

- Translation -



Management Discussion and Analysis of the Company's Performance
for the Six Months Ended 30 June 2018

1. Overview of operating results of the Company and subsidiaries

<i>Baht Million</i>	<i>6M/60</i>	<i>6M/61</i>	<i>+ /(-)</i>	<i>+ /(-) %</i>
<i>Total Revenue</i>	537.24	698.02	160.78	29.93%
<i>EBIT</i>	153.50	211.15	57.65	37.56%
<i>Financial Cost</i>	38.99	35.09	(3.90)	-10.00%
<i>Income tax</i>	31.97	37.04	5.07	15.86%
<i>Net profit</i>	82.54	139.02	56.48	68.43%
<i>Net profit Ratio (ROS)</i>	15.36%	19.92%		
<i>Earnings per share (Baht)</i>	0.21	0.26	0.05	22.59%

Total Revenue

For the six months ended 30 June 2018, the Company and its subsidiaries earned total revenue of THB 698.02 million, an increase of THB 160.78 million or 29.93% from the same period of 2017. Total revenue for the first six months of 2018 of the Company and subsidiaries has continuously increased as follows (1) Revenue from program rights increased 19.86% from the same period of 2017 (2) Revenue from advertising and media service increase 73.33% from the same period of 2017 and (3) Revenue from product sales increased 3,812.79%.

Net profit

For the six months period ended 30 June 2018, the Company and subsidiaries have net profits totaled THB 139.02 million, an increase of THB 56.48 million or 68.43% from the same period of 2017. The net profit margin for the first six months of 2017 and 2018 was 15.36% and 19.92%, respectively. The increase was due to the company and subsidiaries managed to control their selling and administrative expense well. Total expense compared to total revenue ratio decreased from last year, total expense to total revenue ratio for the first six months of 2017 and 2018 was 15.25% and 12.46%, respectively.

2. Summary of operating results by business type

<i>Baht million</i>	<i>6M/60</i>	<i>6M/61</i>	<i>+ /(-)</i>	<i>+ /(-) %</i>
1. Content Business				
<i>Revenue from sales of program rights</i>	518.57	621.58	103.01	19.86%
<i>Cost of program rights</i>	293.51	370.62	77.11	26.27%
Gross profit of content business	225.06	250.96	25.90	11.51%
Gross profit margin	43.40%	40.37%		
2. Advertising and Media Business				
<i>Revenue from services</i>	16.27	28.20	11.93	73.33%
<i>Cost of services</i>	7.94	17.25	9.31	117.25%
Gross profit of advertising and media business	8.33	10.95	2.62	31.45%
Gross profit margin	51.20%	38.83%		
3. Product sales Business				
<i>Revenue from sales of products</i>	0.86	33.65	32.79	3,812.79%
<i>Cost of product sales</i>	0.35	12.05	11.70	3,342.86%
Gross profit of product sales business	0.51	21.60	21.09	4,135.29%
Gross profit margin	59.30%	64.19%		
Total Gross profit	233.90	283.51	49.61	21.21%
Total Gross profit margin	43.66%	41.48%		

Content Business

For the first six months of 2018, the Company earned revenue from program rights totaled THB 621.58 million, an increase of THB 103.01 million or 19.86% from the same period of 2017, resulting from increased sales to digital TV station operators. The sold contents consist of Indian and Philippines Series.

Costs of program rights business consist mainly of amortization, dubbing and translation costs. For the first six month of 2017 and 2018, costs of program rights business totaled THB 293.51 million and THB 370.62 million, respectively, and increase of 26.27% as a result of increased in amortization of rights held by the Company.

The Company earned gross profits from program rights business for first six month of 2017 and 2018 in total of THB 225.06 million and THB 250.96 million, respectively, an increase of 11.51%. The increase in gross profit is consistent with the increase in the growth of revenue from expansion of business of the company. However, the Gross profit margin has slightly decreased due to cost of program right growth increase more than the growth of revenue. The Gross profit margin of the first six month of 2017 and 2018 was 43.40% and 40.37%, respectively. The company has outstanding backlog as of 30 June 2018 of THB 292 million.

Advertising and Media Business

For the first six months of 2018, the Company and its subsidiaries earned Service income totaled THB 28.20 million, an increase of THB 11.93 million or 73.33%. This was mainly due to an increase in its advertising slot sales of THB 6.55 million.

Product Sales Business

For the first six months of 2018, the Company had sales in total of THB 33.65 million, an increase of THB 32.79 million from 2017, as a result of the Company sold to two major customers.

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 six months of 2018, other incomes totaled THB 14.60 million, an increase of THB 13.06 million from the same period of 2017. This was due gain on exchange rate of THB 11.92 million and gain on short-term investment of THB 1.64 million.

