



บริษัท ดีมีเตอร์ คอร์ปอเรชั่น จำกัด (มหาชน)

Demeter Corporation Public Company Limited

เลขที่ 191/43 อาคารซีทีไอ ทาวเวอร์ ชั้น 21 ถนนรัชดาภิเษก แขวงคลองเตย เขตคลองเตย กรุงเทพฯ 10110

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DCORP 023/2018

February 28, 2018

Subject: Report on the overall operation for year 2017 ended December 31, 2017 and the decrease in the overall operation more than 20 percent.

Attention: President
Stock Exchange of Thailand

Demeter Corporation Public Company Limited (“DCORP”) (“The Company”) would like to submit the reviewed financial statements for year 2017 ended December 31, 2017. Such financial statements comprise of the consolidated financial statements and the separate financial statements as compared with the financial statements for year 2016 ended December 31, 2016. The Company’s overall performance can be summarized as follows.

DCORP would like to summarize the overview of the consolidated company’s performance for the year 2017 ended December 31, 2017 as follows:

Company’s Performance (unit: million Baht)	2017	Percentage	2016	Percentage
Total income and other income	59.05	100.00	239.69	100.00
Costs	22.39	37.92	144.41	60.25
Administrative expenses, impairment finance costs and share of loss from associates	221.57	375.22	151.60	63.24
Management benefit expenses	24.06	40.75	29.98	12.51
Profit (Loss) before tax	(208.97)	(353.89)	(86.30)	(36.00)
Tax	-	-	-	-
Net Profit (loss) for the period	(208.97)	(353.89)	(86.30)	(36.00)
Profit (Loss) attributable to owners of the Company	(206.58)	(349.84)	(86.30)	(36.00)

Based on the performance of DCORP from the consolidated financial statements for year 2017 ended December 31, 2017, the total income was Baht 59.05 million, comprised of income from programmed co-production of Baht 27.00 million, income from broadcasting rights, which was income from the movie rights of Baht 16.71 million, and other incomes of Baht 15.34 million. It decreased by Baht 180.64 million, compared with the same period of the year 2016. This was mainly due to the termination of the satellite television co-production agreement before the due date with M.V. Television (Thailand) Co., Ltd. for 16 satellite television channels of DCORP by starting return the channels since the end of 2015 and ended on March 31, 2016. This matched with the decrease of costs of the year 2017. In 2016, the Company had income from selling lighting and air conditioning systems in the amount of Baht 66.25 million and had gain on sale of investment in associates (Winchai Co., Ltd.) in the amount of Baht 19.80 million.



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DCORP had total costs of Baht 22.39 million including the co-production cost of Baht 7.20 million and broadcasting costs of Baht 15.19 million. Thus, profit before expenses was Baht 36.66 million and after deducting the total expenses of Baht 245.63 million, which included administrative expenses of Baht 105.23 million, the impairment of assets of Baht 101.99 million, finance costs of Baht 0.41 million, share of loss from associates of Baht 13.94 million and management benefit expenses of Baht 24.06 million. DCORP's loss before tax was Baht 208.97 million. Loss attributable to non-controlling interests and owners of the Company was Baht 2.39 million and Baht 206.58 million respectively. Compared with the consolidated financial statements for the same period of the year 2016, DCORP's net loss increased by Baht 120.28 million. This was mainly due to setting a provision and amortization of Baht 42.73 million for cancelling the project investment in solar power plant in Philippines, setting an allowance for impairment of Goodwill of Baht 20.73 million and setting an allowance for impairment of investments in associates of Baht 64.38 million.

DCORP would like to summarize the overview of the separate company's performance for year 2017 ended December 31, 2017 as follows:

Company's Performance (unit: million Baht)	2017	Percentage	2016	Percentage
Total income and other income	47.62	100.00	209.01	100.00
Costs	15.19	31.90	135.71	64.93
Administrative expenses, impairment, finance costs and share of loss from associates	161.01	338.11	134.77	64.48
Management benefit expenses	21.90	45.99	26.56	12.71
Loss before tax	(150.48)	(316.00)	(88.03)	(42.12)
Tax	-	-	-	-
Net loss for the period	(150.48)	(316.00)	(88.03)	(42.12)

The separate company's performance for year 2017 ended December 31, 2017, DCORP's net loss before tax was Baht 150.48 million, which the loss increased by Baht 62.45 million compared to the same period in 2016. This was due to the termination of the programmed co-production agreement before the due date at the beginning of 2016 but no revenue recognition from other business, which was in the investigation process. In addition, the administrative expenses had been increased as a result of a provision and an amortization of non-refundable deposits amounting to Baht 42.73 million due to the cancellation of project investment in solar power plant in Philippines, and also an allowance for impairment of investment in subsidiaries in the amount of 42.56 million and allowance for impairment of intangible assets of Baht 16.87 million. However, the management benefit expenses decreased of Baht 4.66 million compared to the same period in last year.

