



รายงานประจำปี 2555  
บริษัท แม็ทซิ่ง แม็ทซ์โซลูชั่น โซลูชั่น จำกัด (มหาชน)



# ANNUAL REPORT 2012

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**Matching Maximize Solution  
Public Company Limited**

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# Financial Highlights

|  | 2010           | 2011   | 2012   |
|--|----------------|--------|--------|
| <b>Earnings Performance</b>  | (Million Baht) |        |        |
| Sale and Service Income  | 658.55         | 595.87 | 604.56 |
| Earnings before Finance Costs, Income Tax, Depreciation and Amortization Expenses (EBITDA) | 93.93          | 65.96  | 121.96 |
| Net Income (loss)  | 28.01          | 13.03  | 61.42  |
| <b>Statement of Financial Position</b>   | (Million Baht) |        |        |
| Total Assets   | 628.55         | 562.02 | 580.89 |
| Total Liabilities  | 179.69         | 130.84 | 98.66  |
| Shareholders' Equity   | 448.86         | 431.18 | 482.23 |
| <b>Shares or details about ordinary shares</b>   |                |        |        |
| Issued and paid-up ordinary shares   | (Million)      | 259.14 | 259.14 |
| Book Value Per Share <sup>(1)</sup>  | (Baht)         | 2.01   | 1.66   |
| Earnings Per Share <sup>(1)</sup>  | (Baht)         | 0.13   | 0.05   |
| Dividend Per Share   | (Baht)         | 0.02   | 0.09   |
| Dividend Payout Ratio (Company)  | (%)            | 93.80  | 73.55  |
| Dividend Payout Ratio (Consolidated)   | (%)            | 18.50  | 179.05 |
| <b>Financial Ratios</b>  |                |        |        |
| Net Profit Margin  | (%)            | 4.22   | 2.17   |
| Return on Equity   | (%)            | 6.97   | 2.96   |
| Return on Assets   | (%)            | 5.18   | 2.19   |
| Debt to Equity Ratio   | (time)         | 0.40   | 0.30   |
| Interest Coverage Ratio <sup>(3)</sup>   | (time)         | 28.17  | 25.46  |

**Note** (1) Calculated from weight average ordinary shares of 223.38 million as of 31 December 2010, 259.14 million as of 31 December 2011 and 259.14 million as of 31 December 2012

(2) Approved by the Board of Directors on March 12, 2013 and will be presented to the 2013 Annual General Shareholder Meeting on 29 April 2013 for approval

(3) Calculated from operating cash flow/interest expense



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## Message from the Board of Directors

Dear Shareholders,

In the past year, the Company successfully reached its goals and the businesses showed strong growth. The Company posted a net profit amounting to Baht 61.42 million, for a jump of 371.37 percent or Baht 48.39 million. The strong net profit growth was made possible by the Company's wide vision in regard to the adjustment of management strategies as well as the business restructuring, coupled with the strong GDP growth of 6.4 percent. In 2012, the Company reported Baht 604.56 million in revenue, consisting of the core revenue from the equipment rental services accounting for 42.58 percent of the total revenue and showing a strong growth of 42.66 percent; and the revenue from TV program production accounting for 30.90 percent and showing a growth of 20.95 percent. Hence, the Company booked a earning before finance costs, income tax, depreciation and amortization expenses (EBITDA) of Baht 121.96 million. Furthermore, the Company offered the returns on equity (ROE) of 13.54 percent. With the efficiency in TV program production management, the Company is proud of its TV programs "Plod Nee" and "Kob Dek Sarng Ban" that received awards from various agencies for four consecutive years. To elaborate, "Plod Nee" received the Award for Helpful Programs for people in need from Ministry of Social Development and Human Security for three consecutive years (2009 - 2011). In 2012 "Plod Nee" received "Family Award" from Family Media Watch Organization. In addition, "Kob Dek Sarng Ban" received the Award for Helpful Programs for people in need from Ministry of Social Development and Human Security in 2012.

In the future, the Company has planned to expand its business to be in line with the economic expansion. Furthermore, to get ready ahead of the launch of the ASEAN Economic Community (AEC) in 2015, the Company has planned to invest in new equipment and a new studio and to have its human resources ready for the emergence of AEC. In light of this, the Company has planned to launch a capital increase through the public offering program in the near future.

