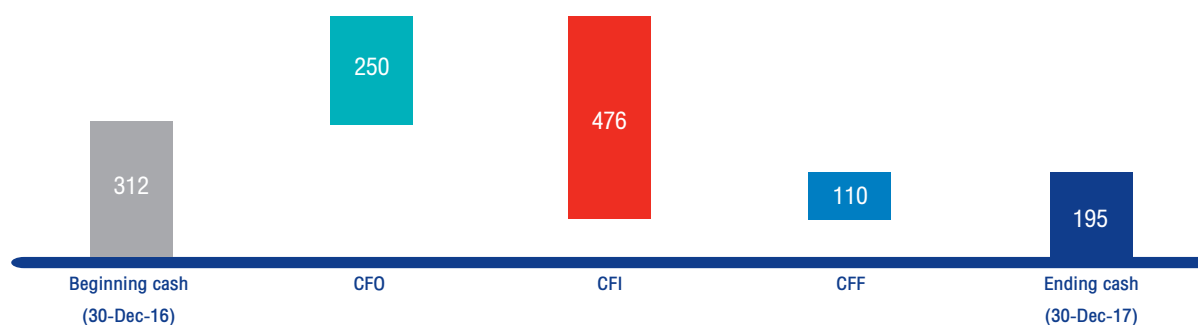
**Total equity** was THB 1,494mn rose by THB 335mn or 28.9%. This was attributed to an increase in 1) share premium of THB 182mn from the exercise of convertible securities, MACO-W1, 2) unappropriated retained earnings of THB 120mn, and 3) non-controlling interests of the subsidiaries of THB 23mn. As of 31 December 2016, total equity included with equity attributable to owners of the Company of THB 1,426mn and non-controlling interests of the subsidiaries of THB 67mn.

#### CASH FLOW

As of 31 December 2017, the Company had net cash from operating activities of THB 250mn primarily from cash from operating activities of THB 307mn and interest income of THB 4mn which was mainly offset by cash paid for corporate income tax and interest expenses of THB 56mn and THB 5mn, respectively. Net cash used in investing activities was THB 476mn, mainly from cash paid to invest in COMASS of THB 315mn, cash paid to invest in other assets of THB 346mn which comprising of the investment in LED screen project and the purchase of billboard structures, and cash paid for purchase of current investments of THB 30mn. Such cash used in abovementioned was offset by cash received from sales of current investment of THB 194mn, cash received from repayment of short-term loans to related parties of THB 12mn, and cash received from sales of equipment of THB 11mn. Net Cash from financing activities was THB 110mn. The key components are cash received from long-term loans from financial institution of THB 230mn used for aforementioned investment and cash received from exercised warrants of THB 192mn (96mn units with exercise price of THB 2 per share. The increase was offset by cash paid to settle payables for investment in Multi Sign of THB 176mn, dividends paid of THB 123mn, and a repayment of long-term loan from financial institution and finance lease of THB 13mn.



## TWELVE-MONTH CASH FLOW SNAPSHOT



## KEY FINANCIAL RATIOS

		2016	2017			2016	2017
<b>Profitability Ratios</b>				<b>Liquidity Ratios</b>			
Gross profit <sup>1</sup>	(%)	55.1%	58.2%	Current ratio	(time)	2.0	1.4
Operating EBITDA	(%)	23.5%	37.3%	Quick ratio <sup>6</sup>	(time)	2.0	1.4
Net profit (from operation)	(%)	14.1%	24.3%	Account receivable turnover	(time)	2.4	3.1
Net profit (after MI) <sup>2</sup>	(%)	13.9%	23.7%	Average collection period <sup>7</sup>	(day)	77	69
Return on equity <sup>3</sup>	(%)	11.1%	17.4%	Payable days	(day)	124	145
<b>Efficiency Ratios</b>				<b>Leverage Ratios</b>			
Return on assets <sup>4</sup>	(%)	11.5%	15.6%	Liability to Equity	(time)	0.4	0.4
Return on fixed assets <sup>5</sup>	(%)	87.1%	87.6%	Debt to equity	(time)	0.0	0.2
Asset turnover	(time)	0.6	0.5				

1 Calculated from operating revenue

2 Net Profit attributable to equity holders of the Company/ operating revenue

3 Net Profit (Annualised) / Average Total Shareholders' equity (average of outstanding at end of the previous year and at end of this year)

4 Earnings before interest and tax (Annualised) / Average Total Assets (average of outstanding at end of the previous year and at end of this year)

5 Earnings before interest and tax (Annualised)/ Net Average Non-current Asset (average of outstanding at end of the previous year and at end of this year)

6 (Current Assets-Inventory) / Average Current Liabilities at the end of this year

7 Trade receivables (average of outstanding at end of the previous year and at end of this year) / Operating Revenue (Annualised)

\*In 2017, the equity attributable to owners of the Company increased significantly from THB 1,115mn in 2016 to THB 1,426mn as a result of the improvement of profitability and the exercise of 96mn units of MACO-W1 (Total of THB 192mn)

## MANAGEMENT OUTLOOK

MACO has expanded in new acceleration OOH media platform and is entering into a major growth phase throughout 2017. After Multi Sign's acquisition back in October 2016, we once again strengthen our billboard network by acquiring 70% of COMASS with total investment value of THB 335mn in June 2016. This transaction increased MACO's network to 2,300 advertising panels and media capacity to THB 1,400mn. The Company is also transitioning our static media assets to a digital platform in upcountry. Last year, we converted 21 existing billboards in prime locations from static billboard to digital screens. Receiving better-than-expected feedbacks from clients, MACO exceeded the LED billboard occupancy's target of 50% to 70%. With the solid strategy we implemented throughout 2017, it subsequently reflected into our financial performance. The Company delivered highest top-line and bottom-line results in the Company's history for 3 consecutive quarters, 2Q to 4Q 2018.

Going forward, we expect 2018 to be another year of impressive growth for MACO. This will be driven by the full year consolidation of COMASS, the expansion of LED billboards to 50 screens (35 screens as of 9 February 2018), and the expansion of existing static billboards. Moreover, the advertising spending is expected to significantly improve in 2018, aiding by an ongoing healthy economic growth and positive momentum of advertising industry in November and December 2017. Hence, we expect the total revenue to increase by 20-25% from the previous year.



## Corporate Governance Report

4.1	Management Structure	44
4.2	Corporate Governance Policy	47
4.3	Nomination and Remuneration of Directors and Executives	63
4.4	Internal Control and Risk Management	66
4.5	Related Party Transactions	69
4.6	Profiles of Directors and Executives	72
4.7	Information on the Positions of the Director and the Executive in the Company, Subsidiaries and Associates	79

## 4.1

## MANAGEMENT STRUCTURE

### Board of Directors

As of 31 December 2017, the Board of Directors consists of 9 members, as follow:

Name	Title	Meeting attendance in 2017	
		Number of right to attend the meeting	Number of attendance
1. Mr.Mana Jantanayingyong	Chairman of the Board of Directors	7	7
2. Mrs.Suparanan Tanvirush	Director	7	7
3. Mr.Chaiyasit Puvapiromquan	Director	7	6
4. Mr.Paisal Tarasansombat	Independent Director	7	7
5. Mr.Danai Tangsriviriyakul	Independent Director	7	6
6. Mr.Surachet Sangchayosawat	Director	7	5
7. Mr.Chalush Chinthammit	Independent Director	7	5
8. Mr.Chavin Kanlayanamitr	Director	7	6
9. Ms.Daranee Phanklin	Director	7	7

### Authorised Directors

"Mrs. Suparanan Tanviruch, Miss Daranee Phanklin, Mr. Surachet Sangchayosawat and Mr. Chavin Kalayanamitr any two out of these four directors jointly sign with the company's seal affixed."

### Executive

As of 31 January 2018, there were 5 executives, as follow:

No	Name	Title
1.	Mrs.Suparanan Tanviruch	Chief Executive Officer
2.	Mr.Phakhanaaz Phumchijarnan	Chief Marketing Officer
3.	Miss.Tamonwan Narintavanich	Chief Financial Officer
4.	Miss.Rodjana Trakulkoosri	Chief Business Development Officer
5.	Mrs.Uraiwan Boonyarataphan	Chief People Officer

Remark: Mr.Phakhanaaz Phumchijarnan was appointed to hold the position of Chief Marketing Officer on 8 January 2018

### Corporate Secretary's duties and responsibility

Corporate Secretary's duties are shown in the Securities and Stock Exchange Act 1992, Article 89/15 (1) and Article 89/16 which came into effect on 31 August 2011 with care and honesty, including compliance to the law, objectives and regulation of the Company and resolutions of the Board and the shareholders' meetings. Duties and responsibility of Corporate Secretary are as follows:

- Preparing and keeping the following documents:
  - Register of Directors,
  - Notice letters and Minutes of the Board of Directors' Meetings, and the Company's Annual Reports,
  - Notice letters and Minutes of Shareholders' Meetings
- Keeping reports on gain and loss as reported by the Board of Directors and the Management,
- Doing other things as prescribed by the Stock Exchange Committee,
- Delivering copies of reports on gain and loss as reported by the Board of Directors and the Management or other related persons, which is the gain and loss pertaining to the operation of the Company's business, or its subsidiaries, to the Chairman and the Chairman of the Board of Auditors, within 7 days from the date which the Company receives the said reports,
- Making suggestion on the Law and related rules and procedures on governance of the Board in line with the law.
- Arranging the meetings of the Board of Directors' Meetings and also of Shareholders' Meetings
- Coordinating with the Company units to follow the resolutions of the Board of Director and Shareholders' Meetings.
- Liaise with regulatory agencies such as the stock market and overseeing the disclosure and reporting information to the regulatory agencies and the public as specified by law.
- Preparing the orientation to newly appointed director



10. Performing the duty with due responsibility, care and honesty according to the Laws, objectives and regulations of the Company, resolutions of the Board of Directors as well as the resolutions of the Shareholders' Meetings
11. Other duties as assigned from the Company

#### Report on securities holding of directors and top management

The Company has policy for the directors and executives of the Company (including spouses and minor children of such person) to report on changes in securities holding to

SEC Office within 3 business days from the date of change of holding and to submit the copy of the report on securities holding (Form 59-2) to the Company Secretary for the collection and presentation to the Board of Directors on a quarterly basis. The report on changes in the holding of securities of directors and executives for the fiscal year ended December 31, 2017 can be summarized as follows:

#### The Changes in Holding of Securities by the Board of Directors and Top Management in 2017

Names		No. of shares As of 31/01/2017 (share)	(%)	No. of shares As of 31/12/2017 (share)	(%)
1. Mr. Mana	Jantanayingyong	-	-	-	-
2. Mrs. Suparanan	Tanviruch	359,190	0.011	885,534	0.026
3. Mr. Chaiyasit	Puvapiromquan	-	-	-	-
4. Mr. Paisal	Tarasansombat	-	-	-	-
5. Mr. Danai	Tangsriviriyakul	394,480	0.012	394,480	0.012
6. Mr. Surachet	Sangchayosawat	30,000	0.001	30,000	0.001
7. Mr. Chalush	Chinthammit	-	-	-	-
8. Mr. Chavin	Kalayanamitr	-	-	-	-
9. Ms. Daranee	Phanklin	-	-	-	-
10. Mr. Yanis	Tipakorn	-	-	-	-
11. Mr. Phakhanaaz	Phumchijzarnan	288,703	0.009	155,054	0.005
12. Miss. Tamonwan	Narintavanich	256,415	0.008	136,520	0.004
13. Miss. Rodjana	Trakulkoosri	586,015	0.018	734,920	0.022
14. Mrs. Uraiwan	Boonyarataphan	340,203	0.010	142,845	0.004
15. Mr. Pipop	Mokekhao	-	-	22,344	0.001
Total		2,255,006	0.067	2,501,697	0.073
Listed share (Share)		3,342,969,500		3,438,910,366	

#### Remarks:

1. Include shares held by spouse, underage children and related entities
2. The Director No. 2 and No. 10-15 are the Executive who attended the Employee Joint Investment Program (EJIP)
3. Mr. Phakhanaaz Phumchijzarnan was appointed to hold the position of a Chief Marketing Officer on 8 January 2018 and was appointed to hold the position of member of Executive Committee on 12 January 2018. Mr. Pipop Mokekhao was appointed to hold the position of member of Executive Committee on 1 August 2017.

## Personnel

The Company and its subsidiaries, totalling 10 companies, have a total of 243 personnel as at December 31, 2017, of which 120 are male and 123 are female.

**Table on remuneration, Training hour, Rates of leaves and accidents or serious injuries from work and labour disputes in 2017.**

	MACO and its Subsidiaries (11 companies)
Total Employees (person) *	243
Remuneration **	161,422,614.03
Training Hours (Hour)	2,835.50
Average Training Hours per employee per year (Hour)	11.70
Average Sick Leaves per leaves (Days)	3.46
Average Personal Leaves per year (Days)	2.80
Average Annual Leaves per years (Day)	4.30
Average Other Types of Leaves (Times)	6
Accidents or serious injuries from work (Times)	0
Labour disputes (Times)	0

\* Include employees of the company and its subsidiaries

\*\*Remuneration consists of salary, bonus, provident fund contribution, overtime wages, daily allowance, commission and etc.

## Employee welfare and human resources development

Apart from compensation in the form of salaries and bonuses, the Company has arranged other fringe benefits to employees in various forms such as providing provident fund, the provision of health insurance, life insurance and accident insurance, as well as the provision of benefits in the form of grants in various occasions. In addition, the Company focus on human resource development as the Company believes that qualified and talented employees are the most important mechanism for the Company's growth and stability. Therefore, the Company has put emphasis on human resources development to enhance and empower employees with skills, knowledge and ability to perform tasks as well as to create positive attitude for a collaborative culture. The Company has selected appropriate methods for personnel development to promote the quality and efficiency of personnel so that they will be equipped with a full-fledged competency in order to enhance the competitiveness of the organization. (More information can be found in the Form 56-1 Section 8.5 Personnel)

### Compliance with corporate governance principles in 2017

The Board has set the corporate governance based on principles and practices consistent with the good corporate governance principles of the Stock Exchange of Thailand and the recommendations of the Thai Institute of Directors (IOD). The Company has communicated with management and employees on various channels such as orientation for new employees, intranet system, and dissemination of corporate governance guidelines and business ethics on the Company's website at: [www.masterad.com/investorrelations](http://www.masterad.com/investorrelations).

### The Company's corporate governance policy is divided into 5 sections covering good corporate governance principles as follows:

- (1) Rights of Shareholders
- (2) Equitable Treatment of Shareholders
- (3) Role of Stakeholders
- (4) Disclosure and Transparency
- (5) Board Responsibilities

#### Section 1 Right of Shareholders

The Company promotes basic rights of shareholders and encourages all shareholders, whether small investors or institutional investors, to exercise their rights under the basic rights of shareholders such as trading or transfer of shares, profit sharing, obtaining sufficient information of the business through the website of the Stock Exchange of Thailand or the Company's website or other channels, attending the shareholders' meeting to acknowledge the annual performance and exercising voting rights at the shareholders' meeting to approve important matters as required by law. This also includes the appointment or dismissal of directors, the appointment of Auditor and consideration of auditor's remuneration, payment or omission of dividend, capital increase and new shares issuance as well as asking questions or express their opinions on various matters reported by the Board for the approval from the Shareholders' meetings, etc. In the year 2017 the Company has done the following:

### Shareholders' meeting

The Company held the Annual General Shareholders' meeting s for the year 2017 on April 24, 2017 at 2.00 pm. at the meeting room 1-2, Queen Sirikit National Convention Center, 60 Ratchadaphisek Road, Khlong Toey, Bangkok 10110. There were 464 attendees, a total of 2,179,504,365 shares, representing 65.20% of total issued shares.

At the Annual General Shareholders' meeting s for 2017, Chairman of the Board ,the Board of Directors and the Audit Committee consisted of 9 members as well as top executives attended the meeting.

#### Before the meeting.

1. The company released a letter to the shareholders through SET system to inform the minority shareholders of the right to submit the issue to be placed on the agenda and to nominate the persons to be considered to be a Director of the Company according to the selecting process prior to the Annual General Meeting of the shareholders, 3 months in advance before the end of the fiscal year in line with the conditions published on the Company's website at <http://www.masterad.com/investorrelations>. In 2017 Annual General Meeting of the Shareholders, no one proposed any agenda or nominated a person to be an independent director of the the company.
2. The Company has published the meeting schedule and the agenda through the Stock Exchange of Thailand's information system and the Company's website 30 days prior to the meeting date to allow the shareholders to access and have sufficient time to study the information and details.
3. Arrange for shareholders to submit questions in advance of the meeting of shareholders. Email Address: [ir@masterad.com](mailto:ir@masterad.com) And published guidelines on submitting questions in advance on company website: [www.masterad.com/investorrelation](http://www.masterad.com/investorrelation).

4. Sending invitation letters to the Meeting, stating place, date, time, agenda of the Meeting, with details to be presented to the Meeting, and the reason and opinion of the Board of Directors in each agenda, with proxy letter, annual report and additional detail attached to the report. The said documents were sent to all shareholders whose names appeared on the shareholders registrar as of the closing date, 14 days prior to the meeting date, and advertised in newspapers for 3 consecutive days,
5. Shareholders who cannot attend the AGM themselves are allowed to appoint proxies, or delegate independent directors as their proxies to vote on their behalf.
7. During the meeting, the Chairman of the meeting allowed the participants to ask questions and express their views on the agenda equally, as well as providing reasonable time for discussion.
8. The exercise of voting right for approval in each agenda was on the majority votes, in the format of 1 Share : 1 Vote, except in agenda on approval of Directors' remuneration for the year 2015, which was the resolution of the shareholders at two third of all the votes attending the Meeting and with voting right.
9. Before any voting in each agenda, the Chairman allowed shareholders to inquire for details and clarification,
10. The Chairman notified the Meeting to vote openly in each agenda,
11. Shareholders were allowed to vote in the election of directors individually,
12. During the Meeting if there were additional shareholders joining the Meeting, the Company counted the number of shares and the new shares each time, and the newly arrived shareholders were given the rights to vote on agenda not yet voted. The Chairman summarized the voting result in each agenda for the Meeting to acknowledge,
13. The Chairman announced the voting results in numbers of Yes, No and Abstain.

#### Shareholders' meeting date

1. The Company facilitated all shareholders equally and encouraged shareholders, especially institutional investors, to attend the shareholders' meeting. There were no special conditions that limit the opportunity to attend the meeting and the date of the meeting was not set to be on the long weekend or public holidays. The Company also scheduled the meeting to be held at the appropriate time and the meeting venue was in a convenient location. The receptionists were arranged as well as allowing the shareholders to register up to 2 hours before the meeting time.
2. Before starting the agenda, the secretary introduced the Board, the executives and the auditor as well as informing the meeting of the criteria for voting and how to count the votes.
3. Registration and voting via barcode system have been introduced to the meeting for the second year for the shareholders' convenience.
4. The voting papers are provided in each agenda item for transparency and monitor.
5. Before commencing the meeting, the chairperson shall announce the number of shareholders and proxies for the meeting's acknowledgement. The Chairperson, then, clarifies the procedures of voting by ballot paper. The resolution depends on the majority vote.
6. The Chairman of the Meeting conducted the Meeting according to the agenda in the invitation letter, without any change in the order of the agenda, and without requesting the Meeting to consider any matters not specified in the Meeting,

#### After the shareholders' meeting

At the end of the meeting, the Company informed the resolution of the shareholders' meeting through the Stock Exchange's system with the details of the resolution and the voting results for each agenda. The minutes were recorded accurately and completely so that the shareholders' review. The minutes were recorded with the votes, whether disapproved and abstained on all agendas with voting. The summary of opinions, substantial questions and answers related to each agenda were recorded and published within 14 days on the Company's website at: [http://www.masterad.com/investor relations](http://www.masterad.com/investor%20relations)

The Company has been evaluated for excellent for the shareholders' meeting for 5 consecutive years from 2007 to 2011 and has been evaluated for the best for 6 consecutive years from 2012 through 2017.