Expenses

Selling and service Expenses

<i>Baht million</i>	<i>6M/60</i>	<i>6M/61</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Expense from Event</i>	0.38	10.03	9.65	2,539.47%
<i>Advertising and marketing expenses</i>	3.19	8.22	5.03	157.68%
<i>Others</i>	0.30	1.53	1.23	410.00%
<i>Selling and service expenses</i>	3.87	19.78	15.91	411.11%

For the first six months 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

<i>Baht million</i>	<i>6M/60</i>	<i>6M/61</i>	<i>+/-</i>	<i>+/- %</i>
<i>Employee and executive expenses</i>	28.47	43.38	14.91	52.37%
<i>Advisor expenses</i>	7.70	4.79	(2.91)	-37.79%
<i>Tax and penalties</i>	22.42	0.25	(22.17)	-98.88%
<i>Reserve for Doubtful Debts</i>	8.36	(0.08)	(8.44)	-100.96%
<i>Others</i>	11.11	18.85	7.74	69.67%
<i>Administrative expenses</i>	78.06	67.19	(10.87)	-13.93%

Administrative expense for the first six months of 2018 totaled THB 67.19 million, a decrease of THB 10.87 million or 13.93% from the same period of 2017. This was due to (1) Decrease in reserve for doubtful debt in the first six months of 2018. In 2017, the company reserved THB 8.36 million for doubtful debts however, the Company managed to collect from customer on due in 2018, therefore, the Company reserved only THB 0.08 million. (2) Decrease in tax and penalties 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. (3) Increase in employee and executive expense of THB 14.91 million or 52.37% which consistent with an increase in number of employee in order to support the growth of the business.

Financial Costs

For the first six month of 2018, the Company had finance expense in total of THB 35.09 million, a decrease of THB 3.90 million from the same period of 2017 due to the Company managed to effectively control finance expense by repayment of short-term borrowings which costs high interest such as factoring and promissory notes.

Financial Position

<i>Baht million</i>	<i>31 Dec 2017</i>	<i>30 Jun 2018</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
Assets				
<i>Cash, Cash equivalents and short-term investments</i>	925.49	159.84	(765.65)	-82.73%
<i>Trade and other accounts receivable</i>	739.98	929.10	189.12	25.56%
<i>Other current assets</i>	72.21	70.50	(1.71)	-2.37%
<i>Content rights</i>	1,184.27	1,326.23	141.96	11.99%
<i>Other assets</i>	216.59	345.72	129.13	59.62%
Total Assets	3,138.54	2,831.39	(307.15)	-9.79%
Liabilities				
<i>Short-term loan from financial institutions</i>	523.15	30.00	(493.15)	-94.27%
<i>Current portion of bonds</i>	599.04	606.78	7.74	1.29%
<i>Other current liabilities</i>	173.49	210.43	36.94	21.29%
<i>Other liabilities</i>	16.48	18.79	2.31	14.02%
Total liabilities	1,312.16	866.00	(446.16)	-34.00%
<i>Shareholders' equity</i>				
<i>Shareholders' equity</i>	1,826.38	1,965.39	139.01	7.61%
Total Shareholders' equity	1,826.38	1,965.39	139.01	7.61%
Total liabilities and shareholders' liabilities	3,138.54	2,831.39	(307.15)	-9.79%

Total Assets

The Company and subsidiaries has total assets as at 30 June 2018 of THB 2,831.39 million, a decrease of THB 307.15 million from 31 December 2017 or 9.79%, due to as follows:

Cash, cash equivalents and short term investments decreased THB 765.65 million due to the company increase in its purchases of program rights in 2018 in order to support the growth of business and operating results of the Company and the repayment of short-term borrowings from financial institutions in order to reduce the financial cost of the Company.

Trade and other accounts receivable increase THB 189.12 million or 25.56%. This is in accordance with the increase of the revenue of the Company. However, outstanding trade and other accounts receivable as of 30 June 2018 has been collected in total of THB 116 million up to 9 August 2018.

Content rights increase THB 141.96 million or 11.99% due to increase in the purchase of content rights of THB 493.57 million in the first six months of 2018.

Other assets increase due to the Company made advance payment for content rights purchase of THB 189.74 million

Total Liabilities

Total liabilities as at 30 June 2018 were THB 866.00 million and THB 1,083.17 million, a decrease of THB 446.16 million or 34% due to the Company repaid short-term borrowing from financial institutions amounting to THB 493.15 million or 94.27%

Shareholders' equity

As at 30 June 2018, the Company and subsidiaries had total shareholders' equity of THB 1,965.39 million, an increase of THB 139.01 million. The increase was due to an increase in operating profit for the first six months of 2018.