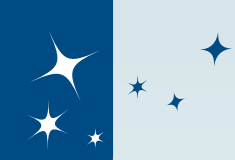
The Company's business success has been made possible by the heartfelt cooperation among the directors, management, and employees at all levels, and most importantly, the trust from clients and the continued support from shareholders. On behave of the Board of Directors, I would like to thank all those concerned for all their support. The Company will continue to drive business growth in sustainable ways. The Company will cautiously operate the business, with an emphasis on the good corporate governance in order to fairly maximize returns to all stakeholders.

Yours Sincerely,



(Mr.Somrit Srithongdee)

Chairman of the Board of Directors



## Audit Committee Report for 2012

### Dear Shareholders of Matching Maximize Solution Public Company Limited

The Audit Committee of Matching Maximize Solution Public Company Limited, appointed by the Company's Board of Directors, consists of three independent directors. The scope of responsibilities of Audit Committee, based on the charter of the Audit Committee, is in compliance with the rule and regulation of the Securities and Exchange Commission of Thailand.

During the year 2012, the Audit Committee convened a total of five meetings, where the authorized auditor, the Company's management and the internal auditor attended. One, out of these five meetings, was the meeting of only the Audit Committee and the authorized auditor, without the presence of the Company's management. The following key issues were considered in the meetings.

#### 1. Good Corporate Governance

The Audit Committee examined whether the Company operated business, based on the good corporate governance principles, through the meetings with the Company's management and the internal auditor. The meetings provided the guidelines of good corporate governance principles as well as creating the same understanding among the directors, the management and the employees so that they followed the set policies. The Company had kept the good corporate governance principles updated at least once a year in order to ensure that the Company's corporate governance policies were appropriate and in line with the current situation.

#### 2. Review of Financial Information:

The Audit Committee reviewed the interim financial information and annual financial information of the Company and its subsidiaries to examine whether such financial information was completed in compliance with the accounting standard. The results of the review/audit of the financial information were appropriately disclosed in the meetings attended by the management and the internal auditor, and the authorized auditor. In the meeting the Audit Committee also raised some matters as well as suggestions based on the review/audit and also reported the auditing plans and guideline and the independence of the authorized auditor. After the review of the Audit Committee, the audit report was presented to the Company's directors for consideration or approval as the case may be.

#### 3. Internal control system

The Audit Committee reviewed the work of the Company's internal control system in order to evaluate its efficiency. The Audit Committee examined the independence, the audit working plans, budgets, human resource development of the internal control department. The Committee reported the review results as well as the results of the follow-up of the progress on improvement of the internal control system, based on the audit review report. The Company's management was invited to provide adequate information about the Company's internal controls and the improvement based on the audit review. The Audit Committee provided opinions and additional suggestions for the Company to improve its internal control system in order to minimize operational risks. The Committee also ensured that the mechanism of the Company's internal control and audit systems were appropriate and sufficient, based on the current circumstance and nature of business.

**4. Following the laws and policies set forth by the Board of Directors**

The Audit Committee examined whether the Company followed relevant laws as well as policies set forth by the Board of Directors through the auditing process of the Company's internal auditors and the authorized auditor. The Audit Committee arranged meetings with the Company's management, the authorized auditor and the internal auditors to ensure that everyone was aware of the relevant laws and the policies set by the Company's Board of Directors. Finally, the Audit Committee also provided additional suggestions for the Company to enhance its corporate governance and also to continue develop the business.

**5. Review of connected transactions that may have caused conflicts of interests**

The Audit Committee reviewed the connected transactions that may have caused conflicts of interests, which was done with the internal auditors and the authorized auditor. The Audit Committee had meetings with the management in order to ensure that the connected transactions were justified and that the Company had appropriately and adequately prepared to prevent possible conflicts of interests.

**6. Selection and appointment of the authorized auditor and consideration of the remuneration for the authorized auditor**

The Audit Committee considered the dependency, qualifications and experience of the authorized auditor. In addition, the Audit Committee, together with the management, also appraised the performance of the authorized auditor of the past fiscal year and considered remunerations, compared with other audit companies. For the year of 2013, the Audit Committee proposed that the Board of Directors appoint PricewaterhouseCoopers ABAS Ltd. as the Company's authorized auditor.

**7. Report of the performance results of the Audit Committee to the Board of Director**

The Audit Committee reported its performances based on the scope of responsibilities to the Board of Directors at least once a quarter. In addition, the Audit Committee also offered suggestions and additional opinions that were useful for the Company's management and administration in order to boost confidence among shareholders, investors, stakeholders of the Company.