## **Section 2 Equitable Treatment of Shareholders**

### **Proposing Agenda and nominating candidates to be directors**

At the annual general meeting of shareholders, the Company will provide opportunities for minority shareholders to exercise their rights, to propose agenda and nominate persons to be elected as directors in advance to promote equitable and fair treatment of shareholders. One or several shareholders holding shares not less than 5% of the total number of voting rights of the Company can propose the agenda and the names of the candidates at the annual general meeting of shareholders. The Company will publish these guidelines on its website and the website of the Stock Exchange of Thailand. Shareholders are encouraged to propose agenda items or nominate directors within the timeframe specified by the Company. In addition, the Company allows the shareholders with the opportunity to submit questions concerning the agenda of the shareholders' meeting in advance. The Company also publishes the Notice of the shareholders' meeting before every meeting.

### **Proxy for other people to attend the meeting**

To maintain the rights of the shareholders who cannot attend the meeting, the company will send the Proxy Form A, Form B and Form C attached to the notification of the meeting and clearly identify the documents that must be provided for the authorization. The shareholders may delegate to their representatives or the independent directors to attend the meeting and cast the votes on their behalf at the shareholders' meeting. The Company will notify the list of independent directors that the shareholders can appoint for at least one person. In addition, the Company will distribute the invitation letter to the shareholders and various proxy forms as well as the details and procedures on the Company's website.

The Company has a policy to facilitate and encourage the shareholders to attend the shareholders' meetings by allowing the shareholders the right to appoint the independent directors and send the proxy form prior to the meeting date. To encourage institutional investors and/or the custodians to attend the shareholders' meetings, the Company provides an opportunity to check the list, information and documents for registration prior to the meeting date as well. In addition, the Company prepares duty stamps for the shareholders free of charge, as well as arranges the Company's officers to receive proxy

forms and supporting documents from institutional investors upon requested.

In the shareholders' annual general meeting of 2017, there were 278 shareholders who authorized the independent directors to attend such meeting on their behalf.

### **Access to the Company's information**

The Company does not discriminate against any particular shareholder. The shareholders can access to the Company's information which is open to the shareholders and the public through the Company's website at: [www.masterad.com/investor relations](http://www.masterad.com/investor%20relations); or contact our Investor Relations at +66 (0) 2254 3366 or Email: [Pornpimol@masterad.com](mailto:Pornpimol@masterad.com); [ir@masterad.com](mailto:ir@masterad.com)

## **Section 3 Role of Stakeholders**

The Company always considers the interests of the Company along with taking into account the benefits, rights and equality of the stakeholders which include the shareholders, employees, partners, creditors, competitors and social responsibility. The Company has set policies and guidelines in dealing with the stakeholders in writing in the Corporate Governance and Ethics Guide so that the every director, executive and employee will be aware of and follow such policies accordingly. Policies and guidelines in dealing with the various stakeholders are as follows:

### **The shareholders**

The Company is committed to working diligently to provide the shareholders with the best possible return on a sustainable basis with continued good performance, taking into account current and future risk factors. The Company will operate in a transparent manner and will try its best to protect the property and maintain its reputation.

### **The clients**

The Company values its clients by striving to create customer satisfaction and confidence which contributes to the Company's success. The Company is set to offer quality services that meet or exceed customer expectations at the fair. We are ready to provide our clients with a full range of services, focusing on care and responsibility, as well as providing accurate and adequate information to our clients in order to prevent any misconceptions about quality or condition. We constantly develop the quality,



style of products and services to meet the needs of clients and always maintain a good relationship in the long run. The Company regularly conducts customer satisfaction survey to get feedback for improving its service and management. In addition, the Company has provided the training and understanding to staff before servicing to the clients and continuously develop skills and knowledge for employees so that the clients will get the best benefit from the service.

The Company also has policies and guidelines to maintain the confidentiality of the clients and shall not use it for any personal benefit unless the information is disclosed by the client and/or the Company has a legal obligation to disclose it.

#### **The employees**

The Company believes that qualified and talented employees are the most important mechanism for the Company's growth and stability. Therefore, the Company has emphasized on human resources development to enhance and empower employees with skills, knowledge and ability to perform tasks as well as to create positive attitude for a collaborative culture. The Company has selected appropriate methods for personnel development to promote the quality and efficiency of personnel so that they will be equipped with a full-fledged competency in order to enhance the competitiveness of the organization. (More information can be found in the Form 56-1 Section 8.5 Personnel)

#### **The partners**

The Company takes into consideration the importance of every partner as an important player in the growth of the Company. This includes value creation for clients and the shareholders. In doing business with any partner, the Company always selects the partner with fairness, taking into account the reputation, legitimacy, rules, regulations and practices as well as the principle of equal treatment, transparency and honesty according to the contractual agreement and the Code of Ethics. In the event that any agreement cannot be fulfilled, the Company will promptly notify the partners in order to find solutions. In addition, the Company also arranges activities to build relationships with partners and benefit society every year.

#### **The competitors**

The Company will treat its competitors according to the law and ethics, focusing on fair competition. The Company will not ruin the reputation of the competitors by allegations including not seeking information or confidentiality of the competitors by means of dishonest or inappropriate approach. The Company promotes free and fair trade that does not monopolize or impose the clients to trade only with the Company,

#### **The creditors**

The Company focuses on building confidence to the creditors by stressing on honesty and always adhere to the terms and conditions of the contract. The Company is committed to pay back the loan and interest properly, not using the loan in contrast against the purpose of the loan. In addition, the Company will not hide any information or facts that may cause damage to the creditors.

#### **The consumers**

The Company attaches great importance to the standard of its advertising media especially the security, whether it is the installation stage or viewing the media. We consistently study, evaluate and improve the impact of the media as well as monitoring the strength of the installed media so as not to cause damage to the people in the installation area.

#### **The community and the environment**

The Company focuses on sustainable business along with the development of society, community, environment and good quality of life in Thai society context as we realize that responsibility for the society is ongoing. The Group thus promotes corporate social responsibility in all sectors of the organization. The Company believes that doing business socially and socially conscious is an important driving force for sustainable development both at the community and national levels.

The Company takes it as duty and responsibility to support and arrange the activities that are beneficial to society in all aspects. The Company has organized a number of activities and special events in accordance with the social context, covering both community and operational levels to return the profits back to society.

(Please refer to the annual sustainability report for 2017, which is available on the Company's website: [www.masterad.com/investorrelation](http://www.masterad.com/investorrelation))

The Company has a business ethics policy that promotes good corporate governance, including policies and practices regarding violation of human rights and policies and guidelines for non-infringement of intellectual property or copyright.

Policies and guidelines on ethics and corporate governance can be summarized as follows:

#### Violation of human rights

The Company has a policy to ensure fairness to all stakeholders by complying with all applicable laws and regulations relating to human rights and fundamental human rights principles, regardless of race, ethnic origin, sex, age, color, or race, religion, disability, status, nationality, education or any other status not directly related to the work, including respect for the individuality and the dignity of humanity.

#### Anti-corruption and bribery

The Company has a policy to conduct business with integrity with honesty and transparently under relevant laws and standards with responsibility to the society and all stakeholders in accordance with good corporate governance and all forms of anti-corruption and bribery. The Company also supports and requires its subsidiaries, as well as persons involved in business operations, to comply with the anti-corruption policy. All relevant departments must carry out the activities with transparency and honesty in dealing with government officials or other agencies to avoid improper actions that conflict with good management.

The anti-corruption measures of the Company consist of:

- A. The Anti-Corruption Policy and Guidelines as follows:
- Guidelines and procedures on sponsorship
  - Guidelines and procedures on charitable donations
  - Guidelines and procedures on political contributions
  - Guidelines and procedures on giving and receiving gifts
  - Guidelines and procedures on entertainment and other expenses
- B. Whistleblowing policy and protection of the whistleblower. More details on "Anti-Corruption Measures" can be found on the Company's website at: [www.masterad.com/Investorrelations](http://www.masterad.com/Investorrelations)

#### Complaints

The Company has provided channels for all stakeholders to contact or complain about possible problems: (1) The Board directly through the Company Secretary and/or (2) The Audit Committee directly through the following channels (The Company will keep the complainant's information confidential.):

#### Office of the Company Secretary

- Tel : 02 938 3388 ต่อ 487
- E-mail: [tamonwan@masterad.com](mailto:tamonwan@masterad.com);
- or by mail to the Company secretary at the Company's address

The Company believes that its employees are the main factor and a valuable resource. Therefore, in order to make the process fair and equitable, the Company has opened channels for the employees to file complaints as well as provide protection to employees who file complaints and/or witnesses from unfair practices such as job transfer, disciplinary action, etc. The procedures are specified in the Employee Handbook and Work Regulations and through the Company's intranet.

#### Section 4 Disclosure and Transparency

##### The reports of the Board both financial and non-financial matters

The Board is responsible for disclosing both financial and non-financial information in a complete, reliable and timely manner to the shareholders and stakeholders of the Company. The Company also prepares and updates information on the Company's website. Information of the Company will be carefully prepared in a clear, accurate, transparent manner and easy to understand language.

#### Investor Relations

The Company places a high priority on investors' access to the Company. The Investor Relations (IR) Department is responsible for communications between the Company and investors, including shareholders, analysts and potential investors. The IR Department functions as the channel for two-way communications, the first of which is to publicise the accurate, complete and timely information of the Company, which includes business operations, performance and key events that affect the Company's performance. The other aspect is to report the investment community's opinions and suggestions to the Executive Committee and the Board of Directors on

a quarterly basis in order to acknowledge (and respond where relevant to) the viewpoints that investors have on the Company.

Key performance indicators are established in order to align the goals of the division with the goals of the Company. In short, these are related to enlarged visibility (such as number of meetings held, number of roadshows attended, website traffic) as well as quality and timeliness of product and service offerings (taking into account product delivery times, response times as well as results from surveys).

In 2017, the Company met domestic and overseas institutional buy-side investors a total of 45 times. Additionally, the Company has maintained its marketing efforts by attending several investor-centric activities, including 4 quarterly earnings review meetings for analysts and fund managers, which were coordinated with VGI and, 1 Conferences/ Non-deal roadshow conducted by Bualuang Securities on 3 October 2017.

The Company continued to hold quarterly earnings review conferences (each within 5 business days following the release of financial statements) and the webcasts of these are available both on VGI's website (<http://vgi.listedcompany.com>) within 24 hours from the meeting. The Company website represents one of the key communications channels with the investment community. The website is the definitive source of information on the Group and has been designed based on Best Corporate Governance Practices. Its contents include live share price feeds, download versions of publications (including annual reports, Form 56-1, financial statements, MD&A and company presentations) and financial calendar. In 2017, the website was mainly accessed by visitors from Thailand, USA and Hong Kong.

#### Investor Relations Contact Details

For enquiries by shareholders and investors, please contact our Investor Relations Department

Investor Relations	Ms. Pornpimol Wongsiri
Contact Telephone	+66 (0) 2273 8639 (Direct Line)
Email	ir@masterad.com, Pornpimol@masterad.com
Website	<a href="http://investor-th.masterad.com/">http://investor-th.masterad.com/</a> or <a href="https://www.masterad.com/">https://www.masterad.com/</a>
SET Share Symbol	MACO

#### Disclosure important information to the public policy

The Company has a policy to disclose important information to the public such as: the Company's objectives, financial status and operating results of the Company, organization structure and shareholding structure, list and history of the Board, subcommittee and management, predictable risk factors and policies both on the operational and financial, corporate governance structures and policies, the Board's responsibilities in financial reporting and reports of the Chairman and the Audit Committee as well as disclosure in the annual report of the number of times the directors and sub-committees attending the meetings, the Company's operations, information affecting the trading price of the Company or investment decision or the benefits of the shareholders in accordance with the Notification of the Stock Exchange of Thailand and other relevant laws and regulations, financial statements and annual reports; so that investors and stakeholders, both shareholders and prospective investors, will be informed to make investment decisions through the Stock Exchange's channels and through the Company's website.

#### Section 5 Responsibilities of the Board

The Company has appointed the Board to scrutinize and oversee the Company's direction and management. All directors are free to express their opinions on the Company's operations to supervise the operation of the management effectively, accurately and transparently.

The Board is the representative of the shareholders, thus playing a key role in creating value for the business and generating Return On Investment for the shareholders. Therefore, the Board must have leadership, vision, decision-making ability. The Board is responsible for overseeing the management of the Company in the best interests of the shareholders. The duties and responsibilities toward the shareholders by the management is clearly stated and separated from the Board.

#### Composition Of the Board Of Directors

The Board of Directors shall consist of not less than 5 members, but not exceeding 12 members. As of 31 December 2017, the Board of Directors consisted of 9 members, which is a suitable number for the Company's size and nature of business. The composition of the Board of Directors was 1 executive directors, 5 non-executive directors and 3 independent directors, 2 of whom were

female and 7 of whom were male. All of whom are qualified members with diversified professional backgrounds, including business administration, engineering, advertising and marketing, financing, accounting and auditing, and other experience that is relevant to the media business industry. All directors are independent to give opinion on the Company's business operation so as to monitor and oversee the performance of the management to be carried out in an efficient, accurate and transparent way. Besides, for the purpose of performing their duties and the transparency of the business operation, as well as to limit the authorities of each person, the Company clearly separates the duties, responsibilities and the persons who take the positions of the Chairman of the Board of Directors and the Chief Executive Officer from one another.

List of Board of Directors as of 2017.

	Name	Position	Meeting attendance in 2017
1. Mr.Mana	Jantanayingyong	Chairman of the Board of Directors	7/7
2. Mrs.Suparanan Tanvirush		Director	7/7
3. Mr.Chaiyasit	Puvapiromquan	Director	7/6
4. Mr.Paisal	Tarasansombat	Independent Director	7/7
5. Mr.Danai	Tangsriviriyakul	Independent Director	7/6
6. Mr.Surachet	Sangchayosawat	Director	7/5
7. Mr.Chalush	Chinthammit	Independent Director	7/5
8. Mr.Chavin	Kanlayanamitr	Director	7/6
9. Ms.Darane	Phanklin	Director	7/7

Remark:

1. Executive Director refers to a person who has management authority, receiving monthly salary and appointed as a Director.
2. Non-executive Director refers to a director who has no managerial position in the Company, and no monthly salary,
3. Independent Director refers to a Director who has no managerial position but shall have qualifications as specified by SEC and SET.

### Scope of Authority and Responsibility

The board members shall have the following authorities and responsibilities.

1. Manage the Company by deploying their best knowledge, capability, and experience for the best interest of the Company's business operation. Such management shall prudently abide by the Company's regulations, objectives, bylaws, and the shareholder's meeting resolution, in order to retain the best interests of the Company and to assume its responsibilities for the shareholders.
2. Review and approve the Company's operational policies and directions proposed by the Executive Committee, except for issues which require approval of the shareholder's meeting, including other issues which are required by the law to be assented by the shareholder's meeting.
3. Oversee the Executive Committee to efficiently adhere to the stipulated policy. Additionally, the Board shall inform the Executive Committee to present issues in substance to the Company's operation as well as connected transactions, among many others, in conformity with the regulations and bylaws of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). As for the significant decision for the business operation, the board members may seek specialized professional advice or comment from external consultants.
4. Supervise the Company adopting efficient internal control systems and internal audits.

In addition, the Board has rights to decide and oversee overall operations of the Company, except for the following issues for which they require the approval from the shareholders' meeting before operation.

- 4.1 Issues which are required by the law to pass the shareholders' meeting resolution first.
- 4.2 Issues of connected transaction as stipulated by the rules and regulations of the Stock Exchange of Thailand on criteria, approach, and disclosure of a registered company's connected transaction.
- 4.3 The purchase and sales of important property shall conform to the SET rules and regulations on criteria, approach, and disclosure of receipt and disposal of a registered company's asset.

### Authority of the Chairman of the Board

1. Being responsible as the leader of the Committee on monitoring the administration of the executive committee and other sub committees to achieve the objectives as planned.

2. Chairs the meetings of the Board and the shareholders of the Company.
3. Making a decisive vote in the event that the Board of Directors votes and the 2 sides have equal votes.

#### Scope of CEO's Authority and Responsibility

Make the Company's critical judgments; formulate Mission, objectives, guidelines, policies; as well as

1. supervise the overall operation, productivity, customer relations, and responsibility for the Board of Directors.
2. Hire, appoint, and relocate personnel as deemed appropriate in terms of number and necessity to be executives or employees of all posts. The CEO also plays a key role in identifying reasonable scopes of authorities and responsibilities, remuneration, as well as in discharging, dismissing, firing employees as deemed appropriate.
3. Stipulate trading terms and conditions, e.g. amount of credit, payment period, sales and purchase contract, amendment of trading terms and conditions, etc.
4. Approve expenditures of a project approved by the Board of Directors. Each expenditure or payment shall not exceed ten million Baht.
5. Peruse the investment in different projects including asset sales and purchase.
6. Implement and represent on behalf of the Company when contacting outsiders in related business in the Company's interests.
7. Approve the appointment of professional consultants critical to the Company's operation.
8. Carry out tasks related to overall administration of the Company.

#### Term of Office of the Board of Directors

In each Annual General Meeting, one third of Directors shall retire. If the number cannot be divided in a round number, the retired number shall be closest to the one third. However the retired Director can be reelected. Other than retirement at the end of office term, a Directorship may be terminated by.

#### Qualifications of the Board of Directors

In accordance with Section 68, Directors must be natural persons and:

1. Become sui juris.
2. Being Director of the other listed companies not over 5 companies.
3. Not be a bankrupt, an incompetent person or a quasi-incompetent person;
4. Not have been imprisoned by a final judgment to a term of imprisonment for an offence against property committed dishonestly;
5. Not have been punished by an expulsion or removal from the governmental service or a State organization or agency on the ground of corrupt practices in official duties.
6. Director must be qualified and has no prohibitions as defined in the Law on Public Companies / and must not lack of any suitability to be entrusted to manage an entity with the public as the shareholders according to the notification of the SEC (Article 89/3 Securities Act BE. 2551)
7. Director must be knowledgeable, honest, have ethic to operate the business, have sufficient time to devote knowledge and ability to work for the Company.
8. Director may be a shareholder of the Company or not.
9. Director may hold positions in other companies but the functioning of being a member of the Board must not be affected.

#### Qualification of Independent Directors

Independent directors of the Company shall have the following qualifications.

1. Hold no more than 0.5% of the entire voting shares in the Company, conglomerates, its subsidiaries, joint ventures, or juristic persons with potential conflicts of interests, implicitly including related persons' shares.
2. Do not participate in the management; are not employees, workers, consultants with salary; and are not person with authority over the Company, conglomerates, its subsidiaries, joint ventures, or juristic persons with potential conflicts of interests (at the present time and for at least two years before appointment).
3. Have no close/natural relationships or registration in terms of parents



4. Have neither business connection nor benefits or vested interests, both explicitly and implicitly, in terms of finance and management of the Company, its subsidiaries, affiliates, joint ventures, or persons, which may potentially lead to prejudice.
  5. Have never been Auditor of the Company, conglomerates, subsidiaries, joint ventures, or juristic persons who may have potential conflicts of interests, nor major shareholders, non-independent directors, management or management partner of an auditor office which provides audit consultancy to the Company, conglomerates, subsidiaries, joint ventures, or juristic persons who may cause conflicts of interests, except for losing such status for no less than two years counting from the application date to the office.
  6. Have never been or was any professional adviser including legal or financial consultant whose fee is more than two million Baht a year for the Company, conglomerates, subsidiaries, joint ventures, or juristic persons who may cause conflicts of interests. In the event of juristic professionals, nonetheless, this clause shall include major shareholders, non-independent directors, management or management partner of such professionals, except for losing such status for no less than two years counting from the application date to the office.
  7. Have never been appointed to represent the Company's director, its major shareholder, or shareholder who has connection with the major shareholder of the Company.
  8. Possess any other qualification which may hinder him or her from independently commenting on the Company's operation.
4. Chairman or Chairman of Sub Committee (As the case may be) serves as the chairman of the meeting. He is responsible for time allocation of each agenda for the Directors to express their opinions independently on the key issues with regard to the interests of shareholders and stakeholders with fairness.
  5. In the meeting of the Directors or Sub Committee (As the case may be), the Stakeholders with significant involvement in the topic shall leave the meeting during the discussion of such matter.
  6. Resolution shall be made by majority. If any Director disputes such resolution, the objection shall be recorded in the minutes.
  7. In consideration of any issue, the Directors are exposition to look at or check the related documents or ask the management to clarify additional information.
  8. Each director and committee member should attend not less than 75% of the total number of the Board and the committee meetings held during the year.
  9. Company Secretary shall take notes and prepare the report within 14 days, keep the minutes and meeting documents, follow-up support for the Board to act in accordance with the laws, regulations and resolutions of the shareholders' meeting as well as coordinate with the relevant parties.
  10. The Company allows the non-executives to discuss among themselves without the Executive Directors present at the meeting. The non-executive directors are free to give feedback and comments that are valuable and useful to the operations of the Company at least once a year. In 2017, The non-executive directors

#### **Board of Directors and subcommittee's Meetings**

1. The meetings must be at least 6 times a year with scheduling for the year in advance and are subject to convene special meetings as necessary.
2. Chairman and Chief Executive Officer will oversee and give consent to the agenda.
3. Company Secretary shall send notice of the meeting, the agenda and documents for the meeting to the Directors at least 7 days in advance to allow ample time for the Directors to study prior the meeting.