The progress of receiving debt repayment from Media Agency Thai Co., Ltd.

All indebtedness and liabilities of Media Agency Thai Co., Ltd. ("MAT") owed to the Company under the Broadcasting Right Purchase Agreement between the Company and MAT, as at December 31, 2017, remain at Baht 299.45 million, comprising:

a. Receivables under the Debt Restructuring Agreement remain as at December 31, 2017, of Baht 72.01 million (included VAT). The details are as follows:



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Details	(Unit : Million Baht)
Accounts receivable under the Debt Restructuring Agreement	98.16
<u>Less:</u> Payment received on December 30, 2015	(2.68)
Payment received on February 8, 2016	(2.68)
Payment received on March 9, 2016	(2.68)
Payment received on March 31, 2016	(2.68)
Payment received on May 10, 2016	(2.68)
Payment received on June 13, 2016	(2.68)
Payment received on July 26, 2016	(2.68)
Payment received on June 29, 2017	(5.35)
Payment received on June 30, 2017	<u>(2.04)</u>
Receivables under the Debt Restructuring Agreement as at December 31, 2017	<u>72.01</u>

b. Value under the Repayment Agreement of Baht 227.44 million (excluded VAT). The details are as follows:

Details	(Unit : Million Baht)
Fair value of the right to sell the advertising time during the broadcasting of Golf European Tour Program	254.79
<u>Less:</u> Payment received from selling the advertising time	
March 8, 2016	(0.18)
March 25, 2016	(1.84)
March 31, 2016	(9.53)
June 30, 2016	(0.18)
August 17, 2016	(0.18)
September 27, 2016	(2.46)
October 13, 2016	(0.18)
November 30, 2016	(0.11)
January 17, 2017	(0.11)
June 28, 2017	<u>(12.58)</u>



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Value under the Repayment Agreement as at December 31, 2017

227.44

The Company has taken the following legal actions.

On October 17, 2016, the Legal Department sent out a letter of payment request to MAT and the representative of MAT contacted for negotiation but there was no any conclusion.

On January 25, 2017, the Legal Department sent out the second letter of payment request and prepared a set of documents to lawyer for prosecution if the debt negotiation was failed.

On February 22, 2017, MAT contacted the Company to request time for 3 months for repayment of the loan due to MAT being in the process of restructuring and the new operating system setting. In addition, MAT was in the process of the capital increase and propose to partly repay Baht 200,000. During this time, the Legal Department has been monitoring the progress with MAT representative periodically.

On June 8, 2017, MAT has made a notice of the progress of the capital increase and the restructuring of the company and made the payment of Baht 7.39 million to the Company in June 2017.

On September 21, 2017, the Company filed a lawsuit against MAT to Thonburi Civil Court. The total amount of the lawsuit is 323,296,077.43 THB due to lack of clear guidelines from MAT.

On November 20, 2017, the defense attorney requested for the case to be postponed by giving reasons that he/she was just appointed as the lawyer and was attached to the court. Thus he/she would like to reconcile with the plaintiff first before the pleading. The court postponed the mediation to be on January 19, 2018.

On January 19, 2018, the parties could not mediate. The court decided to make an appointment to settle the dispute by May 13, 2018.

On February 13, 2018, the court scheduled the plaintiff's witness testimony to be on May 17, 2018 and the defendant's witness testimony to be on May 18, 2018.

The Company would like report the progress of our major debtors which are currently in the process of court trial and legal execution. The cases are as follows:

1. Cases in the process of court trial:

1.1 Media Agency Thai Co., Ltd. is in debt to the Company according to the purchase agreement to manage broadcasting time, in which the debtor is unable to comply with the contract. The Company filed a lawsuit to the debtor at Thonburi Civil Court. The total amount of the lawsuit was 323,296,077.43 Baht, and the court is currently scheduling the plaintiff's witness testimony to be on May 17, 2018 and the defendant's witness testimony to be on May 18, 2018.