The Audit Committee continued to place the emphasis on the Company's internal control system. The Committee worked independently, based on its working scope. The Audit Committee opined that Matching Maximize Solution Plc. and its subsidiaries had applied effective internal control systems, which were adequate and appropriate to the Company's operations. The Committee did not find any mistakes or problems with the Company's internal control system that would have significant impacts on the accuracy and reliability of the Company's financial reports. The authorized auditor and internal auditors worked independently. Finally, the Company's corporate governance and internal control system were sufficient and appropriate to current business circumstances of the Company.



(Mr.Akarat Na Ranong)  
Chairman of Audit Committee



## History and major changes of the Company

Matching Maximize Solution Public Company Limited (formally known as Matching Studio Public Company Limited) was founded in 1992, with an initial registered capital of Baht 1 million by Mr. Somchai Cheewasutthanon and Mr. Thanisaphong Sasinmanop to operate TV commercials production business. The Company subsequently expanded its business to include TV program production, equipment rental services and event organizing, and printing business.

### History and major development of the Company

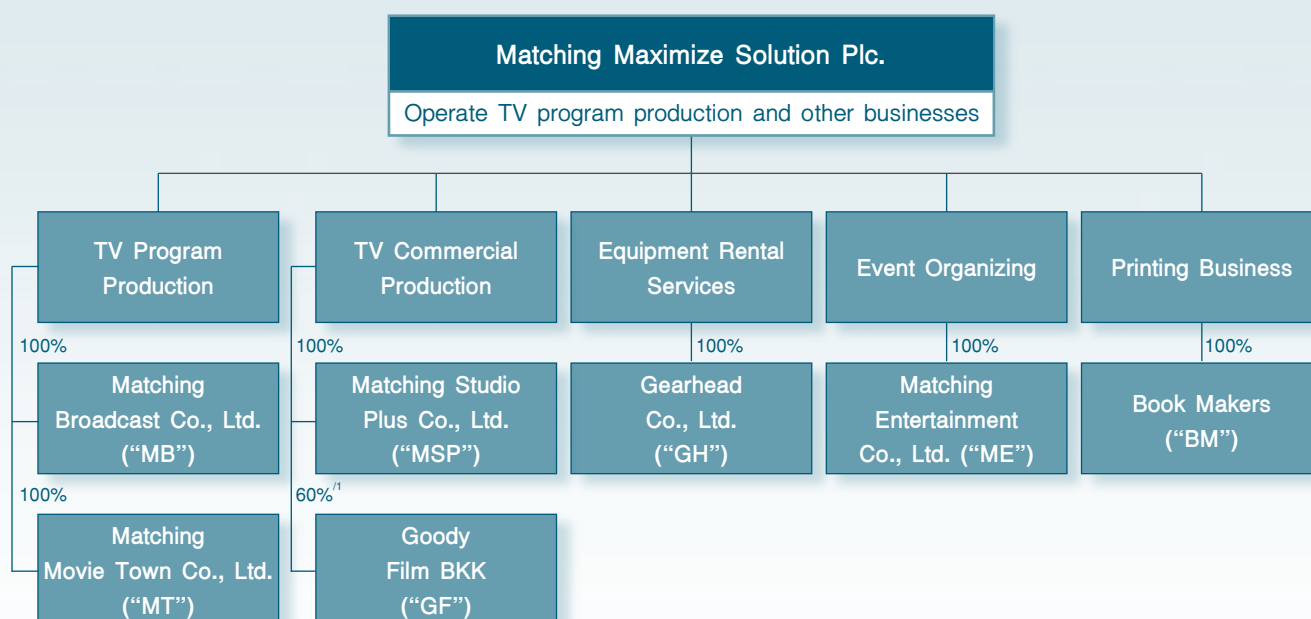
| Year | Major Development   |
|------|---|
| 1992 | The Company was established with a registered capital of Baht 1 million, i.e., 10,000 shares at a par value of Baht 100 per share, to operate TV commercial production business.  |
| 2003 | The Company was listed in the Alternative Investment (MAI), with a registered capital of Baht 120 million, i.e., 24,000,000 shares at a par value of Baht 5 per share. The Company subsequently issued 6,000,000 capital increase shares for public offering and expanded its business to cover a wide variety of entertainment and recreation services. Later, the BOD approved to issue warrants (MATCH-W1) amounting to 108,000,000 units, with the life of five years, for existing shareholders.   |
| 2004 | <p>The Company increased capital, changed the shareholder structure, moved from the secondary market and expanded to TV program production business.</p> <ul style="list-style-type: none"> <li>- Issued and offered capital increase shares to BBTV Production Company limited (BBTV Production) in order to support the Company's expansion of TV program business, enhance business operation within the group and increase the market share.</li> <li>- Moved from trading in MAI to the Stock Exchange of Thailand (SET) under the media and printing sector.</li> </ul> |
| 2009 | <p>Increased capital and changes major shareholders</p> <ul style="list-style-type: none"> <li>- Issued and offered the second warrants ("MATCH-W2") of 103,431,863 units, with the warrant life of five years, for existing shareholders.</li> <li>- In Three major shareholders decided to sell common shares and MATCH-W2 to BBTV Production Co., Ltd. As a result, BBTV Production became the major shareholder, with the stakeholding increasing to 49.65 percent from 27.73 percent previously.</li> </ul>  |
| 2010 | BBTV Productions Co., Ltd., exercised MATCH-W2 to purchase the ordinary shares, raising its shareholding to 57.94 percent. As a consequence, BBTV Productions Co., Ltd., had to tender offer. After that, BBTV Production's shareholding rose to 68.48 percent.   |
| 2012 | <p>Increased the registered capital to Baht 535 million by issuing capital increase shares of 271 million shares, with a par value of Baht 1 per share:</p> <ul style="list-style-type: none"> <li>- Capital increase shares of 210 million shares for public offering</li> <li>- Capital increase shares of 7.54 million shares to support the exercise of MATCH-W2</li> </ul>   |