In the meeting of the Board of Directors and Sub Committee, The Company has a policy to set a minimum quorum at the time of voting in the meeting. There must be at least two-thirds of the total number of directors.

### Assessment of the Performance of the Board of Director

The Master Ad (Public) Company Limited has arranged the performance assessment through group evaluation of the board in which conform to the principle of good corporate governance by focusing on bringing an evaluation result to improve the performance of the Board of Committee. There are two forms for the Performance Evaluation, consisting of:

1. Assessment of the performance of the Board of Directors through group evaluation
2. Assessment of the performance of the Board of Directors through Individual evaluation

Each topic is marked as following

0 = No performance in that topic at all

1 = having a little performance

2 = having a moderate performance

3 = having a good performance

4 = having an excellent performance

### The summary of the Assessment of the performance of the Board of Directors through group evaluation in the 6 major topics as follow;

- 1) The structure and qualification of the Board  
The result was good.
- (2) Roles and are responsibilities of the Board  
The result was good.
- (3) The Board of Directors' meeting  
The result was good.
- (4) The duties of the Director  
The result was good.
- (5) The relation with management  
The result was good.
- (6) Development of the director and executives  
The result was good.

### The summary of Assessment of the performance of the Board of Directors through Individual evaluation in the 3 major topics as follow;

- (1) The structure and qualification of the Board  
The result was good.
- (2) The Board of Directors' meeting  
The result was good.
- (3) Roles and are responsibilities of the Board  
The result was good.

### Development of Directors and Executives

The Company has a policy to promote knowledge to develop its directors and executives as follows:

1. Organize the orientation for the newly appointed Board of Directors by producing the directors' manual on the roles and responsibilities and the Company Secretary will explain the Company's business operation to them.
2. The newly appointed directors must attend the Director Accreditation Program (DAP) or Director Certification Program (DCP).

In the year 2017, the Company had 3 new Directors who have been trained by the Thai Institute of Directors, namely Mr. Surachet Sangchayosawat and Mr. Danai Tangsriviriyakul trained DAP course.

Training Course from the Thai Institute of Directors (IOD)

	Name	Program	
		Directors Certification Program (DCP)	Directors Accreditation Program (DAP)
1	Mr.Mana Jantanayingyong	-	2012
2	Mrs.Suparanan Tanviruch	216/16	-
3	Mr.Chaiyasit Puvapiromquan	-	118/15
4	Mr.Paisal Tarasansombat	197/14	21/04
5	Mr.Danai Tangsriviriyakul	-	138/17
6	Mr.Surachet Sangchayosawat	-	136/17
7	Mr.Chalush Chinthammit	-	2004
8	Mr.Chavin Kalayanamitr	2011	-
9	Ms.Daranee Phanklin	204/15	-

### Succession Plan

The Company has prepared the Succession Plan for the top executives with the following objectives: (1) To replace the key personnel. (2) To respond to the business plan of the Company. (3) To improve career prospects; It is the first step to recruiting staff. The Company has considered important positions that require a succession plan, in which the candidates should be considered for succession based on age, experience, performance, past performance.

### Policy on holding office in other companies of the directors and Chief Executive Officer

In order to ensure that directors are able to devote sufficient time to their duties in the Company, the Company determines the number of companies to be retained by each director to be not more than 5 companies. This is due to the fact that the efficiency of the performance of duties as a director may be reduced if the number of companies is too many.

The Board has determined that the CEO should not hold positions in other companies apart from the Company and its affiliates.

### The Audit Committee

The Audit Committee shall consist of at least 3 independent directors and at least 1 member must have knowledge and experience in reviewing the financial statements. As of 31 December 2017, the Audit

Committee consisted of 3 members as follows:

Name	Position	Meeting Attendance in 2017
1. Mr.Paisal Tarasansombat	Chairman of Audit Committee	5/5
2. Mr.Danai Tangsriviriyakul	Member of the Audit Committee	5/5
3. Mr.Chalush Chinthammit	Member of the Audit Committee	3/5

Remak: Mr.Chalush Chinthammit is member of the audit committee, who have knowledge and experience in reviewing the Company's financial statements.

### Scope of Authority and Responsibility

The Audit Committee has the following scope of authorities and duties.

1. To review the company's financial statement for accurate, reliable and sufficient disclosure.
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit and annual internal audit plan.

3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.
4. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.
5. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
  - 6.1 an opinion on the accuracy, completeness and creditability of the Company's financial report.
  - 6.2 an opinion on the adequacy of the Company's internal control system,
  - 6.3 an opinion on the compliance with the law on securities and exchange, the exchange's regulations, or the laws relating to the Company's business,
  - 6.4 an opinion on the suitability of an auditor,
  - 6.5 an opinion on the transactions that may lead to conflicts of interests,
  - 6.6 the number of the audit committee meetings, and the attendance of such meetings by each committee member,
  - 6.7 an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
  - 6.8 other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.
7. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee. Nonetheless, the Audit Committee is disallowed to approve any transaction in which there are potential connections, equity, or conflicts of interests between them or a third party and the Company or its subsidiaries.

### Qualification of the Member of the Audit Committee

Member of the Audit Committee must be qualified according to the following criteria:

1. Holding not more than 0.5% of the paid-up capital of the Company, its subsidiaries, affiliates or related companies which shall be inclusive of the shares held by related persons.
2. Not participate in the management of the Company, its subsidiaries, affiliates or related companies or being a major shareholder of the Company.
3. Not being an employee or consultant who receives a salary from the Company, its subsidiaries, affiliates or related companies or being a major shareholder of the Company.
4. Not having the benefits or interest, whether direct or indirect, in the finance and administration of the Company, its subsidiaries, affiliates or related companies or being a major shareholder of the Company before the period 1 year prior to appointment as a Member of the Audit Committee unless the Board of Directors has carefully considered that having the benefits of interest would not affect the performance and independent commenting.
5. Not being related person or close relative of the executive or major shareholder of the Company.
6. Not being appointed as a representative to safeguard interests of the director who is the Company's major shareholders or the shareholders who are related to the Company's major shareholders.
7. Able to act, comment or report on the performance as assigned by Board of Directors by not being under the control of the executive or major shareholder of the Company including those involved or a close relative of such person. (Those involved means those who are associated or affiliated with the Company to the point that the performance cannot be carried on freely or flexible such as suppliers, customers, creditors, the debtor or those significantly related in the business, etc.)

### Executive Committee

As of February 9, 2016, the Executive Committee is comprised of 8 members as follows:

			Meeting attendance in 2017
Name		Position	
1. Mrs.Suparanan	Tanviruch	Chairman of Executive Committee	10/10
2. Mr.Phakhanaaz	Phumchijzarnan	Member of Executive Committee	-
3. Mr.Yanis	Tipakorn	Member of Executive Committee	9/9
4. Miss.Tamonwan	Narintavanich	Member of Executive Committee	9/10
5. Miss.Rodjana	Trakulkoosri	Member of Executive Committee	8/9
6. Miss.Uraiwan	Boonyarataphan	Member of Executive Committee	8/9
7. Mr.Pipop	Mokekhao	Member of Executive Committee	4/4

Remark: Mr.Yanis Tipakorn, Miss.Rodjana Trakulkoosri and Mrs.Uraiwan Boonyarataphan was appointed to hold the position of Executive Committee on 9 February 2017 Mr.Pipop Mokekhao was appointed to hold the position of Executive Committee on 1 August 2017 and Mr.Phakhanaaz Phumchijzarnan was appointed to hold the position of Executive Committee on 12 January 2018 .

### Scope of Duties and Responsibilities of the Executive Committee

1. Define policy, direction, and strategy and management structure of the Company's business to be consistent and suitable for economic and competitive conditions and propose to the Board of Directors for approval.
2. Determine the business plan, budget and administrative power of the Company to propose to the Board of Directors for approval.
3. Inspect and monitor the performance of the Company in accordance with approved policies and business plans to ensure efficiency and effectiveness and report the results to the Board of Directors.

4. Consider approving the contract and/or any transactions relating to normal business operations or the regular business support of the Company (such as trading, investing or co-investing with other persons to support the operation by the Company's objectives) within the limits approved by the Board of Directors.
5. Consider investment approval and set the investment budget up to 20 million Baht.
6. Consider approving loans and applying for any loans from financial institutions, lending as well as mortgaging pledged obligations or as a guarantor of the Company and its subsidiaries within the limits approved by the Board of Directors.
7. Consider and approve transactions between the Company and its subsidiaries with directors, executives or related persons which are (1) normal business transactions and general trading conditions; or (2) normal business transactions subject to general trading conditions which has computable remuneration within the limits approved by the Board of Directors.
8. Approval of contact for registration with a government agency or the regulator of the company's business as well as payments that the Company is obliged to pay by law. This includes but is not limited to fees and/or taxation on behalf of the Company for the purpose of operating the Company's objectives.
9. Corporate's risk management, evaluate the risks and lay down the corporate risk management structure.
10. Approval of the opening/closing a bank account and the use of related banking services including the authorized person to pay for the Company's bank account.
11. Consider and approve the supervision of normal business operations of the Company or the day-to-day operations of the Company. Such matters include but are not limited to compensation policy, employee salary structure, the normal cost of the company and the lawsuit by the Company or when the Company is sued (which the Executive Committee deems necessary and appropriate).
12. Consider screening projects, contracts, transactions, and/or any actions that are beyond the control of the Executive Committee in order to present to the Board of Directors for approval except for such matters that are under the responsibility and/or the powers of other committees of the Company to scrutinize and submit to the Board of Directors directly.
13. Inspect and monitor the performance of the Company's projects approved by the Board of Directors and report to the Board on the progress of such projects.
14. Consider approving the hiring of consultants for the implementation of the Company's projects related to normal business operations or supporting the normal business of the Company.
15. Consider, approve or acknowledge other management-related businesses that the Executive Committee deems necessary or appropriate to address as the urgent problem. If not done, it would cause damage to the Company and report such incident to the Board of Directors quickly.
16. Have the power to delegate authority to one or more persons to perform any action under the control of the Executive Committee or may delegate authority to such person as authorized by the Executive Committee within the timeframe that the Executive Committee deems appropriate. The Executive Committee may revoke, change, or alter the authorized person or delegation of authority. Such delegation shall be within the scope of the power of attorney provided and/or in accordance with the rules, regulations or orders prescribed by the Board of Directors.
17. Consider and approve any other matters and take any action as delegated by the Board from time to time.

The assignment of duties and responsibilities of the Executive Committee must not be delegated that makes the Executive Committee and/or persons authorized can approve the transaction which may have a conflict of interest with themselves or any persons or may have any conflict of interest with the Company or subsidiaries (As defined in the Notification of the Capital Market Supervisory Board or the Securities and Exchange Commission) which the Executive Committee has no authority to approve such matters. They must be proposed to the Board of Directors and/or the shareholders' meeting (as the case may be) for further approval except for the approval of transactions that are in line with normal business and normal business conditions.



## Risk Management Committee

The Board appointed the corporate Risk Management Committee consisting of at least 5 members, of which at least one shall be the Company's director. The Risk Management Committee comprises 8 persons as follows:

Name		Position	Meeting attendance in 2017
1. Mrs.Suparanan	Tanviruch	Chairman of Risk Management Committee	4/4
2. Mr.Phakhanaaz	Phumchijzarnan*	Member of Risk Management Committee	-
3. Mr.Yanis	Tipakorn	Member of Risk Management Committee	4/4
4. Miss.Tamonwan	Narintavanich	Member of Risk Management Committee	4/4
5. Miss.Rodjana	Trakulkoosri	Member of Risk Management Committee	4/4
6. Miss.Uraiwan	Boonyarataphan	Member of Risk Management Committee	4/4
7. Mr.Pipop	Mokekhao	Member of Risk Management Committee	4/4
8. Miss.Seingfon	Rattanabhrom	Member of Risk Management Committee	4/4

Remark: \* Mr.Phakhanaaz Phumchijzarnan was appointed to hold the position of member of Risk Management Committee on 12 January 2018 .

## Scope of Authority and Responsibility

Below are the authorities and duties of the Risk Management of Master Ad Public Company Limited.

1. Compile the Risk Management Handbook of Master Ad Public Company Limited
2. Devise a plan for risk prevention or reduction.
3. Propose the Company's risk management policies to the Board for consideration before implementation.
4. Support the high-ranking executives' management by establishing a structure of risk management to comprehensively cover the overall organization, as well as adopting the risk management strategy into practice by issuing regulations and encouraging investment in an appropriate system.
5. Examine, analyze, and assess existing or potential risks and trends which may affect the organization both internally and externally.
6. Evaluate, prepare, and submit a report on adequacy of risk system and control to the Executive Committee and the Board. Function as the hub of managing significant risks reported by risk management coordinators.
7. Review the report on risk management and enhance efficiency in management performance in order to deal with unacceptable risks.
8. Inaugurate an integrated risk management system and link it to the Company's information system.
9. Carry out any other task pertinent to the Company's risk management policies as assigned by The Board.

## Oversight of the subsidiaries' and the associated companies' operations

The Company has a mechanism to monitor and supervise the management and operation of the subsidiaries and the associated companies in order to protect its return on investment as follows:

1. The Board of Directors will consider and designate the Company's directors, executives or authorised persons to be the representatives in the subsidiaries and the associated companies as per the Company's shareholding in such entities so as to monitor, supervise and determine important policies and/or engage in the management of such businesses for the best interest of the Company. In this respect, the Executive Committee and/or the Board of Directors (as the case may be) will instruct the Company's representatives on the voting direction for any significant agenda items of the subsidiaries' and the associated companies.
2. The Company has a mechanism to monitor the disclosure of financial information and results of operation, the entry into connected transactions, acquisition and disposal of assets, or any other significant transactions of the subsidiaries and the associated companies to be accurately and completely made in compliance with the Office of the SEC's and the SET's regulations.
3. The Company requires the subsidiaries and the associated companies to have a suitable and adequate internal control system.

## Auditors' Fee

Detail of the audit fee In the fiscal year ended 31 December 2018 of the Company and its subsidiaries.

(Unit : THB)

NO.	Company	Auditors' Fee		
		2015	2016	2017
		Price water house Cooper ABAS Co.,Ltd	EY Office Limited.	
1	Master Ad Plc.	920,000.00	910,000.00	952,000.00
2	Master and More Co., Ltd	577,000.00	580,000.00	616,000.00
3	Multi Sign Co., Ltd.	-	400,000.00	566,000.00
4	Inkjet Images (Thailand) Co., Ltd.	221,000.00	215,000.00	215,000.00
5	Landy Development Co., Ltd.	170,000.00	161,000.00	161,000.00
6	Open play Co., Ltd	115,000.00	114,000.00	114,000.00
7	Eye on Ads Co., Ltd.	90,000.00	90,000.00	93,000.00
8	Green Ad Co., Ltd.	60,000.00	60,000.00	63,000.00
9	Comass Co., Ltd.	-	-	400,000.00
Total		2,153,000.00	2,530,000.00	3,330,000.00

Non Audit Fee: Review of the Annual Report 2017 amount of 150,000 Baht.

## Compliance with good corporate governance principles in other matters

The Stock Exchange of Thailand (SET) has promoted and the listed companies in Thailand to realize the benefits of conducting business on the basis of good corporate governance by following the "Corporate Governance Principles for Listed Companies 2012", prepared by the SET to the extent possible in order to raise the level of corporate governance to international standards. In the year 2017, the Company has complied with the "Corporate Governance Principles for Listed Companies 2012" except in certain cases as detailed below:

### 1. The Chairman of the Board should be an independent director

The Chairman of the Board is not an independent director because the business of the Company is complex with a unique character that requires talented leader with experience as well as being knowledgeable in the management. However, even though the Chairman of the Board is not an independent director, the Company has adequate internal control, all directors

are committed to their duties with care and honesty, as well as being independent to express opinions on the operation of the Company in order to supervise the operation of the management effectively, accurately and transparently with the interests of the Company and its shareholders in view.

### 2. The Board should clearly specify the terms of office of the independent directors in the corporate governance policy for no more than 9 years without exception

The Board does not set a policy of limiting the number of years for the position of independent directors considering that all directors are committed to duty and act with caution and honesty. They also have the freedom to express their opinions on the Company's operations in order to supervise the operation of the management to be effective, accurate and transparent. Currently no director holds the position more than 9 years.

### 3. The Board should consist of more than 50% of independent directors

As of December 31, 2017, the Board had 9 directors consisted of 1 executive director, 5 non-executive directors and 3 independent directors. The number of independent directors was one-third of the total number of directors. All 3 independent directors have been appointed as Audit Committee members. They are independent in the duties and responsibilities as assigned by the Board, and to be able to give approval or vote on the matter without interference from the management. Therefore, the composition of independent directors is appropriate and adequate for the size of the Company.

### 4. The Company has not yet appointed the following committees:

#### 4.1 Remuneration Committee

The Remuneration Committee has not yet been appointed. However, the Company has set the principles to determine the remuneration of the Board and the Audit Committee by comparing with other listed companies and companies in the same industry and submitting them to the General Meeting to approve the directors' remuneration for each year.

#### 4.2 Nomination Committee

The Nomination Committee has not yet been appointed. However, the company However, the Company has prepared a Board Skill Matrix to provide board members with a variety of qualifications in terms of skills and experience and there is 1 non-executive director who is knowledgeable in the business of the company. The Company has given the shareholders an opportunity to nominate persons to be elected as directors prior to the annual shareholders' meeting. In 2017, the shareholders did not nominate persons to be directors.

#### 4.3 Corporate Governance Committee

The Corporate Governance Committee has not yet been appointed. However, the Company has strictly adhered to the good corporate governance principles. In 2017, the Company was rated on corporate governance with an overall score more than the overall average of the surveyed companies. In 2017, the Company has been awarded "Excellent" for the Shareholders' Rights Section under "Equitable Treatment of Shareholders" -the consideration of stakeholders' roles and disclosure and transparency and "Good" score in the Responsibility of the Board Section.

## NOMINATION AND REMUNERATION OF DIRECTORS AND EXECUTIVES

### Directors nomination and new Directors orientation

Since the Company does not have a Nomination Committee, therefore, the Board of Directors will consider the candidate who is the representative of the shareholders or be an independent director. The consideration is based on the suitability of skills and experience that will strengthen the Board. The criteria for nomination of directors will be based on the structure of the Board of Directors, Board Diversity, appropriate qualifications and skills of the directors that are lacking in the Board by setting up a Board Skill Matrix to determine the qualifications of the nominated directors. The Board may consider nominating an individual to the position of Director of the Company by the recommendation of other directors in the Company, nomination an individual by the shareholders, recruitment by external consultants (Professional Search Firm), nomination from the Director Pool or by other processes deemed appropriate by the Board.

Nomination of independent directors

### Criteria for the selection of independent directors

Since the Company does not have a Nomination Committee, therefore, the Board of Directors will consider the candidate who is the representative of the shareholders or be an independent director. The consideration is based on the suitability of skills and experience that will strengthen the Board. The Board will consider the initial qualification required by the Company which is more stringent than the minimum requirement of the SEC and the Stock Exchange so that the independent directors will be truly independent. (Please refer to the Corporate Governance section for more details.)

The Executive Directors will be appointed by the Company's directors and executives to reduce the burden of the Board in the management and routine duties beyond the authority of the Chief Executive Officer. This will enable the Board to be responsible for policy and regulatory oversight. The selection will be based on qualifications, skills, experience and knowledge required for the position and proposed to the Board for approval.