1.2 Muse Group Bangkok Co., Ltd is in debt to the Company according to the purchase agreement to run the project "Golf European Thailand Classic". However the debtor defaulted the refund as stated in the contract, therefore the Company filed a lawsuit on July 15, 2016 at the Southern Bangkok Civil Court. The total amount of the lawsuit was 113,574,762.20 Baht. Later, on November 27, 2017, the court ruled that the debtor should repay the Company in the amount of 18,253,248.40 Baht with the interest of 7.5% per annum starting from June 15, 2017 until the



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repayment is complete. However, the Company feels that the court misinterpreted the legal issues and facts. Subsequently, on January 26, 2018 the Company appealed against the original judgment.

1.3 MIC Broadcast Co., Ltd. is in debt to the Company, in which the Company filed a lawsuit against the debtor, totaling three cases, as a result of the total amount of debt. The cases are as follows:

1.3.1 The first lawsuit was filed against the debtor according to the joint production contract at the Civil Court. The total amount the Company sued was 1,024,774.96 Baht on December 28, 2017. The court scheduled a mediation or examination of the plaintiff's witness testimony on February 22, 2017. However on the day of appointment, the defendant did not show up to court and did not file a lawsuit to resolve the case. The Company testified our only side of argument and the hearing was to be decided on the day (The final judgment is under the process of being documented and copied).

1.3.2 The second lawsuit was filed according to the broadcasting license agreement (movie rights). The total amount the Company sued was 20,528,521.12 Baht. On January 10, 2018, the court scheduled a mediation to be held on March 12, 2018.

1.3.3 The third lawsuit was filed according to the broadcasting license agreement (the rights to broadcast Edge Sport). The total amount the Company sued was 78,795,266 Baht. On January 18, 2018, the court scheduled a mediation to be held on March 12, 2018.

2. Cases after the verdict which are in the process of legal execution:

2.1 Sayam Hin Pradub Co., Ltd. is a debtor under the judgment of the Southern Bangkok Civil Court, in which the court has ordered the debtor to repay the debt of 73,544,313.75 Baht with some interest. However, the debtor did not repay the debt. Therefore the Company further proceeded legal execution towards the debtor. Nevertheless, the debtor has insufficient asset to repay the debt. Subsequently, the Company filed a bankruptcy lawsuit against the debtor at Central Bankruptcy Court on December 11, 2016. On March 7, 2017, the Central Bankruptcy Court ordered to freeze the defendant's total assets. Later, on November 30, 2017, the Court issued a judgment for the debtor to go bankrupt. Currently, the official receiver has seized some of the debtor's assets and is waiting for public auction.

2.2 94 Entertainment Co., Ltd. is in debt to the Company according to the co-production agreement and has unpaid co-production fee. Subsequently, on December 8, 2016, the Company filed a lawsuit against the debtor at Civil Court with a total amount of 44,418,907.18 Baht. On May 15, 2017 the court issued a judgment under the compromise agreement (defendant agrees to pay the plaintiff 39,304,000 Baht within three years; the first payment in the first year is to be made no less than 500,000 Baht per month, the second payment in the second year is to be made no less than 700,000 Baht per month, and the third payment in the third year is to be made no less than 1,000,000 Baht per month, starting from August 10, 2017 and onwards). After the court settled the compromise agreement, the debtor has defaulted to repay the debt. Currently, the Company has issued a legal order to continue the process of execution.



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Progress Report of year 2017 Business Plan

The management has strongly set its goal to grow sustainably. We would like to present the progress of the following projects;

1. Media Business: For the investment in online live steaming business, the company invested 30% in Blue Finix Digital Company Limited (“**Blue Finix**”) which operates business regarding application development on online live streaming platform. The application is now available in full version both iOS systems, Android systems on mobile phones and on PC. The application platform was officially launched in the 3rd quarter in Show DC Praram 9.

At present, the Company has already started to recognize income from June 2017. From the financial statement for year 2017 of Blue Finix (audit) has earned 11.186 million Baht mainly from the sales of Gift to Angel on Duty and FINIX TV (currently, Angel on Duty and FINIX TV have consolidated their platforms). Despite making these earnings, the expense totaled to 30.542 million Baht, resulting in a loss of 19.373 million Baht. With respect to income from Social Portal Media Platform, such income has not arisen and, according to the action plan, the commencement of the income recognition in this part will start within quarter 1/2017.

After Blue Finix’s success in August 2017, the official press conference was held and there were celebrities attended such press conference, e.g. Professor Kata Chinnabanchon, Seksan Sukpimai, Kon-bai-krai-kriad crew members and Miss Supranational. The Company has given support and helped with the coordination. Later, executives of Blue Finix saw the opportunity to be an alliance with Electronics Extreme Co., Ltd., an importer of online games, to jointly use resources to achieve the best business benefits, including the proposal of work expansion plan to the leading media business group in the Republic of Vietnam in October 2017.