## Type of Business

### The Company's group structure

As of 31 December 2012, there were seven subsidiaries as follows.



**Note :** <sup>1/</sup> The shareholders holding 40 percent shares do not relate to one another

<sup>2/</sup> The Board of Director Meeting No. 3/2012 on 16 March 2012 resolved to settle the accounts and close two subsidiaries, namely Matching Television Co. Ltd. (TV program production house) and Fatman and Little Boy Co., Ltd. (TV commercial production). Because the operation was transferred to the Company, the two subsidiaries had suspended operation for some time. On 1 November 2012, both subsidiaries settled the accounts and registered to cease operations with Ministry of Commerce.

### Business Operation of the Group

At present, the Company and its subsidiaries operate five main businesses, i.e., the TV production business, the TV commercial production business, the equipment rental business, the event organizing business and the printing business.

#### 1) The TV Program production business

The Company produces TV programs and broadcast them on the airtime slots bought from the TV channel. Then, it sells commercial timeslots to advertizing agencies or product owners. In addition, the Company is hired to produce TV programs by the TV channel. As of 31 December 2012, there were five programs, namely "Plod Nee", "Plod Nee on Public Holidays", "Kob Dek.. Sang Ban", "Ta Lob Lang Ta Lad" and "Cheeze TV D.I.Y."

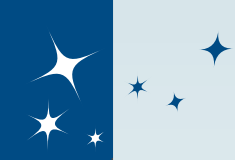
#### 2) TV commercial production business

The Company runs a production house to produce TV commercials promoting products or conveying messages from clients to their targeted customers. In addition, the Company also coordinates with and provides services for foreign crews to facilitate filming activities in Thailand.

An example of the Company's products in 2012 is the TV commercial "Beautiful World" produced for the Electricity Generating of Thailand.

#### 3) Equipment Rental Services

The Company provides rental equipment for filming, shooting, and producing TV commercials, as well as supplying skillful personnel who know how to use such equipment. The rental equipment is delivered to filming sites. Examples for such service in 2012 include the equipment used for the Thai film "Tom Yam Kung", the Railway Man, the commercials for Coke, and etc.



#### 4) Event organizing business

The Company acts as an event organizer who plans public relation activities as well as managing events for clients both from state and private sectors. Being committed to meeting the needs and objectives of the clients, the Company provides integrated services for both domestic and international clients.

Examples of the services in 2012 include “Unity Running on the occasion of 100th year unity on the occasion of the 84th anniversary of His Majesty the King” organized by the Expressway Authority of Thailand, Honda LPGA Thailand 2012 (6<sup>th</sup>), the Idol project 3, the project to design booths and organize marketing activities for the Islamic Bank of Thailand in the Money Expo 2012 in Songkhla, and the press release for FA Cup 2012 by Channel 7.