### The remuneration of directors and executives

#### Board's remuneration

The Board will determine the remuneration of the Board and the Audit Committee by comparing with the same industry and proposed to the shareholders meeting for approval. The Annual General Meeting of Shareholders for the year 2017 approved the remuneration of directors and subcommittee at the amount not exceeding 3,700,000 Baht comprising of the meeting allowances and gratuities. Details as follows:

1. Monthly remuneration for the Chairman of the Board, Chairman of the Audit Committee and every director as follows:
  - Chairman of the Board  
40,000 Baht/person/month
  - Chairman of the Audit Committee  
30,000 Baht/person/month
  - Director  
20,000 Baht/person/month
2. Meeting allowance
  - Only for the Audit Committee  
15,000 Baht/person/time
3. Annual Bonus  
Each member of the Board will receive annual bonus. The Board will consider the appropriate amount within the limit of 1,000,000 Baht

## Remuneration of the Board and the Audit Committee

(Unit : THB)

Remuneration	2015		2016		2017	
	Person	Amount	Person	Amount	Person	Amount
Monthly Remuneration	-	-	-	-	9	2,520,000.00
Meeting Allowance	11	770,000.00	16	1,330,000	3	195,000.00
Bonus	9	1,250,000.00	9	1,180,000	9	1,000,000.00
Other	None	-	None	-	None	-
<b>Total</b>		<b>2,020,000.00</b>		<b>2,510,000</b>		<b>3,715,000.00</b>

Remarks:

Budget for the meeting allowance for 2017 at the amount of 3,700,000 Baht, actual payment 3,715,000 Baht which is 15,000 Baht exceeding the limit because in 2017, the meeting of the Audit Committee was arranged at 4 times but actually the meeting was arranged 5 times.

## Breakdown of directors' remuneration in 2017 is as follow;

(Unit: THB)

No.	Name	Monthly Remuneration	Meeting Allowance (Only for the Audit Committee)	Monthly Remuneration + Meeting Allowance	Bonus	Total Remuneration
1	Mr.Mana Jantanayingyong	480,000.00	-	480,000.00	200,000.00	680,000.00
2	Mrs.Suparanan Tanviruch	240,000.00	-	240,000.00	100,000.00	340,000.00
3	Mr.Chaiyasit Puvapiromquan	240,000.00	-	240,000.00	100,000.00	340,000.00
4	Mr.Paisal Tarasansombat	360,000.00	75,000.00	435,000.00	100,000.00	535,000.00
5	Mr.Danai Tangsriviriyakul	240,000.00	75,000.00	315,000.00	100,000.00	415,000.00
6	Mr.Surachet Sangchayosawat	240,000.00	-	240,000.00	100,000.00	340,000.00
7	Mr.Chalush Chinthammit	240,000.00	45,000.00	285,000.00	100,000.00	385,000.00
8	Mr.Chavin Kalayanamitr	240,000.00	-	240,000.00	100,000.00	340,000.00
9	Ms.Daranee Phanklin	240,000.00	-	240,000.00	100,000.00	340,000.00
<b>Total</b>		<b>2,520,000.00</b>	<b>195,000.00</b>	<b>2,715,000.00</b>	<b>1,000,000.00</b>	<b>3,715,000.00</b>

## Non-monetary Remuneration

- None -

## Executive Compensation

The Company has set the indicator to define the remuneration for the CEO and the management team of all departments based on the achievement of goals of the Key Performance Indicators: KPIs for each year. This will be used to be the guideline of the operations of each department and to evaluate the performance of the CEO and all executives, Chief Executive Officer and Executives of Master Ad Public Company Limited and subsidiaries. They had received compensation from the Company on December 31, 2017 as detailed below.



## Monetary Remuneration

(Unit : THB)

Remuneration	2015		2016		2017	
	Person	Amount	Person	Amount	Person	Amount
Salary and Bonus	5	33,686,817.00	9	39,612,248.58	8	28,568,262.50
Contribute to the Provident Fund	5	340,591.00	9	564,764.00	8	804,793.00
EJIP	4	664,648.96	8	1,031,684.53	8	869,440.16
Other	5	228,139.43	9	27,022,496.26	8	152,873.19
<b>Total</b>		<b>34,920,196.39</b>		<b>68,231,193.37</b>		<b>30,395,368.85</b>

The Company has always emphasized on the internal control system because a good internal control system will enable the Company to achieve business objectives especially with regards to: (1) Efficiency and effectiveness (2) Reliability in financial reporting and (3) Compliance with law. In this regard, the Board of Directors has assigned the Audit Committee to review and evaluate the internal control system and submit the result to the Board to set the guidelines for corporate governance as well as internal control. The review must cover various aspects of internal control such as: Corporate Internal Control (Control Environment), Risk Management, Control Activities, Information & Communication and Activities Monitoring.

At the Board of Directors' Meeting No. 2/2018, the Board of Directors acknowledged the assessment and opinion of the Audit Committee regarding the adequacy of the Company's internal control system and agreed with the Audit Committee that the Company has adequate internal control system suitable for business operations and there are no significant defects in internal control. The essence is as follows:

#### **Corporate Internal Control (Control Environment)**

The Company has clearly set its vision, mission and values and notified to all executives and employees as the guideline for executing business as well as defined the organization structure which includes the scope and responsibilities of each line. Moreover, the Company also makes improvement to enable each unit to perform its business goals as approved by the Board which will be measured on a quarterly basis to evaluate the performance and to improve its business goals as appropriate.

The Company has also issued policies and regulations for financial approval, procurement and general administration, the Corporate Governance and Code of Conduct, as well as the employee manual including clearly defined penalties to prevent fraud covering the use of inside information of the Company and conflict of interest. All these have been published in the company's Intranet so that every staff is notified and well informed.

#### **Risk Management**

Risk Management is part of the annual business plan to ensure that risk management guidelines align with the goals and strategic plans of the Company. Executives and all employees in the Company are risk owners who must be responsible for assessing the risk of each unit and the process to evaluate the effectiveness of existing control measures. Therefore, the Company has set up a policy of Risk Management that identifies, analyzes and evaluates external and internal factors including factors that will cause corruption that may affect the achievement of the Company's objectives to take into account of the measures to be taken to reduce the potential risks to acceptable levels. The change of factors that will affect the Company's objectives is also monitored such as economic trends and the growth of industry. The measures to reduce the risk have been passed to employees involved at all levels to ensure that they are acknowledged and implement in a consistent manner and in the same direction. The Company has adopted the Risk Management Approach (COSO) to evaluate and prepare its Risk Management Plan. The Board of Directors has assigned the Executive Committee to undertake risk management in the organization as a whole, to evaluate the risk and define the risk management structure of the organization. The Executive Committee will report the Risk Management Report to the Board at least once a year which will be used as an element in determining the business objectives of the Company. In addition, the Company has an internal audit unit that reviews the procedures of the Risk Management and assesses the effectiveness of the internal control system independently.

#### **Control Activities**

The Company has set policies, manuals and procedures in writing, and has control that ensures that the policies set by the management are respected and followed by everyone in the Company. The guidelines set out clearly the scope and monetary limit authority of the management at each level, as well as the separation of duties and responsibilities in: (a) the duty to approve the purchase;

(b) the duty to record the account; and (c) the duty to maintain the property. This will enable effective monitoring with strict rules and regulations in the transaction with major shareholders, directors, executives or related persons together with the policy, regulations and framework for the conduct of connected transactions that are clear and consistent with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission. The Company has identified procedures and authorized person to approve transactions involving the person who uses the opportunity or benefit of the Company for personal gain.

The Company has regularly monitored and supervised the management of the subsidiaries and has set the direction for the persons appointed by the Company to be directors or executives of the subsidiaries to ensure that the operations of the subsidiaries are in line with the objectives. The Company has set up a monitoring policy to follow up the Company and its subsidiaries' operations in compliance with relevant laws.

### **Information & Communication**

The Company has the information management system to cover the operation at the corporate level, financial reporting level and operation level according to the policies and procedures to ensure effective communication so that the Board, executives, employees, shareholders, investors, and all stakeholders. Get accurate information accurately, completely and in a timely manner.

The Company has arranged the Investor Relations Section to provide information and answers for investors, and has provided channels for all stakeholders to contact or complain about issues directly to the Board. The complaint can be sent by e-mail to the company secretary or the secretary of the Audit Committee or mail to the Company Secretary at the Company's address. All the complaints will be collected and presented to the Audit Committee and/or the Board. (Depending on the case)

### **Monitoring Activities**

The Company has carried out the Company's goals and constantly improve and update consistently. For example, the Board holds a meeting at least once a quarter to review the performance against the set target. In addition, the

Company has an internal audit office (Outsourced) that reports the results of the internal audit directly to the Audit Committee. The internal audit office will review and evaluate the internal control system including suggestions for improving the process to ensure that the internal control system is adequate and effective. The internal audit report is directly reported to the Audit Committee for the independence of the internal auditor. If any substantial defect is detected, the concerned person must report to the Audit Committee to clarify the cause and propose corrective measures. The Company has also monitored the progress of correcting deficiencies and reported to the Audit Committee within a specified period.

### **Opinions of the Audit Committee and the auditor on the Company's internal control system**

The Audit Committee has assessed the adequacy of the Company's internal control system in 5 areas, namely: Control Environment, Risk Management, Control Activities, Information & Communication and Monitoring Activities and is of opinion that the Company has adequate internal control system appropriate to the business operation and has no significant defect. The auditor has also reviewed the internal control system related to the audit to design audit procedures for the consolidated and separate financial statements to be appropriate to the circumstances and is of opinion that the financial statements have shown the financial statement, performance and cash flow as at 31 December 2017, in accordance with the financial reporting standards.

### **Internal Audit**

The Audit Committee selects internal auditors (outsourced) to review and evaluate both financial and non-financial information regularly, and to review compliance with internal regulations of the organization by reporting the results directly to the Audit Committee. to ensure that the Company complies with the regulations and the relevant laws, has a good governance and internal control to be able to achieve the organization objectives.

The internal auditor has access to the data and assets of the Company in relation to the performance of the auditor. The auditor may request the audited person to provide information and explanations as assigned by the Audit Committee. The auditor shall audit, monitor, control,

review and evaluate the performance of the units as assigned by the Audit Committee.

The Company also encourages various units in the Company to conduct self-assessment to ensure effective and effective of the internal control and operations of the Company, financial reports are reliable, performance is subject to legal requirements, regulations of the government regulatory authority and according to the standards, policies, plans, regulations, orders as well as to protect the assets of the Company against any damage that may occur. This will ensure proper check and balance in the performance of the Company in order to achieve its stated goals.

The internal auditor plans the annual internal audit based on risk assessment principles that affect the operation and coverage of the organization's operational processes. The internal auditor's scope of work covers the audit, review, and assessment of adequacy as well as the effectiveness of the internal control system and the quality of its operation in the following aspects:

- Reliability of internal control, the compliance with standards and policies on accounting and financial including the organizational plan, the methods and measures must be free from all frauds and mistakes.
- Reliability of internal control on management and operations that must comply with the policies, plans, and regulations of government and regulators of the Company covering the areas of operations, management, procurement, marketing, administration, finance, accounting and human resources.
- Reliability of internal control on information technology review, internal control of the departmental structure that administers the computer system, access to information, access to processing program, system development, backup system, preparing for the emergency action plan, authority in operating system, documentation from the system as well as document retention, manuals and computer system diagram.

## Information on the Head of Internal Audit and the Chief Operating Officer

At the Audit Committee Meeting No. 3/2060, the Company appointed IVL Auditing Co., Ltd. as the company's Internal Auditor for the year 2017. Mrs. Valdee Sriboonruang, the Head of Internal Audit, will be the main responsible person as the internal auditor.

The opinion of the Audit Committee regarding the qualification, experience and training that is appropriate to be the Head of Internal Audit. The Audit Committee considered the qualifications of IVL Auditing Co., Ltd. and Mrs. Valdee Sriboonruang and deemed that such firm and person are appropriate to perform such duties due to being independent and having experience in internal audit.

Appointment, transfer, dismissal of the head of internal audit, must be approved by the Audit Committee.

### Details of Internal Audit

<b>Name:</b>	Miss.Valdee Sriboonruang
<b>Education:</b>	Bachelor's Degree, Chulalongkorn University Accounting Theory Certified public accountant (CPA) 3829 Director Accreditation Program (DAP), Thai Institute of Director (IOD) Audit Committee Program, Thai Institute of Director (IOD)

### Working Experience :

1994-Present	IVL Auditing Co., Ltd.
1990-1994	Mancom Corporation (Thailand) Co., Ltd.
1986-1994	Deloitte Touche Tohmatsu Jaiyos Co., Ltd

## 4.5

## RELATED PARTY TRANSACTIONS

For the past year, the company and its subsidiaries have some important business with the parties which may have conflict interest and have necessity and reason to do the items as follows:

Persons with Conflict of Interest	Relationship	Nature of Transaction	Details and Pricing Policy	Transaction Value For the fiscal year ended December 31 (THB mn)		Necessity and Rationale of Transaction
				2016	2017	
Inkjet Images (Thailand) Co. Ltd.  Built up in order to offer computerized advertising graphics	<ul style="list-style-type: none"> <li>A joint investment with Master Ad Plc. holding 50%</li> <li>Pico (Thailand) Public Co., Ltd. 22.22%,</li> <li>Mr. Lim Chee Min 16.67%,</li> <li>Ms. Pornthip Lohrattanasaney 11.11%.</li> </ul>	<ol style="list-style-type: none"> <li>The company rent an office on Vibhavadi-Rangsit Road, with the space of 2,000 sq.m. in order to use it for advertising media and give 452.05 sq.m. to the joint-venture company to rent for 3 years which will be ended on 31st December 2019</li> <li>The company hires the joint-venture company to produce some images to use on the company's media</li> </ol>	<p>100 baht/sq.m./month which is a higher price than what the company rent from the building owner which is at 47.50 baht/ sq.m./ month because the company has renovated the rented space to be able to utilize with other facilities.</p> <p>The price is no different from other production house.</p>	0.57	0.43	To divide the renting space to the joint-venture company. Because there is some space left and able to split some space to rent to the joint-venture which helps to reduce the company's cost.
Landy Development Co., Ltd.  Office rental business	Shareholding by Master Ad Public Company Limited holds 48.87% , Landy Home (Thailand) Co. Ltd. Holds 36.24%, Daii Group Plc. holds 14.89%	The company rent building space of Landy-Masterm building 2 with total space of 2,550.24 sq.m.	<p>390 baht/sq.m./month and electricity bill is around 100,000 baht/ month</p> <p>Remarks: Rent means the rent and central expense</p>	12.23	12.19	Rent the space to do business. The rent is not different from other people.
VGI Global Media Plc.	VGI Global Media Plc.is the largest shareholder of Master Ad Plc. by holding 33.78% of shares and sent its 5 executives to be the directors of the Company	VGI Global Media Plc. being appointed as the Media broker	Pricing is based on normal business terms. Media agreed price is the price that can be referenced.	315	330	To increase sales channel. This appointment of sales representative will help the Company to get benefits from the increasing revenue, knowledge sharing between the parties, including the use of resources that is of Economy of Scale.



### **Procedures to approve the connected transactions**

The Company has established policies and procedures for approval and implementation of transactions and items that may have a conflict of interest as follows:

1. If the Company enters into any contract or transaction between the Company, its subsidiaries, affiliates, and/or any third party, the Company will consider the need for and the feasibility in contracting by taking into account the interests of the Company and the Pricing conditions like other customers. Connected transactions must be made at a fair market price and in accordance with normal commercial business (Fair and at arm's Length).
2. The transaction, which is deemed connected as stipulated by the SEC criteria, shall righteously and completely follow SET and SEC stipulations as well as passed the verification process of the Audit Committee in the event that such connected transaction requires the Board's consideration.
3. A director with conflict of interests in any issue shall refrain from voting on or attending the meeting on that agenda item.
4. In the transaction connected to normal business transaction or common business support transaction, within the management's authority, the Company shall calculate the price as well as terms and conditions on the arm's length basis. If there is no such benchmark, the Company shall compare the price of its products and services to outsiders' under the same or similar terms and conditions. To assure that such price is reasonable for the best interests of the Company, the report prepared by an independent evaluator hired by the Company can be deployed to compare the price for critical connected transaction report. The authorized signatories shall not be the person who is authorized to approve a budget amount and the management who has self-interests in such a transaction.
5. Provision of financial support or guarantee of subsidiaries or connected people shall be cautiously performed for the best interest of the Group. The charges, e.g. interest, guarantee fees, etc., shall be calculated with the market price on the date when the transaction takes place.

6. In the event that the connected transaction has the value which requires the shareholders' ratification by three-fourths majority vote, the major shareholders who are stakeholders are allowed to attend the meeting in order to complete the quorum, but do not have voting rights. The criterion on base of the vote calculation to approve the connected transaction, excluding stakeholders' part, then, is irrelevant to the quorum and number of votes.

### **Policy on connected transaction between the Company and its subsidiaries and directors or their connections**

The connected transaction between the Company together with its subsidiaries on one hand and the directors, the management or their connected person on the other shall always require the Board of Directors' resolution, except for a transaction worth less than one million Baht. Instead, the Chief Executive Officer (CEO) is authorized to approve of such transaction and is required to report to the Board of Directors within 14 days after such resolution. The transaction shall conform to the terms and conditions of a standard price, or there is a public announcement on sale-promotion price which is equitably available to other customers or can be compared to general market price. .

To count the aforementioned value, the multiple connected transaction of the same type, feature, or condition, originated in six consecutive months by an individual or related people, or close relatives shall be treated as a single entity.

### **Policy on connected transaction of futurity**

The connected transaction among the Company together with its subsidiaries on one hand and the directors, the management or a connected person on the other shall always require the Board of Directors' approval, except for the transaction worth less than one million Baht. Instead, the Chief Executive Officer is authorized to approve of such transaction and is required to report to the Board of Directors within 14 days after such approval. The transaction shall conform to the terms and conditions of a standard price, or there is a public announcement on sale-promotion price which is equitably available to other customers or can be compared to general market price.

To count the aforementioned value, the multiple connected transaction of the same type, feature, or condition, originated in six consecutive months by an individual or related people, or close relatives shall be treated as a single entity.

In this regard, the Company shall abide by the laws, bylaws, announcements, orders, or stipulations on stock and securities, including the best practice on information disclosure of connected transaction as well as the receipt and purchase of the Company's assets or its subsidiaries, as stipulated by the Stock Exchange of Thailand (SET).

As for the connected transaction taking place at the present time, the Company has laid the following operational policies.

#### **office rent for subsidiary and joint venture**

The Company expects to allow its subsidiaries and its joint ventures to continually share the area rent at its office on 24/43-45 Vipavadee Rangsit Road., Ladyao Chatuchak Bangkok 10900.

