

- Translation -

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May 11, 2018

Subject Management's Discussion and Analysis for the quarter ended March 31, 2018  
To The President  
The Stock Exchange of Thailand

Management's Discussion and Analysis  
For the Quarter Ended March 31, 2018

Operating Performance

Revenues

Revenue Structure by Business Operations

Type of Revenue	Consolidated Financial Statements For the quarter ended March 31					
	2017		2018		Changes	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from program rights	249.87	96.56	327.23	94.63	77.36	30.96
Service income	8.14	3.15	16.25	4.70	8.11	99.63
Sales income	-	-	0.47	0.14	0.47	-
<b>Revenue from sales and service</b>	<b>258.01</b>	<b>99.71</b>	<b>343.95</b>	<b>99.47</b>	<b>85.94</b>	<b>33.31</b>
Other income	0.75	0.29	1.84	0.53	1.09	145.33
<b>Total Revenue</b>	<b>258.76</b>	<b>100.00</b>	<b>345.79</b>	<b>100.00</b>	<b>87.03</b>	<b>33.63</b>

1. Revenue from Program Rights

For the first quarter of 2018, the Company and its subsidiaries earned revenue from program rights totaled THB 327.23 million, an increase of THB 77.36 million or 30.96% from the same period of 2017, resulting from increased sales to clients, including digital TV station operators and cable and satellite TV station operators. Furthermore, revenue from program rights in the first quarter of 2018 increased from sales of rights for broadcasting via video-on-demand compared to the same period of 2017.

2. Service Income

For the first quarter of 2018, the Company and its subsidiaries earned Service income totaled THB 16.25 million, an increase of THB 8.11 million or 99.63%. This was mainly due to an increase in its advertising slot sales of THB 6.55 million.

### 3. Sales Income

For the first quarter of 2018, the Company and its subsidiaries had sales in total of THB 0.47 million from the projects that the company produced in the year 2017.

### 4. Other Income

Other income of the Company and its subsidiaries consists of interest income, gain on asset sales, gain on exchange rate and gain on short-term investment. For the first quarter of 2018, other incomes totaled THB 1.84 million, an increase of THB 1.09 million from the same period of 2017. This was due gain on short-term investment of THB 0.77 million.

## Costs and Gross Profit

ประเภทรายได้	Consolidated Financial Statements					
	For the quarter ended 31 March					
	2017		2018		Changes	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Program right business						
<i>Revenue from program rights</i>	249.87	100.00	327.23	100.00	77.36	30.96
<i>Cost of program rights</i>	136.41	54.59	180.24	55.08	43.83	32.13
<i>Program rights business gross profit</i>	113.46	45.41	146.99	44.92	33.53	29.55
2. Advertising service business						
<i>Service income</i>	8.14	100.00	16.25	100.00	8.11	99.63
<i>Cost of services</i>	4.82	59.21	9.45	58.15	4.63	96.06
<i>Advertising service business gross profit</i>	3.32	40.79	6.80	41.85	3.48	104.82
3. Product sales business						
<i>Sales income</i>	-	-	0.47	100.00	0.47	-
<i>Cost of goods sold</i>	-	-	0.20	42.55	0.20	-
<i>Product sale business gross profit</i>	-	-	0.27	57.45	0.27	-

#### 1. Program Rights Business

Costs of program rights business consist mainly of amortization, dubbing and translation costs. For the first quarter of 2017 and 2018, costs of program rights business totaled THB 136.41 million and THB 180.24 million, respectively. The increase in costs of program rights amounted to THB 43.83 million or 32.13% as a result of increased amount of rights held by the Company and its subsidiaries.

The Company and its subsidiaries earned gross profits from program rights business for first quarter of 2017 and 2016 in total of THB 113.46 million and THB 146.99 million, respectively. The increase in gross profit is consistent with the increase in the growth of revenue from expansion of business of the company and its subsidiaries. The Gross profit margin for the first quarter of 2018 was closed to the gross profit margin of the first quarter of 2017. The Gross profit margin of the first quarter of 2017 and 2018 was 45.41% and 44.92%, respectively.

## 2. Advertising Service Business

Costs of advertising service business mainly consist of cost of leasing advertising slots and fees for satellite TV use. For the first quarter of 2017 and 2018, costs of advertising service business totaled THB 4.82 million and THB 9.45 million, respectively. The gross profit of the advertising service business for the first quarter of 2017 and 2018 were THB 3.32 million and THB 6.80 million, respectively. The gross profit margins of the advertising service business for the first quarter of 2017 and 2018 were 40.79% and 41.85%, respectively

## 3. Product Sales Business

Costs of sales consist of costs of manufacturing contracting, as the Company contracts third-party manufacturers to produce the goods for the Company. For the first quarter of 2018, the costs of sales total THB 0.2 million, while the first quarter of 2017, the Company had fewer sales projects compared to 2018.

For the first quarter of 2018, the gross profits of the product sales business were THB 0.27 million or 51.45% of product sales income.