#### 5) Printing business

The Company produces printing media, magazines, and pocket books, both for sale and free. The Company's magazines, pocket books and printing media are released on a monthly basis and sometimes there are exclusive issues on special occasions. The major targeted readers are teenagers or those working in the fashion industry.

As of 31 December 2012, the Company's group owned three monthly magazines, namely Cheeze, Cheeze Shopping Guide, and Looker and there was one exclusive magazine entitled CheezeLady. Moreover, the Company also issued various pocket books.

### Revenue Structure

The Company and its subsidiaries' revenue structure by types of business on the consolidated financial statements for 2011 - 2012 is as follows.

| Consolidated financial statement        | Year          |               |               |               |
|---|---------------|---------------|---------------|---------------|
|   | 2011          |               | 2012          |               |
|   | million       | %             | million       | %             |
| <b>Core Business</b>                    |               |               |               |               |
| TV program production                   | 154.43        | 25.68         | 186.79        | 30.28         |
| TV commercial production                | 158.71        | 26.39         | 44.15         | 7.16          |
| Equipment Rental Services               | 180.45        | 30.01         | 257.43        | 41.73         |
| Event Organizing                        | 31.79         | 5.29          | 28.43         | 4.61          |
| Printing business                       | 64.17         | 10.67         | 65.17         | 10.57         |
| <b>Total revenue from core business</b> | <b>589.55</b> | <b>98.05</b>  | <b>581.98</b> | <b>94.35</b>  |
| <b>Other revenue <sup>/1</sup></b>      | <b>11.74</b>  | <b>1.95</b>   | <b>34.84</b>  | <b>5.65</b>   |
| <b>Total</b>                            | <b>601.29</b> | <b>100.00</b> | <b>616.82</b> | <b>100.00</b> |

Note : <sup>/1</sup> Other revenue consists of revenue from sale of products and interest income

### Business Goals

The Company Group's major goal is to become a leader in the equipment rental service segment. Not only does the Company focus on clients in the upper market (e.g., production of long movies, documentaries, and music videos) but it also expands to the new market in the lower segment (e.g., TV program production, series production, and organizations of events and shows), in a bid to expand its market share. To reach this goal, the Company plans to establish a studio and a one-stop movie town, which would be the first and the only site in the region that can support both indoor and outdoor shooting as well as under-water shooting. The construction of such studio and movie town is expected to begin by late 2013 and the project is expected to be completed ahead of the launch of ASEAN Economic Community in 2015.

Moreover, the Group also has a goal to expand all of businesses. It will focus on enhancing quality of work and ensuring that its work quality is widely accepted in order to grow in sustainable ways. The Company will attempt to both boost the revenue and expand its market share. Finally, the Company will also provide business support to other companies under its umbrella in terms of personnel, funding as well as other major issues.

# Industry Overview and Competition



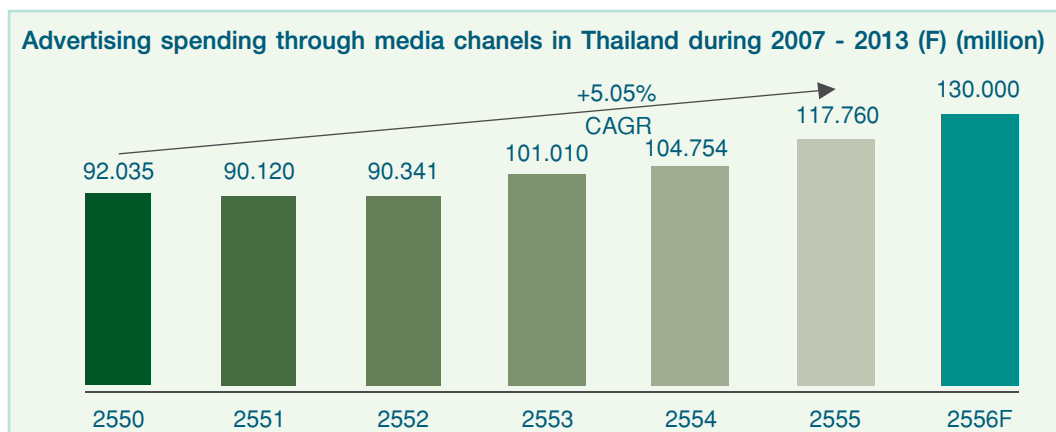
## 1 TV program production business

Marketing and Competition

### 1) Industry Overview

- Advertising Industry

The advertising industry is directly impacted by the country's overall economy. The economic expansion, coupled with fiercer competition, has resulted in continued growth in the advertising industry, evidenced by the advertising spending through media channels that has shown an uptrend, from Baht 92,035 million in 2007 to Baht 117,760 million in 2012, representing a CAGR growth of 5.05 percent.