#### **graphic production**

In the case of printmaking, the associated company can produce. The company will continue to deliver the work to Inkjet Images (Thailand) Co., Ltd. Due to flexibility in work control and production time. It can control the cost of production as well

## Directors

<b>Mr. Mana Jantanayingyong</b>		Age: 58 year
<b>Chairman of the Board of Director</b>		
<b>Education</b>		
<ul style="list-style-type: none"> <li>• Master's Degree in Buddhism Mahachulalongkornrajavidyalaya University</li> <li>• Bachelor of Business Administration in Major Marketing Management Rajamangala University of Technology</li> <li>• Director Accreditation program (DAP) 2012 Thai institute of Directors</li> <li>• Audit Committee Program (ACP) Thai institute of Directors</li> </ul>		
<b>Date of appointment of Director:</b> 31 May 2016		
<b>Shareholding in the Company (%):</b> -		
<b>Family Relationship between Director and Executive:</b> -		
<b>Working Experience:</b>		
2016-Present	Chairman of the Board	Master Ad Plc.
<b>Other Listed Companies:</b>		
2012-May 2016	Independent Director/ Audit Committee/ Nomination Committee and Compensation	VGI Global Media Plc.
<b>Other Companies:</b>		
2005-2007	Chief Executive Officer	Group M

<b>Mrs.Suparanan Tanviruch</b>		Age: 52 year
<b>Authorized Director</b>		
<b>Education</b>		
<ul style="list-style-type: none"> <li>• Master of Accounting Thammasat University</li> <li>• Bachelor of Accounting Thammasat University</li> <li>• Director Certification Program (DCP) 216/2016 Thai Institute of Directors (IOD)</li> <li>• TLCA Executive Development Program (EDP) 11/2014 Thai Listed Companies Association</li> <li>• Academy of Business Creativity (ABC) Program 3/2015 Sripatum University</li> <li>• Executive Program in Urban Management 2 Navamindradhiraj University</li> </ul>		
<b>Date of appointment of Director:</b> 31 May 2016		
<b>Shareholding in the Company (%):</b> 0.026%		
<b>Family Relationship between Director and Executive:</b> -		
<b>Working Experience:</b>		
2017-Present	Director	Landy Development Co.,Ltd.
2016-Present	Authorized Director / Chairman of the Executive committee and Chief Executive Officer	Master Ad Plc.
2016-Present	Director	Master & More Co., Ltd.
2016-Present	Director	Green Ad Co., Ltd.
2016-Present	Director	Inkjet Immages (Thailand) Co., Ltd.
2016-Present	Director	Open Plays Co., Ltd.
2016-Present	Director	Maco Outdoor Sdn.Bhd
2016-Present	Director	EyeBall Channel Sdn. Bhd
<b>Other listed Companies:</b> -		
<b>Other Companies:</b>		
2016-Present	Director	Thai Listed Companies Association
2016-Present	Guest Speaker "Strategic Financial Leadership Program"	Thai Listed Companies Association
2009-2016	Chief Financial Officer	VGI Global Media Plc.
2000-2008	Finance & Accounting Director	VGI Global Media Plc.
1997-1998	Finance & Accounting Director	Shin Satellite Plc.
1991-2000	AVP-Portfolio Management	Shin Corporation Pcl (Intouch)
1987-1991	Department of Budget	Siam Kraft Industry Co, Ltd

<b>Mr. Chaikasith Puwapiromkwan</b>		<b>Age: 76 year</b>
<b>Director</b>		
<b>Education:</b>		
<ul style="list-style-type: none"> <li>• Master of Political Science, Sukhothai Thammathirat Open University</li> <li>• Bachelor of Education, Education college Srinakharinwirot University</li> <li>• Advanced Diploma for Executives on Politics and School of Politics and Public Governance, Class 2 Administration, King Prajadhipok's Institute.</li> <li>• Director Accreditation Program (DAP) 118/2015 Thai Institute of Directors.</li> </ul>		
<b>Date of appointment of Director:</b> 22 April 2015		
<b>Shareholding in the Company (%):</b> -		
<b>Family Relationship between Director and Executive:</b> -		
<b>Working Experience:</b>		
2014-Present	Director	Master Ad Plc.
<b>Other Listed Companies:</b>		
2017-Present	Independent Director/ Audit Committee	Nation Multimedia Group Plc.
<b>Other Companies:</b>		
2012-Present	Audit Committee and assessor	Bansomdejchapraya Rajabhat University
2011-Present	Independent Director/ Audit Committee	BTS Asset
2008-2010	Independent Director/ Audit Committee	BTS Group Plc.
2004-2008	President Bansomdejchaopraya Alumni Association,	Under The Royal Patronage of His Majesty The King Bansomdejchaopraya Rajabhat University
2000-2004	Secretary	The Bangkok Metropolitan
2005-2011	Secretary	King Prajadhipok's Institute's Society
1995-1996	Advisor Deputy Prime Minister	Prime Minister's Office
1983-2012	Council Member	Bansomdejchaopraya Rajabhat University
1983-1990	Member	The House of Representative
1979-1995	Editor	Deilimirror Newspaper
1990-2000	Director and Secretary	Thai Citizen Party
1975-1977	Secretary to the Minister	Ministry of Interior (MOI)

<b>Mr. Paisal Tarasansombat</b>		<b>Age: 52 year</b>
<b>Independent Director/ Chairman of the Audit Committee</b>		
<b>Education:</b>		
<ul style="list-style-type: none"> <li>• Diploma, Assumption Commercial college</li> <li>• Diploma in Business Study, Eastbourne College of art&amp;Technology, United Kingdom</li> <li>• Mini IE, Chulalongkorn University</li> <li>• Top Executive Program : Class 10/2010, Capital Market Academy</li> <li>• Director Accreditation Program(DAP), Class 21/2004 Thai Institute of Directors</li> <li>• Director Certification Program(DCP), Class 197/2014</li> <li>• Thai Institute of Directors</li> </ul>		
<b>Date of appointment of Director:</b> 22 April 2015		
<b>Shareholding in the Company (%):</b> -		
<b>Family Relationship between Director and Executive:</b> -		
<b>Working Experience:</b>		
2014-Present	Independent Director / Chairman of Audit Committee	Master Ad Plc.
<b>Other Listed Companies:</b>		
2011-Present	Director, Chairman of Executive Committee and Chief Executive Officer	Thai Metal Trade Plc.
<b>Other Companies:</b>		
2015-Present	Director	Thai Listed Companies Association
2004-Present	Director	CONNEX Business Online Co., Ltd.
1986-Present	Director	Soon Huat Steel Co., Ltd.

Mr. Danai Tangsriviriyakul		Age: 68 year
Independent Director / Audit Committee		
Education:		
<ul style="list-style-type: none"><li>Bachelor of Accounting, Chulalongkorn University</li><li>Director Accreditation Program (DAP) Class 138 /2017 Thai Institute Director</li></ul>		
Date of appointment of Director: 3 August 2016		
Shareholding in the Company: 0.012%		
Family Relationship between Director and Executive: -		
Working Experience:		
2016-Present	Independent Director / Audit Committee	Master Ad Plc.
Other Listed Companies: -		
Other Companies:		
2016-present	Consultant of Dean of College of Integrative Medicine,	Dhurakijpundit University
2007-present	Marketing Consultant	Food Star Co., Ltd.
2013-2017	Marketing Consultant	EMCS Thai Co., Ltd.
2009-2013	Part-time Lecturer	Dhurakij Pundit University
2010	Chief Marketing Officer	Master Ad Plc.
2005-2008	Client Service Director	Double P Co., Ltd.
1999-2005	Client Service Director	Prakit Publicis Co., Ltd.
1996-2005	Vice President	Marketing Association of Thailand
1990-1999	Managing Director	C P & S Co., Ltd.
1988-1994	Director	Advertising Association of Thailand
1987-1989	Client Service Director	Ogilvy & Mather (Thailand) Co., Ltd.
1985-1986	Account Director	Ogilvy & Mather (New York) Co., Ltd.
1977-1981	Assistant Managing Director	Kamol Sukosol Co., Ltd.
1972-1976	Marketing Services Manager	Ford Motor (Thailand) Co., Ltd.

Mr. Surachet Sangchayosawat Age: 53 year

Authorized Director

Education:

- Master of Public and Private Management National Institute of Development Administration (NIDA)
- Bachelor of Engineering in Civil Engineering. King Mongkut's Institute of Technology North Bangkok Campus
- Development resources to the defense Program Class 2 Office of the Army Controller
- Director Accreditation Program (DAP) 136/2017Thai Institute of Directors.

Date of appointment of Director: 31 May 2016

Shareholding in the Company: 0.001%

Family Relationship between Director and Executive: -

Working Experience:

2016-Present	Authorize Director	Master Ad Plc.
2016-Present	Director	Master & More Co.,Ltd.
2016-Present	Director	Green Ad Co.,Ltd.

Other Listed Companies:

2014-Present	Strategic Planning Director	Bangkok Mass Transit Public Co.,Ltd.
2012-2014	Coordination department Manager	Bangkok Mass Transit Public Co.,Ltd.
2000-2012	Coordination section Manager	Bangkok Mass Transit Public Co.,Ltd.

Other Companies: -



<b>Mr. Chalush Chinthammit</b>	<b>Age: 49 years</b>
<b>Board of Director/ Audit Committee</b>	
<b>Education:</b>	
<ul style="list-style-type: none"> <li>• MBA in Finance and Banking, Mercer University, USA.</li> <li>• BBA in Finance and Banking, Assumption University</li> <li>• Capital Market Academy Program 10</li> <li>• Certificate, Executive Program on Energy Literacy for a Sustainable Future (TEA), Class 6, Thailand Energy Academy</li> <li>• Top Executive in Industrial Development and Investment, Class 3, Institute of Business and Industrial Development (IBID)</li> <li>• Director Training Program</li> <li>• Director Accreditation Program (DAP) (21/2004) by Thai Institute of Directors (IOD)</li> </ul>	
<b>Date of appointment of Director:</b> 24 June 2016	
<b>Shareholding in the Company:</b> -	
<b>Family Relationship between Director and Executive:</b> -	

<b>Work experience:</b>		
2014-Present	Independent Director /	Master Ad Pcl. Audit Committee
<b>Other Listed Companies:</b>		
2016-Present	Managing Director	KSL Green Innovation Plc.
2014-Present	Director	Mudman Pcl.
2007-Present	Director	Thai Sugar Terminal Plc. And subsidiaries
2007-Present	Director	TS Flour Mill Plc.
2007-Present	Director / Vice President	Khonkaen Sugar Industry Plc. And subsidiaries
<b>Other Companies:</b>		
2017-Present	Managing Director	BBGI Co., Ltd
1996-Present	Managing Director	KSL Real Estate Co., Ltd
2007-Present	Director / Secretary-General	Thai Sugar and Bio-Energy Producers Association
2006-Present	Director	KSL. Agro and Trading Co., Ltd
2006-Present	Director	Savannakhet Sugar Corpo- ration
2003-Present	Director	KhonKaen Sugar Power Plant Co., Ltd.
2002-Present	Director	KSL Export Trading Co., Ltd.
2001-Present	Director	Thai Sugar Miller Co., Ltd.
1997-Present	Director	Cane and Sugar Act B.E.2527
1997-Present	Director	Onnuch Construction Co., Ltd.
1997-Present	President	Colossal International Co., Ltd.
Present	Director	Raja Ceramic Co., Ltd.
Present	Director	Raja Porcelanin Co., Ltd.
Present	Director	MMP Corporation Co., Ltd.
Present	Director	KSL Sugar Holding Co., Ltd.
Present	Director	Seng Press Co., Ltd.
Present	Director	Para Ruamchoke Co., Ltd.
Present	Director	Chanarath Co., Ltd.
Present	Director	Kohkong Plantation Co., Ltd.
Present	Director	Chinkit Co., Ltd.
Present	Director	Rajasolar Material Co., Ltd.

<b>Work experience:</b>		
Present	Director/ Audit Committee	Dhanarak Asset Development Co, Ltd.
Present	Director	WSP Logistic Co., Ltd.
Present	Director	DAD SPV Co., Ltd.
Present	Director	Bangchak Bio Fuel Co., Ltd.
Present	Director	BBE Co., Ltd.

Mr.Chavin Kalayanamitr		Age: 55 year
<b>Authorized Director</b>		
<b>Education:</b>		
<ul style="list-style-type: none"> <li>• Master of Business Administration, University of Phoenix, USA</li> <li>• Bachelor of Engineering California State Polytechnic University Pomona, USA</li> <li>• Director Certification Program (DCP) Year 2011 Thai Institute of Directors</li> </ul>		
<b>Date of appointment of Director:</b> 12 May 2014		
<b>Shareholding in the Company:</b> -		
<b>Family Relationship between Director and Executive:</b> -		
<b>Work experience:</b>		
2016-Present	Director	Green Ad Co., Ltd.
2014-Present	Authorized Director	Master Ad Plc.
<b>Other Listed Companies:</b>		
2000-Present	Executive Committee/ Chief Technology Officer	VGI Global Media Plc.
<b>Other Companies:</b> -		

Miss. Daranee Phanklin		Age: 53 year
<b>Authorized Director</b>		
<b>Education:</b>		
<ul style="list-style-type: none"> <li>• Master of Business Administration, Dhurakij Pundit University</li> <li>• Bachelor of Accounting, Dhurakij Pundit University</li> <li>• Director Certification Program (DCP) 204/2015 Thai Institute of Director</li> </ul>		
<b>Date of appointment of Director:</b> 12 May 2014		
<b>Shareholding in the Company:</b> -		
<b>Family Relationship between Director and Executive:</b> -		
<b>Work experience:</b>		
2014-Present	Authorized Director	Master Ad Plc.
2016-Present	Director	Master & More Co., Ltd.
2016-Present	Director	Green Ad Co., Ltd.
<b>Other Listed Companies:</b>		
2008-Present	Financial Controller	VGI Global Media Plc.
2000-2008	Financial Manager	VGI Global Media Plc.
<b>Other Companies:</b> -		

## Executive

Mr.Phakhanaaz Phumchijarnan		Age: 57 year
Executive Committee / Chief Marketing Officer		
Education:		
<ul style="list-style-type: none"> <li>BBA (Marketing) Ramkhamhaeng University</li> <li>MBA (Marketing Management) Dhurakij Pundit University</li> </ul>		
Shareholding in the Company: -		
Family Relationship between Director and Executive: -		
Working Experience		
January 2018-Present	Chief Marketing Officer	Master Ad Plc.
Other Listed Companies:		
2015-2017	Chief Marketing Officer	Three Sixty Five Plc.
Other Companies:		
1999-2015	VP Sales & Marketing	JC. Decaux Co.,Ltd
1994-1998	Sales & Marketing Director	Trend Enterprise Co.,Ltd.

Mr. Yanis Tipakorn		AGE: 59 year
Executive Committee /Advisor		
Education:		
<ul style="list-style-type: none"> <li>Bachelor of Arts, Chulalongkorn University</li> </ul>		
Shareholding in the Company: -		
Family Relationship between Director and Executive: -		
Working Experience		
Present	Executive Committee / Advisor	Master Ad PLC.
Present	Director	Inkjet Images (Thailand) Co., Ltd.
2007-2017	Chief Creative Officer (CCO)	Master Ad PLC.
Other Listed Companies: -		
Other Companies:		
2004-2006	General Manager	Dentsu Plus Co., Ltd.
2003-2004	Creative Director	Bezz Co., Ltd
1996-2003	Creative Director	Low World Wide Co., Ltd.
1990-1996	Creative Group Head	Fareast Advertising Co., Ltd.
1985-1990	Senior Copywriter	Leo Bernet Co., Ltd.
1984-1985	Copy Writer	Fareast Advertising Co., Ltd.

Miss.Tamonwan Narintavanich		Age: 54 year
Executive committee /Chief Financial Officer (CFO) and Company Secretary		
Education:		
<ul style="list-style-type: none"> <li>MBA of Financial, University of the Thai Chamber of Commerce (CEO MBA)</li> <li>Bachelor of Accounting, Sukhothaimathirath Open University</li> <li>Strategic CFO in Capital Markets Program 5/2017 The Stock Exchange of Thailand</li> <li>Institute of Metropolitan development Mahanakorn 3</li> <li>Super Entrepreneur Program for Society : SEP - S1</li> <li>Role of the Compensation Committee 16/2013 Thai Institute of Director</li> <li>Director Accreditation Program (DAP) 76/2008 Thai Institute of Director</li> <li>Director Certification Program (DCP) 177/13 Thai Institute of Director</li> <li>TLCA Executive Development Program (EDP9/12) Thai Listed Company Association</li> <li>Finance for non Finance Director 17/2010 Thai Institute of Director</li> <li>Corporate Secretary Program 12/2005</li> </ul>		
Shareholding in the Company: 0.004%		
Family Relationship between Director and Executive: -		
Working Experience		
Present	Executive committee, Chief Financial Officer, Company Secretary	Master Ad Plc.
Present	Director	MACO Outdoor Co., Ltd.
Present	Director	Master & More Co., Ltd
Present	Director	Green Ad Co., Ltd.
2013-2014	Asst.Chief Executive Director	Master Ad Plc.
2011-2012	Accounting & Financial Director	Master Ad Plc.
2005-2010	Vice-Director- Accounting & Financial	Master Ad Plc.
2001-2004	Asst.Director- Accounting & Financial	Master Ad Plc.
1996-2000	Accounting & Financial Manager	Master Ad Plc.
Other Listed Companies: -		
Other Companies:		
2013	Code of Ethics in Investor Relations Committee	Corporate Governance Center
1989-1990	Accountant	Umnart & Associate Co., Ltd.
1986-1989	Asst.Accountant	Vissavasaphan Co., Ltd.

Miss.Rojana Trakulkoosri		Age: 49 year
<b>Executive Committee /Chief Business Development Officer (CBO)</b>		
<b>Education</b>		
<ul style="list-style-type: none"> <li>• MBA Assumption University</li> <li>• BBA in Marketing Assumption University</li> </ul>		
<b>Shareholding in the Company:</b> 0.022%		
<b>Family Relationship between Director and Executive:</b> -		
<b>Working Experience</b>		
Present	Executive Committee/ Chief Business Development Officer	Master Ad Plc.
Present	Director	Master & More Co., Ltd
Present	Director	Eye on Ads Co., Ltd.
Present	Director	Open Plays Co., Ltd.
2009-2015	Managing Director	Master & More Co., Ltd
2005-2009	Senior Business Development	Master & More Co., Ltd
<b>Other Listed Companies:</b> -		
<b>Other Companies:</b>		
2002-2005	Senior Product Supervisor	Henkel Thai Co., Ltd.
1995-2002	Product Manager	Datamat Co., Ltd.
1994-1995	Marketing Executive	Narai Property Co., Ltd.
1992-1994	Sales Representative	Datamat Co., Ltd.

Mrs.Uraiwan Boonyarataphan		Age: 45 year
<b>Executive Committee/ Chief People Officer (CPO)</b>		
<b>Education:</b>		
<ul style="list-style-type: none"> <li>• Master Degree of Public Administration (HRM) Dhurakij Pundit University</li> <li>• Bachelor of History, Kasetsart University</li> <li>• Quality and Standard Program National Productivity Institute</li> <li>• TLCA Executive Development Program (EDP 13) Thai Listed Companies Association</li> <li>• Chief People Officer 5/5 Panyapiwat Institute of Management</li> </ul>		
<b>Shareholding in the Company:</b> 0.004%		
<b>Family Relationship between Director and Executive:</b> -		
<b>Working Experience</b>		
Present	Executive Committee /Chief People Officer (CPO)	Master Ad Plc .
2013-2014	Asst.CEO HR, Admin&MIS	Master Ad Plc.
2010-2012	Administration Director	Master Ad Plc.
2003-2009	Acting Administration Director	Master Ad Plc.
2002-2003	Asst.Director-Administration	Master Ad Plc.
1999-2002	Administration Manager	Master Ad Plc.
1998-1999	Administration section Manager	Master Ad Plc.
<b>Other Listed Companies:</b> -		
<b>Other Companies:-</b>		

Mr.Pipop Mokekhao		Age: 44 year
<b>Executive Committee/ Director of Operations and Maintenance</b>		
<b>Education</b>		
<ul style="list-style-type: none"> <li>• Master of Engineering: Structural Engineering, Thammasat University</li> <li>• Bachelor of Engineering: Civil Engineering, Thammasat University</li> <li>• Mini MBA Stamford International University</li> </ul>		
<b>Shareholding in the Company:</b> 0.001%		
<b>Family Relationship between Director and Executive:</b> -		
<b>Working Experience</b>		
Present	Executive Committee / Director of Operations and Maintenance	Master Ad Plc.
<b>Other Listed Companies:</b> -		
<b>Other Companies:</b>		
2550-2559	Civil Section Manager	CTCI (Thailand) Co., Ltd.
2548-2550	Deputy Civil Section Manager	CTCI (Thailand) Co., Ltd.
2547-2548	Lead Civil Engineer	CTCI (Thailand) Co., Ltd.
2539-2547	Civil Engineer	K. Engineering Consultants Co., Ltd.

