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Management Discussion and Analysis of the Company's Performance
for the Nine Months Ended 30 September 2018

1. Overview of operating results of the Company and its subsidiaries

<i>Baht Million</i>	<i>9M/60</i>	<i>9M/61</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Total revenues</i>	873.61	1,058.85	185.24	21.20%
<i>EBIT</i>	291.48	278.86	(12.62)	(4.33%)
<i>Finance cost</i>	61.99	49.11	(12.88)	(20.78%)
<i>Income tax expenses</i>	53.38	48.04	(5.34)	(10.00%)
<i>Net profit</i>	176.11	181.71	5.60	3.18%
<i>Net profit ratio (ROS)</i>	20.16%	17.16%		
<i>Earnings per share (Baht)</i>	0.44	0.34	(0.10)	(22.73%)

Total Revenue

For the nine-month period ended 30 September 2018, the Company and its subsidiaries earned a total revenue of THB 1,058.85 million, an increase of THB 185.24 million or 21.20% from the same period of 2017. The total revenue of each operating segments for the nine-month period ended 30 September 2018 of the Company and its subsidiaries had continuously increased from the same period of 2017 as follows (1) Revenue from sales of program rights increased 16.47% (2) Revenue from advertising and media services increased 9.66% and (3) Revenue from sales of products increased 1,016.24%.

Net profit

For the nine-month period ended 30 September 2018, the Company and its subsidiaries had net profits of THB 181.71 million, an increase of THB 5.60 million or 3.18% from the same period of 2017. While the revenue for the nine-month period ended 30 September 2018 increased compared to the same period of 2017, but due to the Company increased its content acquisition to support the growth of the business and the fact that in 2018 the Company organized its annual event in the third quarter (during August) while in 2017 the Company organized such event in the fourth quarter (during November), resulting in a decrease in net profit ratio (ROS) from 20.16% in 2017 to 17.16% in 2018, for the same period. The total expense to total revenue ratio for the nine-month period ended 30 September 2017 and 2018 were 11.85% and 13.55%, respectively.

2. Summary of operating results by business type

Baht Million	9M/60	9M/61	+/(-)	+/(-) %
1. Content Business				
Revenue from sales of program rights	832.06	969.11	137.05	16.47%
Cost of program rights	459.87	599.87	140.00	30.44%
Gross profit of content business	372.19	369.24	(2.95)	(0.79%)
Gross profit margin	44.73%	38.10%		
2. Advertising and Media Business				
Revenue from services	36.34	39.85	3.51	9.66%
Cost of services	17.21	23.9	6.69	38.87%
Gross profit of advertising and media business	19.13	15.95	(3.18)	(16.62%)
Gross profit margin	52.64%	40.03%		
3. Product sales Business				
Revenue from sales of products	3.14	35.05	31.91	1,016.24%
Cost of product sales	1.49	12.73	11.24	754.36%
Gross profit of product sales business	1.65	22.32	20.67	1,252.73%
Gross profit margin	52.55%	63.68%		
Total Gross profit	392.97	407.51	14.54	3.70%
Total Gross profit margin	45.09%	39.03%		

Content Business

For the nine-month period ended 30 September 2018, the Company had revenue from program rights of THB 969.11 million, an increase of THB 137.05 million or 16.47% from the same period of 2017, resulting from increased sales, mostly Indian and Philippines content, to digital TV station operators both existing customers and new customers. Furthermore, the Company had started to export the program rights in this year.

Costs of program rights business mainly consist of amortization, dubbing and translation costs. For the nine-month period ended 30 September 2017 and 2018, costs of program rights business totaled THB 459.87 million and THB 599.87 million, respectively, an increase of 30.44%. Due to the Company had to invest more in its content to support the business growth, the amortization of rights had increased and accordingly, its cost of program rights increased compared to the same period of 2017.

The Company earned gross profits from program rights business for the nine-month period ended 30 September 2017 and 2018 in a total of THB 372.19 million and THB 369.23 million, respectively, a decrease of 0.79%. The gross profit margin for the nine-month period ended 30 September 2017 and 2018 was 44.73% and 38.10%, respectively. The drop of gross profit margin contradicts the rise of the revenue from the expansion of business of the Company due to the increase of cost of program right which was invested during the period to support the business growth. In addition, the Company has an outstanding backlog as of 30 September 2018 of THB 335.94 million.

Advertising and Media Business

For the nine-month period ended 30 September 2018, the Company and its subsidiaries earned Service income totaled THB 39.85 million, an increase of THB 3.51 million or 9.66% from the same period of 2017. This was mainly due to an increase in its advertising slot sales of THB 6.55 million.

Product Sales Business

For the nine-month period ended 30 September 2018, the Company earned revenue from product sales in total of THB 35.05 million, an increase of THB 31.91 million or 1,016.24% from the same period of 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 nine-month period ended 30 September 2018, other income totaled THB 14.83 million, an increase of THB 12.77 million or 619.90% from the same period of 2017. This came from gain on exchange rate of THB 11.92 million and gain on short-term investment of THB 1.76 million.

Expenses

Selling and service Expenses

<i>Baht Million</i>	<i>9M/60</i>	<i>9M/61</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Expense from Event</i>	3.47	19.23	15.76	454.18%
<i>Advertising and marketing expenses</i>	4.65	13.50	8.85	190.24%
<i>Others</i>	0.53	2.93	2.40	453.58%
<i>Selling and service expenses</i>	8.65	35.66	27.01	312.25%

For the nine-month period ended 30 September 2018, selling and service expenses increased 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 continuous growth in revenue from program right of the Company. Moreover, the annual event was organized in Q3 (during August 2018) while it had been organized in Q4 of last year (during November).