Source: Nielsen Media Research and VGI Global Media Plc.

According to Nielsen Media Research, the advertising industry in Thailand is huge, with a total market value of over Baht 100 billion. The advertising spending through TV media, which links to the Company's business, amounted to over Baht 60 billion per annum, accounting for approximately 60 percent of the total advertising spending in the entire industry. This high exposure to the TV media channels is attributable to the fact that TV is mass media and is the most popular among consumers in Thailand. The TV media can access as much as 98 percent of the population nationwide (according to the National Broadcasting Telecommunication Commission: NBTC). In addition, the TV media presents both visions and sound at the same time, while the advertising rate for head is low.

Although the Thai economy in 2011 was negative affected by several negative factors, including the political instability and the global economic slowdown, the advertising spending during the first three quarters increased given that many product and service owners had tried to launch marketing strategies in order to attract their targeted consumers. They understood well that the economic slowdown prompted consumers to slow their spending, while they still had financial liquidity or strong purchasing power. However, in the fourth quarter of 2011 the flood crisis severely impacted the advertising spending atmosphere as the production sector had to suspend operation while the service sector was also negatively impacted. As a result, the overall advertising spending in 2011 showed a minor expansion of only 3.71 percent, representing a significant contraction from the growth of 11.83 percent reported for 2010.



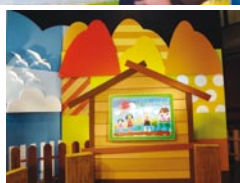
In 2012, the country's economy and politics remained stable, without any negative impacts. In addition, operators spent on advertising more aggressively in order to recover from the huge impacts of the flood crisis in late 2011. As a consequence, the overall market value of the industry increased by 12.42 percent from the level seen in 2011. Overall, all media channels showed strong growth, with TV media remaining the major media channel. Although the market share of TV media declined in 2012 as other new media channels came to take away some shares from the TV media, the advertising spending through the TV media still increased by 9.43 percent as most product owners still relied heavily on TV media channels. In addition, advertising agencies still continued to choose the TV media as they believed it was the best media channel reaching the targeted groups. Meanwhile, the Internet remained attractive media channel, evidenced by the strong growth in advertising spending value of 62.07 percent in 2011 and 21.92 percent in 2012. In addition, the usage of Internet continued to increase, through various channels, e.g., brands' official websites, social media and video clips. These Internet channels helped promote branded content that could easily and rapidly be spread to targeted groups, with considerably lower cost, compared with other media channels. The budget for advertising on the Internet media is much smaller than that for advertising on the TV media.

| Advertising media by type (million) | 2007          | 2008          | 2009          | 2010           | 2011           | 2012           |
|-------------------------------------|---------------|---------------|---------------|----------------|----------------|----------------|
| TV                                  | 53,491        | 51,137        | 52,935        | 60,766         | 62,238         | 68,105         |
| Newspaper                           | 15,809        | 15,282        | 14,149        | 15,000         | 14,541         | 15,183         |
| Cinema screens                      | 4,341         | 4,173         | 4,856         | 5,987          | 7,224          | 12,113         |
| Radio                               | 6,318         | 6,933         | 6,168         | 6,116          | 5,918          | 6,349          |
| Magazines                           | 6,067         | 5,998         | 5,426         | 5,694          | 5,824          | 5,221          |
| Outdoor Media                       | 4,481         | 4,229         | 3,965         | 3,849          | 4,278          | 4,525          |
| Transit Media                       | 956           | 1,372         | 1,764         | 2,188          | 2,643          | 2,960          |
| In-Store                            | 570           | 826           | 819           | 1,121          | 1,618          | 2,732          |
| Internet                            | -             | 172           | 259           | 290            | 470            | 573            |
| <b>Total</b>                        | <b>92,035</b> | <b>90,120</b> | <b>90,341</b> | <b>101,010</b> | <b>104,754</b> | <b>117,760</b> |
| <b>Percentage of TV</b>             | <b>58.12</b>  | <b>56.74</b>  | <b>58.59</b>  | <b>60.16</b>   | <b>59.41</b>   | <b>57.83</b>   |