## 4.7

## INFORMATION ON THE POSITIONS OF THE DIRECTOR AND THE EXECUTIVE IN THE COMPANY, SUBSIDIARIES AND ASSOCIATES

Detail the Position of the Directors and the Executive in the Company, Subsidiaries and associates as of December 31, 2017

			Subsidiaries					Associated Companies		Holding by Subsidiaries		
			Master&More Co.,Ltd.	Eye On Ads Co.,Ltd.	Green Ad Co.,Ltd	Inkjet Immages Co.,Ltd	MACO Outdoor Sdn.Bhd.	Landy Development Co.,Ltd.	Open Play Co.,Ltd	Eyeball Channel Sdn.Bhd.	Multi Sign Co.,Ltd.	Comass Co.,Ltd.
Director and Executive		Master Ad Plc.										
1. Mr.Mana	Jantanayingyong	C										
2. Mrs.Suparanan	Tanviruch	D/CE/CEO	D		D	D	D	D	D	D		
3. Mr.Chaiyasit	Puvapiromquan	D										
4. Mr.Surachet	Sangchayosawat	D	D		D							
5. Mr.Paisal	Tarasansombat	CAC/ID										
6. Mr.Danai	Tangsriviriyakul	ID/AC										
7. Mr.Chalush	Chinthammit	ID/AC										
8. Mr.Chavin	Kalayanamitr	D			D							
9. Ms.Daranee	Phanklin	D	D		D							
10. Mr.Phakhanaaz	Phumchijzarnan	CMO/E										
11. Mr.Yanis	Tipakorn	A				D						
12. Miss.Tamonwan	Narintavanich	E/Com Sec/CFO	D		D		D					
13. Miss.Rodjana	Trakulkoosri	E/CPO	D	D					D			
14. Miss.Uraiwan	Boonyarataphan	E/CBO										
15. Miss.Nurahayatee	Maeroh	PA		D							D	D
16. Miss.Chonlada	Chanim	AD									D	D
17. Mr.Wichien	Wutthidechachai	M									D	D

Remark:

C = Chairman of the Board of Directors  
D = Director  
ID = Independent Director  
CAC = Chairman of the Audit committee  
AC = Audit committee  
CE = Chairman of Executive Committee  
E = Executive committee  
Com Sec = Company Secretary  
CEO = Chief Executive Officer

CFO = Chief Financial Officer  
CPO = Chief People Officer  
CBO = Chief Business Development Officer,  
CMO = Chief Marketing Officer  
PA = Personal Assistant to CEO  
A = Advisor  
AD = Assistant Director of Finance and Accounting  
M = Manager





## Financial Report

<b>5.1</b>	Director's Responsibility Report	81
<b>5.2</b>	Independent Auditor's Report	82
<b>5.3</b>	Audited Financial Statements	86
<b>5.4</b>	Notes to Consolidated Financial Statements	96


## 5.1

## DIRECTORS' RESPONSIBILITIES REPORT

The Board of Directors is responsible for the separate financial statements of the Master Ad Public Company Limited and the overall financial statements of the Company together with its subsidiaries including information which appears in this annual report. The aforementioned financial statements have been prepared in accord with financial reporting standard by deploying accounting policies which is appropriate and have been consistently adopted by the Company. Important information has been adequately disclosed in the notes supplemented to the financial statements for the benefits of the shareholders and general investors in a transparent manner.

To accomplish this task, the Board of Directors has appointed the Audit Committee to verify the accounting policy and the quality of quarterly financial statements before submitting for the Board's acknowledgement. The Audit Committee's comments on these issues are included in the Audit Committee's Report shown in this Annual Report. Specifically, the Audit Committee remarks on both the Company's and its subsidiaries' financial statements in the Audit Committee's Report that the Company's financial status, performance results and cash flow are deemed substantially accurate in accord with the financial reporting standard.

Based upon such supervision and practices, the Board of Directors believe that the overall financial statements and the Company's separate financial statements prepared for the year ended 31 December 2017, have shown accurate, reliable financial status, performance results, and cash flow conforming to the Generally Accepted Accounting Principles and the related laws, regulations and announcements.



Mr. Mana Jantanayingyong  
Chairman of Board of Directors



Mrs. Suparanan Tanviruch  
Chief Executive Officer

To the Shareholders of Master Ad Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Master Ad 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 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 Master Ad Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Master Ad Public Company Limited and its subsidiaries and of Master Ad Public Company Limited as at 31 December 2017, 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 9 to the consolidated financial statements regarding the acquisition of investment in a subsidiary (Co-Mass Company Limited) by the other subsidiary (Eye On Ads Company Limited) ("Acquirer"). The acquirer is in process of measuring the fair value at the acquisition date of the identifiable assets acquired, the liabilities assumed, and goodwill, which has not yet completed. 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.

### *Revenue recognition*

The economic slowdown and changes in customer behavior have directly resulted in more intense competition in the advertising industry, which makes it necessary for the Group to boost sales by offering a variety sales promotions, discounts and special discounts. Moreover, the Group has entered into agreements with a large number of customers. As a result, the Group's revenue recognition varies. The amount and timing of revenue recognition directly and significantly affects the profit of the Group and revenue from services and sales are significant materiality to the financial statements.

I have examined the revenue recognition of the Group by assessing and testing its internal controls with respect to revenue, by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, and with special consideration given to expanding the scope of the testing of the internal controls which respond to the above risks, 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. In addition, on a sampling basis, I examined supporting documents for actual sales and services transactions occurring during the year and near the end of the accounting period, reviewed credit notes that the Group issued after the period-end, and performed analytical procedures on disaggregated data to detect possible irregularities in sales and services transactions throughout the period, particularly for accounting entries made through journal vouchers.

### *Goodwill*

I have focused my audit on the consideration of the impairment of goodwill because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgment in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process. I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results. I also evaluated the discount rate applied by management and involved internal expert to assist in the assessment of this information by comparing it to external sources based on an expert's knowledge and past experience, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill.

### **Other Information**

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.



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

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

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

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



Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

EY Office Limited

Bangkok: 9 February 2018

## STATEMENT OF FINANCIAL POSITION

Master Ad 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		195,473,189	312,496,492	95,648,682	233,770,009
Current investments	7	7,645,921	171,710,494	-	160,064,573
Trade and other receivables	8	345,221,294	276,171,689	146,693,712	57,365,049
Short-term loans to related parties	6	-	-	689,000,000	72,000,000
Current portion of long-term loans to related parties	6	11,281,760	13,965,821	11,119,780	15,536,799
Prepaid expenses		73,093,417	52,439,306	12,935,004	6,997,494
Dividend receivable		-	-	29,999,970	69,999,930
Other current assets		34,677,156	20,423,474	8,034,839	10,768,496
<b>Total current assets</b>		<b>667,392,737</b>	<b>847,207,276</b>	<b>993,431,987</b>	<b>626,502,350</b>
<b>Non-current assets</b>					
Restricted bank deposits		194,138	-	194,138	-
Long-term loans to related parties, net of current portion	6	7,494,312	16,394,659	7,386,711	18,376,011
Investments in subsidiaries	9	-	-	484,939,180	309,239,180
Investments in associates	10	42,269,526	35,638,062	16,494,814	16,494,814
Investment properties	11	35,316,836	35,316,836	35,316,836	35,316,836
Buildings and equipment	12	471,065,095	175,870,181	26,914,394	31,221,173
Estimated amount by which costs of the acquisition of investment in a subsidiary exceed identifiable net assets of the acquiree	9	281,611,877	-	-	-
Goodwill		384,379,240	384,379,240	-	-
Intangible assets	13	43,969,882	52,541,819	1,771,385	509,383
Deferred tax assets	20	4,616,600	3,865,214	3,255,980	3,520,259
Other non-current assets		72,420,201	80,081,903	35,397,837	26,220,138
<b>Total non-current assets</b>		<b>1,343,337,707</b>	<b>784,087,914</b>	<b>611,671,275</b>	<b>440,897,794</b>
<b>Total assets</b>		<b>2,010,730,444</b>	<b>1,631,295,190</b>	<b>1,605,103,262</b>	<b>1,067,400,144</b>

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

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

Master Ad Public Company Limited and its subsidiaries  
As at 31 December 2017

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	14	230,000,000	-	230,000,000	-
Trade and other payables	15	164,423,149	327,147,748	121,555,244	61,756,890
Current portion of long-term loan from financial institution		-	8,695,326	-	-
Income tax payable		17,583,201	17,265,419	1,021,428	-
Dividend payable		39,000,000	60,000,000	-	-
Other current liabilities		28,168,938	20,946,220	12,611,626	7,313,584
Total current liabilities		479,175,288	434,054,713	365,188,298	69,070,474
Non-current liabilities					
Long-term loans from shareholders		-	400,000	-	-
Provision for long-term employee benefits	16	20,742,846	17,920,487	10,094,726	12,235,547
Deferred tax liabilities	20	8,154,791	10,390,989	-	-
Other non-current liabilities		9,084,091	9,957,016	5,868,501	6,121,977
Total non-current liabilities		37,981,728	38,668,492	15,963,227	18,357,524
Total liabilities		517,157,016	472,723,205	381,151,525	87,427,998

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

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

Master Ad 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	17				
Registered					
4,095,211,875 ordinary shares of Baht 0.1 each		409,521,188	409,521,188	409,521,188	409,521,188
Issued and fully paid-up 3,438,910,366 ordinary shares (2016: 3,342,969,500 ordinary shares) of Baht 0.1 each		343,891,037	334,296,950	343,891,037	334,296,950
Share premium	17	743,492,478	561,204,833	743,492,478	561,204,833
Retained earnings					
Appropriated - statutory reserve	18	40,952,119	40,952,119	40,952,119	40,952,119
Unappropriated		277,136,872	156,759,807	95,616,103	43,466,586
Other components of shareholders' equity		20,960,757	21,392,647	-	51,658
Equity attributable to owners of the Company		1,426,433,263	1,114,606,356	1,223,951,737	979,972,146
Non-controlling interests of the subsidiaries		67,140,165	43,965,629	-	-
<b>Total shareholders' equity</b>		<b>1,493,573,428</b>	<b>1,158,571,985</b>	<b>1,223,951,737</b>	<b>979,972,146</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,010,730,444</b>	<b>1,631,295,190</b>	<b>1,605,103,262</b>	<b>1,067,400,144</b>

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

## STATEMENT OF COMPREHENSIVE INCOME

Master Ad 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 or loss:</b>					
<b>Revenues</b>					
Revenues from services and sales		932,080,193	734,631,308	391,869,027	322,920,400
Other income					
Dividend income		-	-	70,374,929	137,499,859
Others		26,403,327	18,225,007	48,149,984	28,203,806
<b>Total revenues</b>		<b>958,483,520</b>	<b>752,856,315</b>	<b>510,393,940</b>	<b>488,624,065</b>
<b>Expenses</b>					
Costs of services and sales		389,637,579	330,047,112	235,087,302	225,633,509
Selling expenses		103,778,084	86,492,684	45,054,799	44,560,490
Administrative expenses		188,374,368	194,985,074	66,078,747	117,673,523
<b>Total expenses</b>		<b>681,790,031</b>	<b>611,524,870</b>	<b>346,220,848</b>	<b>387,867,522</b>
<b>Profit before share of profit from investments in associates, finance cost and income tax expenses</b>		<b>276,693,489</b>	<b>141,331,445</b>	<b>164,173,092</b>	<b>100,756,543</b>
Share of profit from investments in associates		6,631,464	3,339,096	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>283,324,953</b>	<b>144,670,541</b>	<b>164,173,092</b>	<b>100,756,543</b>
Finance cost		(7,778,205)	(3,496,569)	(4,076,880)	(853,689)
<b>Profit before income tax expenses</b>		<b>275,546,748</b>	<b>141,173,972</b>	<b>160,096,212</b>	<b>99,902,854</b>
Income tax expenses	20	(49,204,533)	(37,420,630)	(10,562,773)	(746,272)
<b>Profit for the year</b>		<b>226,342,215</b>	<b>103,753,342</b>	<b>149,533,439</b>	<b>99,156,582</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		(380,232)	119,477	-	-
Gain on change in value of available-for-sale investments - net of income tax		(51,658)	51,658	(51,658)	51,658
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(431,890)	171,135	(51,658)	51,658
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial loss - net of income tax		(3,794,600)	-	(438,534)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(3,794,600)	-	(438,534)	-
<b>Other comprehensive income for the year</b>		<b>(4,226,490)</b>	<b>171,135</b>	<b>(490,192)</b>	<b>51,658</b>
<b>Total comprehensive income for the year</b>		<b>222,115,725</b>	<b>103,924,477</b>	<b>149,043,247</b>	<b>99,208,240</b>

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



## STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Master Ad 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
Profit attributable to:					
Equity holders of the Company		220,861,403	101,999,457	149,533,439	99,156,582
Non-controlling interests of the subsidiaries		5,480,812	1,753,885		
		226,342,215	103,753,342		
Total comprehensive income attributable to:					
Equity holders of the Company		216,890,564	102,170,592	149,043,247	99,208,240
Non-controlling interests of the subsidiaries		5,225,161	1,753,885		
		222,115,725	103,924,477		
Earnings per share	21				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.07	0.03	0.04	0.03

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

## CASH FLOW STATEMENT

Master Ad 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 before tax	275,546,748	141,173,972	160,096,212	99,902,854
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	75,820,685	36,184,405	8,343,523	6,408,479
Allowance for doubtful accounts (reversal)	(2,301,476)	3,566,839	(2,129,192)	4,790,105
Gain on sales of current investments	(421,495)	-	(421,495)	-
Loss (gain) on sales of equipment	2,530,367	(2,169,636)	(818,498)	(1,277,830)
Loss on sales / written-off assets	-	494,012	-	815,716
Provision for long-term employee benefits	4,383,363	3,006,335	398,140	2,333,002
Dividend income	-	-	(70,374,929)	(137,499,859)
Share of profit from investments in associates	(6,631,464)	(3,339,096)	-	-
Interest income	(3,673,540)	(5,090,096)	(12,723,113)	(5,050,144)
Interest expenses	7,778,205	3,496,569	4,076,880	853,689
Profit (loss) from operating activities before changes in operating assets and liabilities	353,031,393	177,323,304	86,447,528	(28,723,988)
Operating assets (increase) decrease				
Trade and other receivables	(50,325,848)	89,790,943	(88,314,293)	17,290,915
Prepaid expenses	2,020,041	37,650,849	(5,937,510)	48,093,984
Other current assets	(21,256,595)	(5,788,257)	(5,486,512)	(6,397,661)
Other non-current assets	33,335,975	(23,863,652)	(957,529)	(1,861,791)
Operating liabilities increase (decrease)				
Trade and other payables	(6,435,381)	11,886,918	59,798,354	21,867,413
Other current liabilities	5,341,541	4,548,497	5,298,041	106,227
Employee benefit obligations	(6,519,200)	(8,193,121)	(3,087,128)	(7,015,491)
Other non-current liabilities	(2,584,011)	(642,978)	(121,627)	(680,712)
Cash flows from operating activities	306,607,915	282,712,503	47,639,324	42,678,896
Interest income	4,488,157	5,516,121	13,837,936	4,146,704
Cash paid for interest expenses	(4,983,090)	(2,531,056)	(4,208,728)	(853,689)
Cash paid for corporate income tax	(56,111,140)	(40,155,962)	(9,154,519)	-
<b>Net cash flows from operating activities</b>	<b>250,001,842</b>	<b>245,541,606</b>	<b>48,114,013</b>	<b>45,971,911</b>

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

## CASH FLOW STATEMENT (CONTINUED)

Master Ad 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 investing activities</b>				
Purchase of current investments	(30,000,000)	(316,953,744)	(30,000,000)	(310,000,000)
Proceeds from sales of current investments	194,421,496	159,333,144	190,421,496	150,000,000
Decrease (increase) in short-term loans to related parties	-	(16,875,760)	(617,000,000)	8,000,000
Increase in long-term loans to related parties	-	-	-	(20,450,049)
Cash received from repayment of long-term loans to related parties	11,584,408	-	15,406,319	-
Decrease (increase) in restricted bank deposits	(194,138)	5,951,672	(194,138)	1,951,672
Cash paid for investments in subsidiaries (Note 9)	-	-	(175,700,000)	(219,997,800)
Net cash paid for purchase of investments in subsidiaries (Note 9)	(314,814,627)	(171,749,537)	-	-
Acquisitions of equipment	(345,568,423)	(23,635,572)	(5,539,648)	(4,320,018)
Proceeds from sales of equipment	10,782,819	11,453,409	2,445,099	1,328,786
Acquisitions of intangible assets	(2,394,200)	-	(1,385,700)	-
Dividends received	-	-	110,374,889	151,500,529
<b>Net cash flows used in investing activities</b>	<b>(476,182,665)</b>	<b>(352,476,388)</b>	<b>(511,171,683)</b>	<b>(241,986,880)</b>
<b>Cash flows from financing activities</b>				
Increase in short-term loans from financial institutions	230,000,000	-	230,000,000	-
Cash paid to settle payables from purchases of investment in a subsidiary (Note 9)	(175,600,000)	-	-	-
Repayment of long-term loan from financial institution	(8,695,326)	(11,208,000)	-	-
Repayment of long-term loan from a shareholder	(400,000)	-	-	-
Repayment of finance lease liabilities	(4,772,015)	(397,100)	-	-
Proceeds from increase in share capital	-	427,520,000	-	427,520,000
Cash received from exercised warrants	191,881,732	-	191,881,732	-
Dividends paid	(122,876,639)	(145,929,040)	(96,945,389)	(144,609,544)
<b>Net cash flows from financing activities</b>	<b>109,537,752</b>	<b>269,985,860</b>	<b>324,936,343</b>	<b>282,910,456</b>
<b>Translation adjustments</b>	<b>(380,232)</b>	<b>153,947</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(117,023,303)</b>	<b>163,205,025</b>	<b>(138,121,327)</b>	<b>86,895,487</b>
Cash and cash equivalents at beginning of year	312,496,492	149,291,467	233,770,009	146,874,522
Cash and cash equivalents at end of year	195,473,189	312,496,492	95,648,682	233,770,009

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## CASH FLOW STATEMENT (CONTINUED)

Master Ad 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
Supplemental disclosures of cash flow information				
Non-cash transactions				
Payable of acquisition of investment in a subsidiary	-	219,500,000	-	-
Transfer of equipment to prepaid expenses	5,446,171	-	-	-
Transfer of equipment to current assets	166,489	-	-	-
Transfer of equipment to intangible assets	911,484	-	395,720	-
Transfer of equipment to non-current assets	12,621,671	1,005,738	-	-
Transfer current assets to equipment	885,125	-	-	-
Transfer non-current assets to equipment	2,230,886	12,613,340	-	12,613,340

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

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Master Ad Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company					Other component of shareholders' equity				
	Other comprehensive income					Total other component of shareholders' equity				
	Issued and fully paid-up share capital	Share premium	Retained earnings	Surplus from the change of interests in subsidiaries	Exchange differences on translation of financial statements in foreign currency	Surplus on changes in value of available-for-sale investments	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
<b>Balance as at 1 January 2016</b>	300,896,950	167,084,833	37,612,119	202,529,385	21,020,149	-	729,344,799	16,018,447	745,363,246	
Profit for the year	-	-	-	101,999,457	-	-	101,999,457	1,753,885	103,753,342	
Other comprehensive income for the year	-	-	-	-	119,477	51,658	171,135	-	171,135	
Total comprehensive income for the year	-	-	-	101,999,457	-	51,658	102,170,592	1,753,885	103,924,477	
Increase share capital	33,400,000	394,120,000	-	-	-	-	427,520,000	-	427,520,000	
Purchases of investment in a subsidiary	-	-	-	-	-	-	-	27,693,302	27,693,302	
Dividends paid (Note 24)	-	-	-	(144,429,035)	-	-	(144,429,035)	-	(144,429,035)	
Dividends paid from subsidiary to non-controlling interests of the subsidiary	-	-	-	-	-	-	-	(1,500,005)	(1,500,005)	
Retained earnings transferred to statutory reserve	-	-	3,340,000	(3,340,000)	-	-	-	-	-	
<b>Balance as at 31 December 2016</b>	334,296,950	561,204,833	40,952,119	156,759,807	21,020,149	51,658	1,114,606,356	43,965,629	1,158,571,985	
<b>Balance as at 1 January 2017</b>	334,296,950	561,204,833	40,952,119	156,759,807	21,020,149	51,658	1,114,606,356	43,965,629	1,158,571,985	
Profit for the year	-	-	-	220,861,403	-	-	220,861,403	5,480,812	226,342,215	
Other comprehensive income for the year	-	-	-	(3,538,949)	-	(51,658)	(3,970,839)	(255,651)	(4,226,490)	
Total comprehensive income for the year	-	-	-	217,322,454	-	(51,658)	216,890,564	5,225,161	222,115,725	
Exercised warrants (Note 17)	9,594,087	182,287,645	-	-	-	-	191,881,732	-	191,881,732	
Purchases of investment in a subsidiary (Note 9)	-	-	-	-	-	-	-	22,880,624	22,880,624	
Dividends paid (Note 24)	-	-	-	(96,945,389)	-	-	(96,945,389)	-	(96,945,389)	
Dividends paid from subsidiary to non-controlling interests of the subsidiary	-	-	-	-	-	-	-	(4,931,249)	(4,931,249)	
<b>Balance as at 31 December 2017</b>	343,891,037	743,492,478	40,952,119	277,136,872	21,020,149	-	1,426,433,263	67,140,165	1,493,573,428	

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

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

Master Ad Public Company Limited and its subsidiaries  
For the year ended 31 December 2017

(Unit: Baht)

### Separate financial statements

	Issued and fully paid-up share capital	Share premium	Retained earnings		Other component of shareholders' equity	Total shareholders' equity
			Appropriated	Unappropriated	Surplus on changes in value of available-for-sale investments	
Balance as at 1 January 2016	300,896,950	167,084,833	37,612,119	92,079,039	-	597,672,941
Profit for the year	-	-	-	99,156,582	-	99,156,582
Other comprehensive income for the year	-	-	-	-	51,658	51,658
Total comprehensive income for the year	-	-	-	99,156,582	51,658	99,208,240
Increase share capital	33,400,000	394,120,000	-	-	-	427,520,000
Dividends paid (Note 24)	-	-	-	(144,429,035)	-	(144,429,035)
Retained earnings transferred to statutory reserve	-	-	3,340,000	(3,340,000)	-	-
Balance as at 31 December 2016	334,296,950	561,204,833	40,952,119	43,466,586	51,658	979,972,146
Balance as at 1 January 2017	334,296,950	561,204,833	40,952,119	43,466,586	51,658	979,972,146
Profit for the year	-	-	-	149,533,439	-	149,533,439
Other comprehensive income for the year	-	-	-	(438,534)	(51,658)	(490,192)
Total comprehensive income for the year	-	-	-	149,094,905	(51,658)	149,043,247
Exercised warrants (Note 17)	9,594,087	182,287,645	-	-	-	191,881,732
Dividends paid (Note 24)	-	-	-	(96,945,388)	-	(96,945,388)
Balance as at 31 December 2017	343,891,037	743,492,478	40,952,119	95,616,103	-	1,223,951,737

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



**Master Ad Public Company Limited and its subsidiaries**  
**For the year ended 31 December 2017**

## 1. General information

Master Ad Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is VGI Global Media Public Company Limited, which is incorporated in Thailand. The parent company of the Group is BTS Group Holdings Public Company Limited. The Group is principally engaged in the business of advertising. The registered office of the Company is at 1, 4<sup>th</sup>-6<sup>th</sup> Floor, Soi Ladprao 19, Ladprao Road, Chomphon, Chatuchak, Bangkok, 10900.