## Expenses

### Selling and Service Expenses

Type of selling and service expenses	Consolidated Financial Statements					
	For the quarter ended 31 March					
	2017		2018		Changes	
	Million Baht	%	Million Baht	%	Million Baht	%
Event expenses	-	-	10.00	65.32	10.00	-
Advertising and public relation expenses	1.48	88.62	5.01	32.72	3.53	238.51
Others	0.19	11.38	0.30	1.96	0.11	57.89
<i>Total selling and service expenses</i>	<b>1.67</b>	<b>100.00</b>	<b>15.31</b>	<b>100.00</b>	<b>13.64</b>	<b>816.77</b>

For the first quarter of 2018, selling and service expenses increase from the same period of 2017 due to the higher expenses from organizing events, advertising and public relation to promote Indian series and other series. Such promotion strategy resulted in a continuous growth in revenue form program right of the Company.

## Administrative Expenses

Type of administrative expense	Consolidated Financial Statements					
	For the quarter ended 31 March					
	2017		2018		Changes	
	Million Baht	%	Million Baht	%	Million Baht	%
<i>Employee and executive expense</i>	14.35	39.54	19.34	59.82	4.99	34.77
<i>Advisor expense</i>	1.66	4.58	0.54	1.67	(1.12)	(67.47)
<i>Tax and penalties</i>	12.55	34.58	0.14	0.43	(12.41)	(98.88)
<i>Reserve for doubtful debts<sup>1</sup></i>	0.32	0.88	(0.08)	(0.25)	(0.40)	(125.00)
<i>Others</i>	7.41	20.42	12.39	38.33	4.98	67.21
<i>Total administrative expense</i>	<b>36.29</b>	<b>100.00</b>	<b>32.33</b>	<b>100.00</b>	<b>(3.96)</b>	<b>(10.91)</b>

Note: <sup>1</sup> During the first quarter of 2018, the Company was able to collect long-outstanding account receivables, resulting in a reversal of reserves for doubtful debt for period of THB (0.08) million

Administrative expense for the first quarter of 2018 consists of employee and executive expense and other expenses such as depreciation of fixed assets, leasing of office building and, overseas travelling expenses. Administrative expense of the first quarter of 2018 decreased from the same period of 2017 of THB 3.96 million or 10.91%. This was due to the company incurred tax and penalties provision in the first quarter of 2017, however, the Company fully settled such provision in the second quarter of 2017. No more of such expense incurred in the current period.

## Finance Expense

For the first quarter of 2018, the Company had finance expense in total of THB 19.72 million, an increase over the same period in 2017 of THB 1.71 million, or 9.49%, due to expenses from the issuance of THB 210.00 million of bonds in June 2017. However, the Company managed to effectively control finance expense by repayment of short-term borrowings which costs high interest such as factoring and promissory notes.

## Net Profit and Net Margin

For the first quarter of 2018, net profits totaled THB 70.57 million, an increase of THB 24.56 million or 53.37% from the same period of 2017. The net profit margin for the first quarter of 2017 and 2018 was 17.78% and 20.41%, respectively. The increase in net profits and net margin in the first quarter of 2018 from the same period of 2017 was due to significant growth in operating results of the Company and its subsidiaries, especially the increase in revenue from program right business.

## Financial Position

### *Assets*

Total assets as at 31<sup>st</sup> December 2017 and 31<sup>st</sup> March 2018 were THB 3,138.54 million and THB 2,980.12 million, respectively. Assets consist mainly of content rights, which are recorded as an intangible asset in the Company group's consolidated financial statements. As of 31<sup>st</sup> December 2017 and 31<sup>st</sup> March 2018, such intangible asset was amounted to THB 1,184.27 million (or 37.73% of total assets) and THB 1,149.65 million (or 38.58% of total assets), respectively. The decrease in total assets of THB 158.43 million mainly came from a decrease in cash and cash equivalents, resulting from the repayment of short-term borrowings from financial institution of THB 280.05 million in order to reduce the financial cost of the Company.

### *Liabilities*

Total liabilities as at 31<sup>st</sup> December 2017 and 31<sup>st</sup> March 2018 were THB 1,312.16 million and THB 1,083.17 million, respectively. Total liability as of 31<sup>st</sup> March 2018 decrease from end of 2017 due to the Company repaid short-term borrowing from financial institutions amounting to THB 280.05 million.

### *Shareholders' Equity*

Total shareholders' equities as at 31<sup>st</sup> December 2017 and 31<sup>st</sup> March 2018 were THB 1,826.38 million and THB 1,896.95 million, respectively. The increase in shareholders' equity was due to operating performance of the business group. For the first quarter of 2018, the Company and its subsidiaries earned net profit of THB 70.57 million, resulting in a continuous increase in its retained earnings. Retained earnings as at 31<sup>st</sup> December 2017 and 31<sup>st</sup> March 2018 were THB 540.00 million and THB 610.57 million, respectively.

Please be informed accordingly,

Yours Sincerely,

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(Mr. Jakkaphong Jakrajutatip)

CEO

Authorized to sign on behalf of the company