Source: Nielsen Media Research

Based on the increases in advertising spending figures via almost all media types in 2012, the market value of the advertising industry in 2013 is anticipated to continue growing by 8-9 percent, equivalent to an approximate market value of Baht 130 billion. This anticipated growth can be driven by; i) the absence of negative impacts on the economy; ii) the preparation for the launch of AEC; iii) the preparation for the emergence of the digital TV system; and iv) the competition among TV business operators. All of these favorable factors should help drive the TV media segment, as well as Internet and digital media, to enjoy huge growth in 2013. It can be seen that a large number of organizations begin to recruit new generation personnel who are able to communicate online with their clients.

The advertising spending through the TV media in 2013 is expected to remain flat at 60 percent, equivalent to the total value of Baht 78 billion, for an expected expansion of 9 percent. The major growth driver should be the fact that TV would remain the most popular media channel. Although the cable TV and satellite TV have become more and

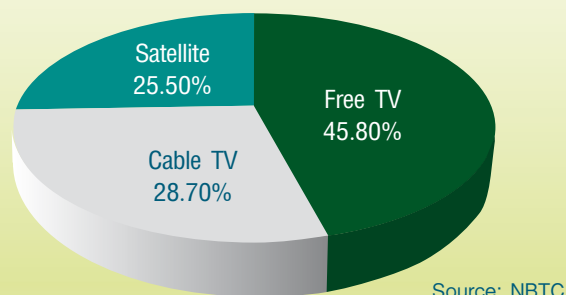


more popular, the free TV should remain the most popular as each free TV channel has continued to improve, both in terms of personnel and program content. In addition, those TV channels have also expanded to the online and mobile systems so that they can reach as large client base as possible. With continued development and growing popularity, the advertising through TV media should continue to increase.

- Television (TV)

The TV business in Thailand has categorized into two types and three systems. The first type is free TV and another type is subscribed TV (i.e. Cable TV and Satellite TV).

**TV audiences in Thailand by types**



Free TV is the land TV system that people can view for free. The free TV in Thailand captures the largest audience share of 45.80 percent. At present, there are six free TV channels, namely Channel 3, Channel 5, Channel 7, Channel 9, NBT and Thai PBS. According to the data from BEC World Plc., Channel 3 and Channel 7 capture the biggest market shares in terms of revenue and audience shares thanks to their long reputation and popularity. The combined audience share for both channels during prime time accounts for 70 percent of the total. Channel 7 captures the biggest audience share as it was the first TV channel whose signal covered all parts of the country nationwide. Channel 7 has the largest audience of 40 percent base thanks to the advantage of its being the first channel with nationwide signal coverage. For Channel 3, it initially reached audiences only in the main cities; therefore, it captured a smaller audience base, compared to Channel 7. Later, Channel 3 has tried to expand its signal coverage to compete with other channels and presented more varieties of programs in a bid to broaden its audience base. However, Channel 3's audience share of 30 percent remains lower than Channel 7's. Meanwhile, other four channels capture the audience shares of 10 percent or below. Normally, NBT captures the smallest audience share.

The subscribed TV business is seen in two systems, Cable TV and Satellite TV, with comparable audience shares of 28.70 and 25.50 percent, respectively. According to the BEC World Plc., not only have the national major operators been granted an operating license but many other local operators have also received the licenses to operate the subscribed TV business. Most operators have been in business for many years but they have been unable to expand their subscription base. Thus, many operators opted to offer services, without subscription fees, hoping to take away some audience shares from the others and gain advertising revenue, instead of subscription fee revenue. In addition to such operators, other content operators and major media players have entered the market to intensify the competition. As a consequence, all TV stations require that their TV programs are of good quality and widely accepted by audiences. The popularity of the channels, coupled with their TV programs, could bring about higher advertising revenue. Meanwhile, popular TV channels also try to convince quality TV program producers to stay with them as long as possible.