## 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.

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 Master Ad 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)
Subsidiaries directly owned by the Company				
Master and More Company Limited	Production and providing outdoor advertising media service	Thailand	100	100
Eye On Ads Company Limited	Production and sale of tri-vision equipment	Thailand	100	100
Green Ad Company Limited	Providing advertising service through the supply of tree wall panel	Thailand	100	100
Inkjet Images (Thailand) Company Limited	Production of advertising media and billboards	Thailand	50	50
Maco Outdoor Sdn. Bhd.	Holding company	Malaysia	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017 (Percent)	2016 (Percent)
Subsidiaries indirectly owned by the Company				
Held by Master and More Company Limited				
Open Play Company Limited	Providing outdoor advertising media service	Thailand	80	80
Held by Green Ad Company Limited				
Multi Sign Company Limited	Outdoor advertising production and media services	Thailand	70	70
Held by Eye On Ads Company Limited				
Co-Mass Company Limited	Outdoor advertising production and media services	Thailand	70	-

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

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

### 3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which were 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 did not have any significant impact on the financial statements of the Company and its subsidiaries.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards are aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

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

**4. Significant accounting policies**

**4.1 Revenue recognition**

*Rendering of services and sales*

Service income consists of advertising income and other service income. Service income is recognised when services have been rendered taking into account the stage of completion. Service rate charged is in accordance with service area, service rate charged per area and service period as stipulated in the contract.

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.

*Interest income*

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

*Dividends*

Dividends are recognised when the right to receive the dividends is established.

**4.2 Cash and cash equivalents**

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

**4.3 Accounts receivable**

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

**4.4 Investments**

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Company and its subsidiaries classify as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (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.

#### **4.5 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any).

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### **4.6 Buildings and equipment / Depreciation**

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

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

Buildings and building improvement	- 20 years
Media	- 5, 9 years and remaining period of concession
Equipment	- 5 years
Fixtures and office equipment	- 3-5 years
Motor vehicles	- 5 years

Depreciation is included in profit or loss.

No depreciation is provided on assets under installation.

An item of buildings 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 acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and allowance for impairment losses (if any).

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

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

Intangible assets acquired through business combination	- 6 years 3 months and remaining period of concession
Computer software	- 3-5 years

#### **4.8 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 accumulated 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 cash generating units that are expected to benefit from the synergies of the combination. The Company and its subsidiaries estimates the recoverable amount of each cash-generating unit 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.

#### **4.9 Related party transactions**

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

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

#### **4.10 Long-term leases**

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

Leases of office building space 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.

#### **4.11 Foreign currencies**

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

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

Gains and losses on exchange are included in profit or loss.

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

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

An impairment loss is recognised in profit or loss.

#### 4.13 Employee benefits

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

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

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

###### *Defined contribution plans*

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

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

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

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.

Actuarial gains and losses arising from other long-term benefits are recognized immediately in profit and loss.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company and its subsidiaries recognizes restructuring-related costs.

#### 4.14 Provisions

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

#### 4.15 Income tax

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

##### **Current tax**

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

##### **Deferred tax**

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

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

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



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

#### **4.16 Fair value measurement**

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

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

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

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

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

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

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

The management of the Company determined that the Company has control over Inkjet Images (Thailand) Company Limited, even though the Company holds 50% of shares and voting rights. This is because the Company is a major shareholder and has the ability to direct the significant activities. As a result, Inkjet Images (Thailand) Company Limited is deemed to be a subsidiary of the Company and has to be included in the consolidated financial statements from the date on which the Company assumed control.

#### **Leases**

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

#### **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.

### **Impairment of investments**

The Company and its subsidiaries treat investments as impaired when there has been a significant or prolonged decline in the fair value below their costs or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

### **Buildings and equipment / Depreciation**

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

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

### **Goodwill and intangible assets**

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating unit and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Deferred tax assets**

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

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

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

## **6. Related party transactions**

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2017	2016	2017	2016	
<b>Transactions with subsidiaries</b> (eliminated from the consolidated financial statements)					
Rental income from billboards	-	-	4,763	5,505	Contract rate
Commission income	-	-	16,673	12,212	Contract rate
Consulting and accounting service income	-	-	768	788	Contract rate
Rental income from buildings	-	-	1,250	1,075	Contract rate
Dividend income	-	-	70,375	67,500	Announced rate
Interest income	-	-	10,612	1,899	1.95 to 5.00 percent per annum
Other income	-	-	1,866	1,224	Contract rate
Costs of services	-	-	140,194	42,171	Contract rate
Commission expenses	-	-	106	102	Contract rate
Service expenses	-	-	-	195	Contract rate
<b>Transactions with the intermediate parent company</b>					
Costs of services	11,065	11,065	-	-	Contract rate
Advertising and promotion	-	80	-	-	Contract rate
<b>Transactions with parent company</b>					
Rental income from billboards	5,686	-	5,686	-	Contract rate
Service income	99,636	91,321	-	-	Contract rate
Costs of services	7,157	1,560	3,475	560	Contract rate
Commission expenses	-	3,880	-	-	Contract rate
Advertising and promotion expenses	180	-	-	-	Contract rate
<b>Transactions with associates</b>					
Interest income	1,157	1,441	-	-	5.00 percent per annum
Rental expenses	12,188	12,223	8,151	8,172	Contract rate
<b>Transactions with related companies</b>					
Revenue from advertising production	15,102	16,355	-	-	Contract rate
Rental income from billboards	36,355	-	36,355	-	Contract rate
Costs of services	200	141	120	-	Contract rate

The balances of the accounts as at 31 December 2017 and 2016 between the Company, its subsidiaries and those related parties were as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Trade and other receivables - related parties (Note 8)</b>				
<b>Trade and other receivable</b>				
Parent company	5,939	-	137	-
Subsidiaries	-	-	2,889	2,789
Associate	246	269	-	-
Related company (related by common shareholder)	1,036	-	-	-
Related companies (related by shareholders of a subsidiary)	5,386	6,298	-	-
<b>Total trade and other receivables</b>	<b>12,607</b>	<b>6,567</b>	<b>3,026</b>	<b>2,789</b>

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Accrued income</b>				
Parent company*	102,540	87,918	2,949	-
Subsidiaries	-	-	3,370	-
Related company (related by common shareholder)	6,000	-	6,000	-
Related companies (related by a shareholders of a subsidiary)	509	-	-	-
Total accrued income	109,049	87,918	12,319	-
Total trade and other receivables - related parties	121,656	94,485	15,345	2,789
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	689,000	72,000
<b>Prepaid rental expenses</b>				
Subsidiary	-	-	55	-
<b>Long-term loans to related parties</b>				
Subsidiary	-	-	18,506	33,913
Associate	18,776	30,360	-	-
Total long-term loans to related parties	18,776	30,360	18,506	33,913
<b>Dividend receivable</b>				
Subsidiary	-	-	30,000	70,000
<b>Deposit - related company</b>				
Subsidiary	-	-	9,000	9,000
<b>Trade and other payables - related parties (Note 15)</b>				
Intermediate parent company	-	344	-	-
Parent company	2,027	3,069	803	-
Subsidiaries	-	-	70,796	5,805
Associate	64	66	43	52
Related company (related by common shareholder)	128	20	128	-
Related company (related by shareholder of a subsidiary)	20	28	-	-
Related individual (related by shareholder of a subsidiary)	92	-	-	-
Total trade and other payables - related parties	2,331	3,527	71,770	5,857

\* The balance includes accrued income to be received from the parent company of Baht 103 million (2016: Baht 74 million) that is payable under the Outdoor Advertising Exclusive Sale Agency Agreement that the parent company made with a subsidiary. The agreement expired on 31 December 2017.

### Short-term loans to related parties

As at 31 December 2017 and 2016, the balances of short-term loans between the Company and those related parties and the movements were as follows.

(Unit: Thousand Baht)

Short-term loans	Separate financial statements			
	Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
<b>Subsidiaries</b>				
Master and More Co., Ltd.	10,000	80,000	(90,000)	-
Eye On Ads Co., Ltd.	31,000	655,000	-	686,000
Green Ad Co., Ltd.	31,000	10,000	(38,000)	3,000
<b>Total</b>	<b>72,000</b>	<b>745,000</b>	<b>(128,000)</b>	<b>689,000</b>

The short-term loans carry interest at rates of 1.95 to 3.00 percent per annum and are due at call.

(Unit: Thousand Baht)

Long-term loan	Consolidated financial statements			
	Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
<b>Associate</b>				
Eyeballs Channel Sdn. Bhd.	30,360	-	(11,584)	18,776

(Unit: Thousand Baht)

Long-term loan	Separate financial statements			
	Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
<b>Subsidiary</b>				
Maco Outdoor Sdn. Bhd.	33,913	-	(15,407)	18,506

The long-term loans carry interest at a rate of 5 percent per annum and are due within April 2019.

### Directors and management's benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2560	2559	2560	2559
Short-term employee benefits	32,580	47,914	8,971	19,333
Post-employment benefits	3,852	27,775	320	23,240
Other long-term benefits	63	93	38	76
<b>Total</b>	<b>36,495</b>	<b>75,782</b>	<b>9,329</b>	<b>42,649</b>

## 7. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Fixed deposits with maturity date more than three months	7,646	131,646	-	120,000
Investments in available-for-sale:				
Securities - debt securities	-	40,000	-	40,000
Add: Unrealised gain on changes in value of investments	-	64	-	64
Fair value	-	40,064	-	40,064
Total	7,646	171,710	-	160,064

The fair value of the investments in available-for-sale securities are fair value at level 2.

During the year 2017, the Company sold available-for-sale securities with cost totaling Baht 70.0 million and recognised gains (after tax) on the sales in profit or loss, amounting to Baht 0.3 million. This amount included gains transferred from gain (after tax) on valuation of available-for-sale securities in other comprehensive income, amounting to Baht 0.1 million.

## 8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Trade receivables - related parties</b>				
Aged on the basis of due dates				
Not yet due	8,693	6,469	415	278
Past due				
Up to 3 months	3,643	98	-	-
3 - 6 months	8	-	-	-
6 - 12 months	17	-	-	-
Total trade receivables - related parties	12,361	6,567	415	278
<b>Trade receivables - unrelated parties</b>				
Aged on the basis of due dates				
Not yet due	115,680	125,708	68,793	42,316
Past due				
Up to 3 months	85,388	46,663	46,576	8,077
3 - 6 months	218	187	85	112
6 - 12 months	380	475	140	111
Over 12 months	13,253	13,021	4,067	5,744
Total	214,919	186,054	119,661	56,360
Less: Allowance for doubtful accounts	(11,055)	(12,975)	(3,910)	(5,698)
	203,864	173,079	115,751	50,662
Cheques awaiting deposit	-	1,280	-	1,099
Total trade receivables - unrelated parties - net	203,864	174,359	115,751	51,761
Total trade receivables - net	216,225	180,926	116,166	52,039



(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Other receivables</b>				
Other receivables - related parties	246	-	2,610	2,511
Other receivables - unrelated parties	13,620	13,249	9,718	11,390
Accrued income - related parties	109,049	87,918	12,320	-
Accrued income - unrelated parties	15,342	2,940	15,141	686
Share subscription receivables	-	400	-	-
Total	138,257	104,507	39,789	14,587
Less: Allowance for doubtful accounts	(9,261)	(9,261)	(9,261)	(9,261)
Total other receivables	128,996	95,246	30,528	5,326
Total trade and other receivables - net	345,221	276,172	146,694	57,365

## 9. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net		Dividend received during the year	
	2017	2016	2017	2016	2017	2016	2017	2016
Master and More Co., Ltd.	74,549	74,549	-	-	74,549	74,549	70,000	136,000
Eye On Ads Co., Ltd.	5,000	5,000	-	-	5,000	5,000	-	-
Green Ad Co., Ltd.	399,081	223,381	(3,383)	(3,383)	395,698	219,998	-	-
Inkjet Images (Thailand) Co., Ltd.	7,984	7,984	-	-	7,984	7,984	375	1,500
Maco Outdoor Sdn. Bhd.	1,708	1,708	-	-	1,708	1,708	-	-
Total investments in subsidiaries	488,322	312,622	(3,383)	(3,383)	484,939	309,239	70,375	137,500

### **Master and More Company Limited (“Master and More”)**

During the year 2017, meetings of the Board of Directors of Master and More on 28 June 2017 and 22 December 2017 passed resolutions to approve the payments of the interim dividends of Baht 20 per share and Baht 15 per share, respectively, equal to Baht 40 million and Baht 30 million, respectively, or a total of Baht 70 million.

### **Green Ad Company Limited (“Green Ad”)**

On 3 August 2016, a meeting of the Board of Directors of the Company passed a resolution to approve Green Ad’s acquisition of 98,000 ordinary shares with a par value of Baht 100 each of Multi Sign Company Limited (“MTS”) from its existing shareholders (“the Sellers”) at a cost of not more than Baht 439 million. This represents 70 percent of all ordinary shares of MTS, which operates services for out of home media business, and the price is that agreed between Green Ad and the Sellers under the terms and conditions stipulated in a share purchase agreement dated 3 August 2016, whereby the acquisition price is divided into 2 parts as follows:

- 1) A preliminary purchase price of Baht 373 million to be paid under the terms and conditions stipulated in the share purchase agreement.
- 2) An additional purchase price of no more than Baht 66 million, which may be reduced depending on the operating results and other conditions stipulated in the share purchase agreement.

Subsequently, on 1 October 2016, Green Ad acquired 98,000 shares of MTS with a par value of Baht 100 each. It has received all of these shares and paid Baht 219 million to the sellers on 3 October 2016. During the year 2017, Green Ad paid an additional amount of Baht 176 million to the sellers.

As at 31 December 2017, the balance of other payables for purchase of investment in a subsidiary, net of deferred interest, was Baht 44 million (2016: 216 million).

In addition, on 28 September 2016, the Extraordinary General Meeting of Green Ad’s shareholders passed a resolution to approve an increase in its registered share capital from Baht 5 million (1 million ordinary shares with a par value of Baht 5 each) to Baht 500 million (100 million ordinary shares with a par value of Baht 5 each), by issuing 99 million ordinary shares with a par value of Baht 5 each. The Company acquired additional ordinary shares of Green Ad in proportion to its existing holding, and as a result its shareholding in the subsidiary is unchanged at 100%. The capital was paid on 28 September 2016, 7 June 2017 and 29 September 2017, in amounts of approximately Baht 220 million, Baht 44 million and Baht 132 million, respectively. Green Ad registered the increases of its capital with the Ministry of Commerce on 30 September 2016, 27 July 2017 and 3 October 2017, respectively.

As at 31 December 2017, the uncalled portion of Green Ad’s share capital was approximately Baht 99 million (2016: Baht 275 million).

### **Eye On Ads Company Limited (“Eye On Ads”)**

On 16 May 2017, a meeting of the Board of Directors of the Company passed a resolution to approve the acquisition by Eye On Ads Company Limited (“Eye On Ads”) of 39,375 ordinary shares with a par value of Baht 100 each of Co-Mass Company Limited (“Co-Mass”) from its existing shareholders (“the Sellers”) at a cost of Baht 335 million. This represents 70 percent of all ordinary shares of Co-Mass, which operates out of home media business services. The price is that agreed between Eye On Ads and the Sellers under the terms and conditions stipulated in a share purchase agreement dated 23 May 2017.

Subsequently, on 30 June 2017, Eye On Ads completed the acquisition and received all of these shares. Eye On Ads paid a total of Baht 335 million to the sellers on 23 January 2017, 29 June 2017, 30 June 2017 and 31 July 2017.

Eye On Ads is currently in the process of measuring the fair value at the acquisition date of the identifiable assets acquired, liabilities assumed and goodwill. The carrying value of the identifiable assets acquired and liabilities assumed of Co-Mass at the acquisition date were as summarised below.

(Unit: Thousand Baht)

	Carrying value
Cash and cash equivalents	20,185
Trade and other receivables	17,237
Other current assets	17,304
Plant and equipment	42,913
Other non-current assets	5,714
Trade and other payables	(16,384)
Other current liabilities	(4,993)
Other non-current liabilities	(5,707)
Net assets of the subsidiary	76,269
Less: Non-controlling interests' proportionate share of identifiable net assets of the acquiree	(22,881)
Eye On Ads's proportionate share of identifiable net assets of the acquiree	53,388
Costs of the acquisition of investment in a subsidiary	335,000
Less: Eye On Ads's proportionate share of identifiable net assets of the acquiree	(53,388)
Estimated amount by which costs of the acquisition of investment in a subsidiary exceed identifiable net assets of the acquiree	281,612
Cash paid for purchase of investment in a subsidiary	335,000
Less: Cash and cash equivalents of the subsidiary	(20,185)
Net cash paid for purchase of investment in a subsidiary	314,815

In addition, on 13 October 2017, the meeting of the Board of Directors of Co-Mass passed a resolution to approve the payment of an interim dividend of Baht 270 per share, or a total of Baht 15 million.