Nevertheless, Blue Finix was not able to increase the number of customers to achieve the revenue targeted. The Company considered that such effect may result from the lack of strategic planning and marketing operational plan. Especially, there was a lack of budget allocation and prioritizing, which adversely affect the determination of budget allocation for each marketing tools. Moreover, the current economic circumstances have not positively encourage the operation as anticipated. Therefore, the Company proposed, in the Board of Directors’ meeting of Blue Finix on November 7, 2017, that the executive board of Blue Finix should prepare clear quarterly action plan, budget plan, and expenditure plan and propose the drafts to the Board of Directors of the Company for consideration within November 14, 2017. However, the company has not yet received such request.

2. Investment in the Philippines: The meeting of the Board of the Directors of the company held on January 26, 2017 has resolved to approve the purchase of the ordinary shares of Negros PH Solar Inc. (“**NPSI**”), in the Philippines, which is the solar power operator, from the existing shareholders of NPSI in the amount of 10,000 ordinary shares, representing 40 percent of the total issued shares of NPSI, which is the maximum shareholding percentage allowed under the laws of the Philippines. The shares acquisition transaction was subject to the approval from the meeting of the shareholders and upon certain conditions precedent under the share purchase agreement have been fulfilled. Currently, the status of the project is pending for the construction license approval process of the project, which delays due to change in policy on procedure and the license approval process of the licensing agency, which is the Department of Energy, Ministry of Energy, the Philippines. It is still in the process of reviewing additional documentation from the Ministry of Energy and we have not been able to conclude any progress. Posting to the company’s Board meeting which came to an agreement that NPSI is not able to complete the set criteria in the agreement, due to not being able to acquire the construction license which is a critical part that will take effect in many aspects of the project which resulted in an unsatisfied view by the company to further invest in this project. The company will proceed with recollection of the project deposit from NPSI board members in the amount of USD



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600,000 or 21,234,000 THB which this amount, the shareholders of NPSI have forwarded to their (Escrow Agent). The company received the deposit for the sale shares in the amount of 21.23 million Baht from the escrow agent on November 28, 2017.

For the 2 investment items in the total amount of 34,102,184.62 Baht, the Company paid for such payment on the condition that the Company can demand for a return of the capital investment from NPSI's shareholders if NPSI may not operate the project and if the shareholders of NPSI refuse to return the security deposit, the Company is entitled to file a suit against NPSI's shareholders under the conditions stipulated under the agreement. The cancellation of the investment in NPSI resulted in the Company's entitlement in the full refund of the security deposit. Currently, the Company is under the negotiation for the counterparty to return the security deposit. In this connection, the counterparty agreed to enter into the agreement to return the security deposit which has the payment period for the total amount within August 15, 2018.

3. Investment in the Biogas Power Plant Project: DCORP has executed the Share Purchase Agreement with the existing shareholders of Aukkrarawat Plants Renewable Energies Co., Ltd. ("Aukkrarawat") in the amount of 25,000 shares, representing 50 percent of the total ordinary shares of Aukkrarawat. The transactions is divided in to 3 stages which currently, the company has yet entered into the third share purchase transactions, which specified in the share purchase agreement that the company will have to buy 8,181 shares from its existing shareholders representing 16.36 percent of the total ordinary shares of Aukkrarawat, the company has extended the completion of stage 3 investment by changing from within July 31, 2017 to complete within November 30, 2017.

Nevertheless, during the project area development, it was found that the neighboring communities around project materially retrieve less waste water from the project. Based on the inspection, it was found that (1) there are new power plant projects in the area and the neighboring community which could retrieve waste water from Aukkrarawat may consider retrieving the waste water from such new projects if it takes less transportation time for them, and (2) the neighboring community receives waste water from similar power plants located in the same area, some of which transport their waste water to the community. Therefore, it is not necessary for the community to retrieve the waste water directly from the project.

Due to such event, the Board of Directors has been informed about the change in the project. The Board of Directors, therefore, has assigned the management of the Company to conduct a study on impacts and possible solutions. Subsequently, the Board of Directors has received the result of the management's study on the chain of water receiving process of the community, and other possibilities for waste water treatment including the transportation of such water waste to the communities, installation of waste water treatment machines, and the increase of water settling area, and then found that these effect the costs of the project. From the study on the information of increased costs, the possible method which least effects the project costs is the transportation of the waste water out of the project, but such method would result in the material increase of costs by around 30 percent.