Administrative Expenses

<i>Baht Million</i>	<i>9M/60</i>	<i>9M/61</i>	<i>+ / (-)</i>	<i>+ / (-) %</i>
<i>Employee and executive expenses</i>	44.16	65.14	20.98	47.51%
<i>Advisor expenses</i>	10.01	8.21	(1.81)	(18.03%)
<i>Tax and penalties</i>	23.44	0.25	(23.19)	(98.92%)
<i>Allowance for doubtful accounts (reversal)</i>	(0.31)	5.91	6.22	2,006.45%
<i>Others</i>	17.60	28.32	10.72	60.91%
<i>Administrative expenses</i>	94.90	107.83	12.93	13.62%

Administrative expense for the nine-month period ended 30 September 2018 totaled THB 107.83 million, an increase of THB 12.93 million or 13.62% from the same period of 2017. This was due to (1) Rise of the employee and executive expenses of THB 20.98 million or 47.51% which consistent with an increases in number of employee in order to support the growth of the business, (2) Rise of allowance for doubtful accounts, the Company setup THB 5.99 million for doubtful debts during this period, (3) Rise of others expense of THB 10.72 million or 60.91%. The Company had started to export the program rights in this year, consequently, there was expenses related to the overseas travelling and other administration fees and (4) Decrease in tax and penalties due to the Company incurred tax and penalties provision in the first quarter of 2017 approximately THB 22.11 million. However, the Company fully settled such provision in the second quarter of 2017. No more of such expense incurred in the current period.

Financial Costs

For the nine-month period ended 30 September 2018, the Company had financial costs in total of THB 49.11 million, a decrease of THB 12.88 million or 20.78% from the same period of 2017 due to the fact that the Company managed to effectively control finance expense by repayment of short-term borrowings which had high interest costs such as factoring and promissory notes.

Financial Position

Baht Million	31-Dec-17	30-Sep-18	+/(-)	+/(-)%
Assets				
Cash, Cash equivalents and current investments	925.49	129.20	(796.29)	(86.04%)
Trade and other accounts receivable	739.98	1,010.29	270.31	36.53%
Other current assets	72.21	73.79	1.58	2.19%
Advance payment for purchased program rights	102.90	433.57	330.67	321.35%
Program rights	1,184.27	1,224.69	40.42	3.41%
Other non-current assets	113.69	67.91	(45.78)	(40.27%)
Total assets	3,138.54	2,939.45	(199.09)	(6.34%)
Liabilities				
Short-term loan from financial institutions	523.15	113.95	(409.20)	(78.22%)
Current portion of debentures	599.04	208.74	(390.30)	(65.15%)
Other current liabilities	173.49	197.52	24.03	13.85%
Debentures - net of current portion	-	393.00	393.00	100.00%
Other non-current liabilities	16.48	18.15	1.67	14.02%
Total liabilities	1,312.16	931.36	(380.80)	(29.02%)
Total shareholders' equity	1,826.38	2,008.09	181.71	7.61%
Total liabilities and shareholders' equity	3,138.54	2,939.45	(199.09)	(6.34%)

Total Assets

The Company and its subsidiaries had total assets as at 30 September 2018 of THB 2,939.45 million, a decrease of THB 199.09 million from 31 December 2017 or 6.34%, due to as follows:

- (1) Cash, cash equivalents and current investments decreased THB 796.29 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. As at 30 September 2018, the balance of short-term investments was THB 27.82 million which consisted of investment in Thanachart Cash Management Fund and Phatra Money Positive Fund.
- (2) Trade and other accounts receivable increased THB 276.30 million or 36.53%. This is in accordance with the increase of the revenue of the Company. Moreover, the balance of trade accounts receivable which was overdue by 6-12 months was THB 211.96 million, it has been

collected in total of THB 104.38 million (up to 13 November 2018). Although the balance of trade accounts receivable which was overdue by 6-12 months increased from the balance as at 31 December 2017, the management still believes that the Company could collect debt from the main customers based on the past experience. However, the management had set up the allowance for doubtful accounts, amounting to THB 5.99 million, specifically for 2 customers of the Company's subsidiary due to the uncertainty of debt collective.

- (3) Advance payment for purchased program rights increase THB 330.67 million or 321.35% because of the reservation in content rights to support the growth of the business.
- (4) Program rights increase THB 40.43 million or 3.41% due to an increase in the purchase of content rights of THB 601.27 million during 2018 and the amortization expense was THB 560.85 million.
- (5) Other assets decrease THB 45.78 million, the balance of other assets as at 31 December 2017 is mainly composed of restricted bank deposit to secure the short-term loans. As a result of reduced the credit line of the loan, the Company deposit those unrestricted bank account to invest in trading securities that provide better returns than bank deposits.

Total Liabilities

The Company and its subsidiaries had total liabilities as at 30 September 2018 of THB 931.36 million, a decrease of THB 380.80 million or 29.02%. As a result of repaid short-term borrowing from financial institutions in order to reduce the financial cost, the balance of short-term loans as at 30 September 2018 decreased from last year about THB 409.20 million or 78.22%. Moreover, the Company issued the 2-year debenture during this year amounting to THB 400 million. The proceeds were used for repayment of the matured debenture in July 2018.

Shareholders' equity

As at 30 September 2018, the Company and its subsidiaries had total shareholders' equity of THB 2,008.09 million, an increase of THB 181.71 million. The increase was due to the normal operating profit of the Company and its subsidiaries.