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

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2017 (Percent)	2016 (Percent)	2017	2016	2017	2016	2017	2016
Inkjet Images (Thailand) Co., Ltd.	50	50	2016	14.3	1.8	0.3	0.4	1.5
Multi Sign Co., Ltd.	30	30	28.5	28.5	(0.3)	0.8	-	-
Co-Mass Co., Ltd.	30	-	23.1	-	4.8	-	4.6	-

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

Summarised information about financial position

(Unit: Million Baht)

	Inkjet Images (Thailand) Co., Ltd.		Multi Sign Co., Ltd.		Co-Mass Co., Ltd.	
	2017	2016	2017	2016	2017	2016
Current assets	27.5	27.4	95.2	130.9	57.8	-
Non-current assets	10.1	6.7	68.5	90.8	35.8	-
Current liabilities	3.5	3.3	59.2	113.4	15.9	-
Non-current liabilities	3.3	2.3	10.2	13.4	0.7	-

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December					
	Inkjet Images (Thailand) Co., Ltd.		Multi Sign Co., Ltd.		Co-Mass Co., Ltd.	
	2017	2016	2017	2016	2017	2016
Revenue	34.2	28.5	143.2	40.9	63.5	-
Profit (loss)	3.7	0.6	(0.9)	2.6	15.9	-
Total comprehensive income	2.9	0.6	(0.5)	2.6	15.9	-

Summarised information about cash flow

(Unit: Million Baht)

	For the year ended 31 December					
	Inkjet Images (Thailand) Co., Ltd.		Multi Sign Co., Ltd.		Co-Mass Co., Ltd.	
	2017	2016	2017	2016	2017	2016
Cash flow from operating activities	2.0	3.6	10.3	(20.5)	19.2	-
Cash flow from investing activities	(0.2)	1.3	(2.0)	(1.2)	3.7	-
Cash flow from financing activities	(0.7)	(3.1)	(49.7)	27.7	(19.3)	-
Net increase (decrease) in cash and cash equivalents	1.1	1.8	(41.4)	6.0	3.6	-

## 10. Investments in associates

### 10.1 Details of associates

(Unit: Thousand Baht)

Company's name	Consolidated financial statements					
	Percentage of share holding		Cost		Carrying amounts based on equity method	
	2017 (Percent)	2016 (Percent)	2017	2016	2017	2016
Landy Development Co., Ltd.	48.87	48.87	16.0	16,495	38,950	35,385
Eyeballs Channel SDN. BHD.	40	40	1,628	1,628	3,320	253
Total			18,123	18,123	42,270	35,638

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Percentage of share holding		Cost		Carrying amounts based on cost method	
	2017 (Percent)	2016 (Percent)	2017	2016	2017	2016
Landy Development Co., Ltd.	48.87	48.87	16,495	16,495	16,495	16,495

## 10.2 Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)

Associates	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
Landy Development Co., Ltd.	3,565	4,530	-	-
Eyeballs Channel SDN. BHD.	3,066	(1,191)	-	-
Total	6,631	3,339	-	-

## 11. Investment properties

Investment properties consisted of land not being used in operations and held for currently undetermined future usage. Investment property is stated at cost.

The fair value of the investment properties as at 31 December 2017 and 2016 stated below:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2017	2016
The fair value	64,920	64,920

The fair value of the land has been determined based on market prices in accordance with the appraisal value announced by the independent valuer. The fair value of the investment properties are fair value at level 3.



## 12. Plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Buildings and building improvement	Media	Equipment	Fixtures and office equipment	Motor vehicles	Assets under installation	Total
<b>Cost:</b>							
1 January 2016	17,822	344,426	27,200	44,600	7,958	12,504	454,510
Additions	-	5,132	1,285	2,390	-	5,237	14,044
Acquisition of a subsidiary during the year	12,930	105,460	551	2,318	12,852	-	134,111
Disposals	(12,930)	(15,586)	(930)	(4,547)	(1,853)	-	(35,846)
Transfers	-	13,865	(933)	3,822	-	(5,147)	11,607
31 December 2016	17,822	453,297	27,173	48,583	18,957	12,594	578,426
Additions	55	2,287	4,549	1,702	519	336,456	345,568
Acquisition of a subsidiary during the year	-	107,370	-	6,097	14,002	3,279	130,748
Disposals	-	(20,769)	(1,685)	(8,851)	(21,730)	(736)	(53,771)
Transfers	3,816	256,400	1	2,561	-	(279,771)	(16,993)
31 December 2017	21,693	798,585	30,038	50,092	11,748	71,822	983,978
<b>Accumulated depreciation:</b>							
1 January 2016	8,161	223,256	23,904	38,386	4,498	-	298,205
Depreciation for the year	877	22,049	1,108	2,865	1,558	-	28,457
Acquisition of a subsidiary during the year	3,542	88,124	383	1,895	8,145	-	102,089
Depreciation on disposals	(3,705)	(15,337)	(930)	(4,377)	(1,846)	-	(26,195)
Transfers	-	(1,875)	(933)	2,808	-	-	-
31 December 2016	8,875	316,217	23,532	41,577	12,355	-	402,556
Depreciation for the year	1,266	54,713	1,806	3,915	2,244	-	63,944
Acquisition of a subsidiary during the year	-	70,810	-	5,410	11,615	-	87,835
Depreciation on disposals	(23)	(13,713)	(1,648)	(8,639)	(16,435)	-	(40,458)
Transfers	-	(964)	-	-	-	-	(964)
31 December 2017	10,118	427,063	23,690	42,263	9,779	-	512,913
<b>Net book value:</b>							
31 December 2016	8,947	137,080	3,641	7,006	6,602	12,594	175,870
31 December 2017	11,575	371,522	6,348	7,829	1,969	71,822	471,065
<b>Depreciation for the year</b>							
2017 (Baht 22.5 million included in costs of services, and the balance in administrative expenses)							28,457
2018 (Baht 55.8 million included in costs of services, and the balance in administrative expenses)							63,944

(Unit: Thousand Baht)

	Separate financial statements						
	Buildings and building improvement	Media	Equipment	Fixtures and office equipment	Motor vehicles	Assets under installation	Total
<b>Cost:</b>							
1 January 2016	6,175	108,955	2,795	35,817	4,301	-	158,043
Additions	-	798	13	1,529	-	1,727	4,067
Disposals / write-off	-	(15,586)	(930)	(3,914)	(38)	-	(20,468)
Transfers	-	10,068	(934)	3,626	-	(147)	12,613
31 December 2016	6,175	104,235	944	37,058	4,263	1,580	154,255
Additions	-	653	-	1,025	-	3,862	5,540
Disposals / write-off	-	(7,967)	(272)	(2,462)	(3,197)	-	(13,898)
Transfers	645	3,911	-	-	-	(4,952)	(396)
31 December 2017	6,820	100,832	672	35,621	1,066	490	145,501
<b>Accumulated depreciation:</b>							
1 January 2016	107	100,623	2,759	31,142	2,122	-	136,753
Depreciation for the year	308	2,865	18	2,178	639	-	6,008
Depreciation on disposals	-	(14,889)	(930)	(3,746)	(37)	-	(19,602)
Transfers	-	(1,962)	(934)	2,771	-	-	(125)
31 December 2016	415	86,637	913	32,345	2,724	-	123,034
Depreciation for the year	339	4,933	11	2,384	157	-	7,824
Depreciation on disposals	-	(7,736)	(272)	(2,448)	(1,815)	-	(12,271)
31 December 2016	754	83,834	652	32,281	1,066	-	118,587
<b>Net book value:</b>							
31 December 2016	5,760	17,598	31	4,713	1,539	1,580	31,221
31 December 2017	6,066	16,998	20	3,340	-	490	26,914
<b>Depreciation for the year</b>							
2016 (Baht 2.6 million included in costs of services, and the balance in administrative expenses)							6,008
2017 (Baht 4.9 million included in costs of services, and the balance in administrative expenses)							7,824

As at 31 December 2017, certain items of plant and equipment had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 334 million (2016: Baht 348 million) (The Company only: Baht 101 million, 2016: Baht 118 million).

### 13. Intangible assets

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

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements		
	Intangible assets acquired through business combination	Computer software	Computer software under installation	Total	Computer software	Computer software under installation	Total
As at 31 December 2017							
Cost	59,321	11,903	2,220	73,444	10,328	1,260	11,588
Less Accumulated amortisation	(18,547)	(10,927)	-	(29,474)	(9,817)	-	(9,817)
Net book value	40,774	976	2,220	43,970	511	1,260	1,771
As at 31 December 2016							
Cost	59,321	10,817	-	70,138	9,806	-	9,806
Less Accumulated amortisation	(7,366)	(10,230)	-	(17,596)	(9,297)	-	(9,297)
Net book value	51,955	587	-	52,542	509	-	509

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	52,542	695	509	656
Acquisitions of a subsidiary during the year	-	59,370	-	-
Acquisitions of computer software	2,394	253	1,386	253
Amortisation	(11,877)	(7,776)	(520)	(400)
Transfers	911	-	396	-
Net book value at end of year	43,970	52,542	1,771	509

### 14. Short-term loans from financial institution

The balances represent unsecured short-term loans from a financial institution carrying interest at a rate of 2.2 percent per annum. These loans mature in January and March 2018.

### 15. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade payables - related parties	2,139	3,350	71,286	5,784
Trade payables - unrelated parties	26,044	29,070	6,603	7,686
Other payables for purchase of investment - a subsidiary (Note 9)	43,766	216,434	-	-
Other payables - related parties	192	177	54	73
Other payables - unrelated parties	160	99	15	-
Accrued expenses	84,988	76,013	38,795	47,157
Unearned revenue - related parties	-	-	430	-
Unearned revenue - unrelated parties	7,134	2,005	4,372	1,057
Total trade and other payables	164,423	327,148	121,555	61,757

## 16. Provision for long-term employee benefits

Provision for long-term employee benefits was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Post-employment benefits from employee's retirement		Other long-term employee benefits plan		Total	
	2017	2016	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of year	10,765	14,937	7,156	6,455	17,921	21,392
Included in profit and loss:						
Current service cost	1,600	1,333	571	778	2,171	2,111
Interest cost	475	642	177	253	652	895
Past service costs	1,721	-	(161)	-	1,560	-
Acquisition of a subsidiary during the year	170	1,715	-	-	170	1,715
Included in other comprehensive income:						
Actuarial (gain) loss arising from Demographic assumptions changes	(1,910)	-	(623)	-	(2,533)	-
Financial assumptions changes	1,730	-	34	-	1,764	-
Experience adjustments	4,850	-	707	-	5,557	-
Benefits paid during the year	(5,094)	(7,863)	(1,425)	(330)	(6,519)	(8,193)
Provision for long-term employee benefits at end of year	14,307	10,764	6,436	7,156	20,743	17,920

(Unit: Thousand Baht)

	Separate financial statements					
	Post-employment benefits from employee's retirement		Other long-term employee benefits plan		Total	
	2017	2016	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of year	7,250	12,637	4,985	4,281	12,235	16,918
Included in profit and loss:						
Current service cost	201	1,086	194	539	395	1,625
Interest cost	201	543	107	165	308	708
Past service costs	86	-	(391)	-	(305)	-
Acquisition of a subsidiary during the year						
Included in other comprehensive income:						
Actuarial (gain) loss arising from Demographic assumptions changes	(896)	-	(363)	-	(1,259)	-
Financial assumptions changes	933	-	33	-	966	-
Experience adjustments	612	-	230	-	842	-
Benefits paid during the year	(2,253)	(7,015)	(834)	-	(3,087)	(7,015)
Provision for long-term employee benefits at end of year	6,134	7,251	3,961	4,985	10,095	12,236

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	Post-employment benefits from employee's retirement		Other long-term employee benefits plan		Total	
	2017	2016	2017	2016	2017	2016
Selling and administrative expenses	3,796	1,975	587	1,031	4,383	3,006

(Unit: Thousand Baht)

	Separate financial statements					
	Post-employment benefits from employee's retirement		Other long-term employee benefits plan		Total	
	2017	2016	2017	2016	2017	2016
Selling and administrative expenses	488	1,629	(90)	704	398	2,333

The Company and its subsidiaries expect to pay Baht 0.6 million of long-term employee benefits during the next year (Separate financial statements: Baht 0.3 million) (2016: Baht 0.5 million, separate financial statements: Baht 0.3 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit was 14 years (Separate financial statements: 14 years) (2016: 16 years, separate financial statements: 16 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 (Percent per annum)	2016 (Percent per annum)	2017 (Percent per annum)	2016 (Percent per annum)
Discount rate	3.1	4.3	3.1	4.3
Salary increase rate	3.5 - 8.0	3.5 - 9.0	3.5 - 8.0	3.5 - 9.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation under post-employment benefits from employee's retirement as at 31 December 2017 are summarised below:

(Unit: Million Baht)

	As at 31 December 2017			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(2.2)	2.5	(1.1)	1.2
Salary increase rate	2.1	(1.9)	1.0	(0.9)

(Unit: Million Baht)

	As at 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1.7)	2.0	(1.3)	1.4
Salary increase rate	2.0	(1.7)	1.5	(1.4)

## 17. Share capital/Share premium

As at 31 December 2017, the Company's issued and fully paid share capital has increased from Baht 334,296,950 (3,342,969,500 ordinary shares with a par value of Baht 0.1 each) to Baht 343,891,036 (3,438,910,366 ordinary shares with a par value of Baht 0.1 each) as a result of the exercises of the warrants (MACO-W1) to ordinary shares amounting to Baht 191,881,732 (95,940,866 ordinary shares with a value of Baht 0.1 each), resulting in an increase in total share premium to Baht 182,287,645.

The Company registered the increase in its paid-up capital with the Ministry of Commerce on 6 November 2017.

## 18. 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 five percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches ten percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

## 19. Expenses by nature

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Salaries and wages and other employee benefits	147,254	143,161	50,649	89,172
Depreciation and amortisation	64,640	28,138	8,344	6,408
Rental and services expenses	157,855	82,384	39,596	46,822
Rental expenses for billboards	35,809	137,598	133,596	135,415
Costs of other services	105,272	74,781	51,283	35,292
Commission and sales promotion expenses	81,437	71,368	32,903	30,423
Utilities expenses	29,516	22,145	14,231	14,322

## 20. Income tax

Income tax expenses for the years are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Current income tax:</b>				
Current income tax charge	51,152	38,382	10,176	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,947)	(961)	387	746
<b>Income tax expenses reported in the statement of comprehensive income</b>	<b>49,205</b>	<b>37,421</b>	<b>10,563</b>	<b>746</b>

The amounts of income tax relating to each component of other comprehensive income for the years are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax relating to actuarial loss	(994)	13	(110)	13
Deferred tax relating to gain on changes in value of available-for-sale investments	(13)	-	(13)	-
Total	(1,007)	13	(123)	13

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 before tax	275,547	141,174	160,096	99,903
Applicable tax rate (percent)	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	55,109	28,235	32,019	19,980
Adjustment in respect of income tax of previous year	(702)	-	-	-
Effects of elimination entries on the consolidation financial statements	(270)	(306)	-	-
Effects of:				
Exemption of income	-	(40)	(14,075)	(27,836)
Share of profit from investments in associates	(1,326)	(668)	-	-
Non-deductible expenses	2,322	2,539	287	1,523
Utilisation of previously unrecognised deferred tax assets on tax losses	(7,187)	(492)	(7,187)	-
Tax losses for the year which deferred tax assets have not been recognised	1,942	8,449	-	7,079
Others	(683)	(296)	(481)	-
Total	(4,932)	9,492	(21,456)	(19,234)
Income tax expenses reported in the statement of comprehensive income	49,205	37,421	10,563	746



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

(Unit: Thousand Baht)

	Statement of financial position			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Deferred tax assets</b>				
Allowance for asset impairment	-	-	677	677
Provision for long-term employee benefits	4,057	3,523	2,019	2,447
Provision for decommissioning of advertising media	560	409	560	409
Unrealized gains from revaluation of investments.	-	(13)	-	(13)
Others	-	(54)	-	-
<b>Total</b>	<b>4,617</b>	<b>3,865</b>	<b>3,256</b>	<b>3,520</b>
<b>Deferred tax liabilities</b>				
Intangible assets acquired through business combination	8,155	10,391	-	-
<b>Total</b>	<b>8,155</b>	<b>10,391</b>	<b>-</b>	<b>-</b>

As at 31 December 2017, the Company and its subsidiaries had unused tax losses totaling Baht 12 million (2016: Baht 44 million), on which deferred tax assets have not been recognised as the Company and its subsidiaries believed future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

## 21. Earnings per share

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

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Profit for the year attributable to equity holders of the Company (thousand Baht)	220,861	101,999	149,533	99,157
Weighted average number of ordinary shares (thousand shares)	3,359,402	3,070,111	3,359,402	3,070,111
Earnings per share (Baht)	0.07	0.03	0.04	0.03

## 22. Segment information

The Company and its subsidiaries are principally engaged in the business of advertising. Their operations are carried out only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

## 23. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and employees contribute to the fund monthly at the rate of five percent of basic salary. The fund, which is managed by SCB Asset Management Co., Ltd. will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 4 million (the Company only: Baht 2 million) (2016: Baht 3 million (the Company only: Baht 2 million)) were recognised as expenses.

## 24. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2015	Annual General Meeting of the shareholders on 22 April 2016	90.27	0.030
Interim dividends for 2016	Board of Directors' meeting of the Company on 3 August 2016	54.16	0.018
Total for 2016		144.43	0.048
Final dividends for 2016	Annual General Meeting of the shareholders on 24 April 2017	36.77	0.011
Interim dividends for 2017	Board of Directors' meeting of the Company on 1 August 2017	60.17	0.018
Total for 2017		96.94	0.029

## 25. Commitments and contingent liabilities

### 25.1 Capital commitments

As at 31 December 2017, the Company and its subsidiaries had capital commitments of approximately Baht 176 million (2016: None), relating to the acquisition of equipment and software.

### 25.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of space for advertising, office building space, motor vehicles and equipment, and related service agreements. The terms of the agreements are generally between 1 and 9 years.

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Payable:				
In up to 1 year	83	99	25	83
In over 1 and up to 5 years	138	104	23	31
In over 5 years	18	20	-	-

Under the conditions of the lease agreements for advertising space, the Company and its subsidiaries are committed to pay rental on a monthly basis. One-month deposits were made and will be refunded when the agreements are terminated with the consent of the lessor. The agreements are renewable for every 3 years with rental adjustment made based on current market conditions.

### 25.3 Guarantees

- (1) As at 31 December 2017, the Company has no guaranteed bank credit facilities of its associated company (2016: Baht 19 million).
- (2) As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 9 million (31 December 2016: Baht 9 million) (the Company only: Baht 5 million (2016: Baht 4 million)) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business to guarantee electricity use, among others.

## 26. Financial instruments

### 26.1 Financial risk management

Financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No. 107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, trade and other receivables, loans, investments, and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

#### *Credit risk*

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do 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 trade and other receivables and loans as stated in the statement of financial position.

#### *Interest rate risk*

The Company’s and its subsidiaries’ exposure to interest rate risk relates primarily to their cash at banks, loans and investments. Most of the Company’s and its subsidiaries’ financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

### 26.2 Fair values of financial instruments

Since the majority of the Company’s and its subsidiaries’ 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 statement of financial position.

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans to subsidiaries, accounts payable and short-term loans from financial institutions, their carrying amounts in the statement of financial position approximate their fair value.
- b) For debts securities, their fair value is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.
- c) For equity securities, their fair value is generally derived from quoted market prices.
- d) For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.

During the current year, there were no transfers within the fair value hierarchy.

## 27. Capital management

The primary objective of the Company's and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.35:1 (2016: 0.41:1) and the Company's was 0.31:1 (2016: 0.09:1).

## 28. Events after the reporting period

On 9 February 2018, Meeting of the Board of Directors of the Company No. 2/2018 passed the following significant resolutions to be proposed for approval by the Annual General Meeting of the Company's shareholders.

- a) To decrease of the Company's registered share capital by Baht 65,630,151, from Baht 409,521,188 (4,095,211,875 ordinary shares of Baht 0.1 each) to Baht 343,891,037 (3,438,910,366 ordinary shares of Baht 0.1 each) due to the termination of 656,301,509 unexercised warrants (MACO-W1), for which 656,301,509 ordinary shares of Baht 0.1 each remain unissued, with the warrants having expired on 2 November 2017 and being delisted from trading on the Stock Exchange of Thailand on 3 November 2017; and to revise the Company's memorandum of association to reflect the reduction in registered share capital.
- b) To increase the Company's registered share capital by Baht 34,389,104, from Baht 343,891,037 (3,438,910,366 ordinary shares of Baht 0.1 each) to Baht 378,280,140 (3,782,801,403 ordinary shares of Baht 0.1 each), through the issue of 343,891,037 additional ordinary shares with a par value of Baht 0.1 each under a general mandate.
- c) To allocate not more than 343,891,037 additional ordinary shares with a par value of Baht 0.1 each issued under a general mandate through private placements with investors who are not related parties.
- d) To pay a dividend at a rate of Baht 0.018 per share, or a total of Baht 61,900,387, to the shareholders, in respect of the profit for the period 1 July to 31 December 2017.

## 29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 9 February 2018.



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