Currently, due to the fact that the Company and the seller are not able to fulfill the conditions precedent for the third completion of the share sale and purchase since the negotiation on other essence matters have yet to be completed, the Company has yet not completed the third purchase of the shares. Moreover, if the parties are unable to proceed with the third completion of the share sale and purchase due to the conditions precedent could not be completely taken, the parties may consider to terminate the agreement and require the other party to pay damages (if any) incurred between them according to the laws.



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4. Investment in the Triple CH

The Meeting of the Executive Committee No. 18/2017 of Demeter Corporation Public Company Limited was held on November 7, 2017. The Company would like to inform that the meeting resolved to approve the entry into the joint investment with Triple CH Holdings Company Limited (“**Triple CH**”), the company registered under the laws of Samoa which its office locates in the Hong Kong Special Administrative Region of the People's Republic of China and being the licensee who is authorized to broadcast live Premier League, UEFA Champions League and La Liga (“**Football Leagues**”) in Philippines. For the joint investment between Triple CH and the Company, the Company invests in 35 percent joint cooperation and contribute investment amount of Baht 30,000,000 for the purpose of operation of business of broadcasting the Football Leagues in Philippines (the “**Football Leagues Broadcasting Business**”). In this regard, the Company has entered into the Business Collaboration and Investment Agreement on November 9, 2017 under which the parties agree on the terms and conditions for the joint investment and sharing of profits (on pro rata basis) from the business of broadcasting the Football Leagues. The entry into such investment by the Company is considered the ordinary course of business of the Company.

The Company will receive 35 percent of profit generated from the live broadcasting of the Football Leagues after deducting costs and expenses incurred in connection with obtaining the rights to broadcasting the Football Leagues. Further, Triple CH agrees to guarantee its performance under the Business Collaboration and Investment Agreement for the period of 18 months from December 1, 2017 that the profit to be obtained by the Company must not be less than the investment amount paid by the Company.

5. Investment in the Marvel

The Meeting of the Board of Directors No. 13/2560 of Demeter Corporation Public Company Limited was held on December 12, 2017. The Company would like to inform that the meeting resolved to approve the change of details of investment in the Project of The Marvel Experience: Theme Entertainment Attraction – TNX of Hero Experience Co., Ltd. (the “**Hero Experience**”), by means of subscription of newly issued shares of Hero Experience and acquisition of shares from the existing shareholder (the “**Share Acquisition Transaction**”). The company will acquire shares equivalent to 37.5 percent, and has expended Baht 324,999,779.28 in negotiation process in acquiring such shares.

The Company appointed the Sims Property Consultant Co., Ltd. (the “**Sims**”), the independent valuer, to verify financial status and evaluate the assets of Hero Experience. Sims based its evaluation on the Discounted Cash Flow Approach, assuming that the business has been operating for 9 years, which is the duration according to lease agreement of 3 years with possibility to renew the agreement for another 3 years, based on the project’s performance, with 3,000 users daily or 1,200,000 users and expecting to generate at least Baht 1,000,000,000 in revenue annually. The location comprises of 12,935 Square Meters having capacity for up to 10,950 tourists per day. Mega Bangna is now the largest shopping complex in Bangna area. Currently, there are more than 40 Million customers visiting Mega Bangna and the number is increasing continuously at the 10 percent per year. Mega Bangna has a development plan to expand the mall, “Mega City”, to increase parking area, Entertainment, leisure, sport and education zones, and hotel. This will enhance the Marvel Experience.

The Share Acquisition Transaction is reasonable in which the Company will receive the expected return. The share premium will be the asset of Hero Experience for construction cost and



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investment in the project. The main expenses are: 1) Construction, equipment and software system for approximately Baht 500,000,000 2) Other expenses during operation for approximately Baht 80,000,000 and 3) Working capital for operation for approximately Baht 20,000,000. In which the project is expected to be completed by May 2018.

In carrying on TMX Business, core revenues will be generated in 4 categories: 1) Revenue from ticket sales, 2) Revenue from toys and souvenir, 3) Revenue from food and beverages, and 4) Revenue from sponsorship and other barter systems.

Regarding the business operation and progress tracking of the Company, the Company shall conduct in accordance with the laws, regulation and relevant notification of the Securities and Exchange Commission and the SET.

Please be informed accordingly.

Sincerely Yours,

Teerawit Charuwat
(Mr. Teerawit Charuwat)
Director, Chief Executive Officer
and Acting Chief Financial Officer