Furthermore, the potential emergence of the digital TV system will have a significant impact on Thai TV industry as the digital system has been designed to replace the analog system (i.e. the conventional system), with a higher number of channels and clearer vision. The new system will allow viewers to view in the high definition system, the 3D system and the TV-on-mobile system in response to the lifestyle of the new generation. Operators will generate income from more varieties of programs, e.g., interactive programs, and VDO-on-Demand programs. Moreover, advertising revenue should increase thanks to a more accurate rating system, which will be done through the digital system. According to the resolution of BNTC, there will be 48 channels in the digital TV system, eight times higher than the conventional TV system. As a result, existing TV operators will be impacted by a growing number of





competitors and the expansion of supply chains. In other words, advertising revenue will be allocated to more operators because one operator is unable to invest in all businesses in the supply chain. Meanwhile, operators who produce TV programs for selling to TV channels will be indirectly impacted by the possible decline in revenue at the TV channels as advertising revenue will be allocated to more channels. Finally, the competition in terms of program quality will also likely intensify.

- TV program producers

At present, TV program producers are required to be well prepared, in terms of capital, experience, expertise, creativity, personnel, and good relationship with TV channels. The fiercer competition both among TV channels and TV program producers prompts TV program producers to expand their production to serve higher demand for quality TV programs with growing popularity. A producer whose programs become more popular has more choices to present their programs to TV channels. To produce a quality program widely accepted by audiences and broadcast on a TV channel, a producer needs to present its program in a creative and unique way. In addition, a producer has to possess broad experience and capability to produce quality programs that can create trust among TV channels and buyers of advertising timeslots.

In addition to the Company, other major content operators include Work Point Entertainment Plc., Grammy Plc, JAS Global Media Co., Ltd., Kantana Group Plc., and Polyplus Co., Ltd., and etc. Different operators have their own strengths in terms of different presentation styles. The Company focuses mainly on game shows and varieties that present both knowledge and entertainment to viewers.

## 2) Competition

The competition has become more and more intense. TV programs can become more or less popular very quickly, depending on the changing trends among consumers. Revenue generated by a TV program varies in accordance with popularity or the rating of that program. Advertising agencies or product owners choose programs that they want to buy advertising timeslots to promote their services or products. Most of them choose highly popular programs or programs that most viewers are their targeted customers for their particular products or services. There are many players in the industry. All of these factors prompt TV program producers or content operators to always improve their contents and make their programs interesting in order to beat other competitors as well as maintaining and expanding their audience base. In addition to possessing capability, expertise, and creativity, TV program producers need to distinguish and differentiate their programs in order to attract its targeted audiences. To differentiate their works, producers have to create distinguishable program formats, choose outstanding program hosts, and invite interesting celebrity guests. In addition, producers also have to co-organize activities and hold some promotional campaigns aimed at encouraging viewers' participation and attracting them by giving away some prizes or gifts. Producers should also effectively promote their programs. Finally, producers should also realize the importance of program timeslots, both airtimes and dates, given that a presentation style of one program on a different date and time is designed to target different audience groups.

The Company's "Plod Nee" program has been broadcast for 12 years in 2012. The program continues to gain its popularity from target viewers as the Company encourages viewers to participate in the program and effectively promotes the program. As a result, the program has been well accepted by advertising agencies and sponsors.

"Plod Nee" and "Kob Dek... Sarng Ban" have been granted many awards, e.g., the Golden Television Award for the Best Game Show, Star Entertainment Awards for the Best Career Support from Entertainment Reporters Association, and the Award for Helpful Programs for people in need granted by Ministry of Social Development and Human Security, and etc.

- **"Plod Nee" and "Plod Nee on Public Holidays"**

The competitors for these programs include those game shows in other channels and the programs broadcast both at the same time as and before the airtimes of "Plod Nee" and "Plod Nee on Public Holidays". The popularity of each program can be analyzed by the ratings conducted by Nielsen Media Research. Popular game shows have ratings ranged from 3-6. As the rating for "Plod Nee" is ranged 4-5, it can well compete with other programs.

#### Popular game shows On each TV channel

| Program                            | Channel | Broadcast Date  | Broadcast Time    | Rating |
|------------------------------------|---------|-----------------|-------------------|--------|
| Ching Roi Ching Lan Sunday         | 3       | Sunday          | 15.00 - 17.00 hrs | 5 - 6  |
| Thousand Face Game                 | 7       | Sunday          | 12.00 - 13.00 hrs | 4 - 5  |
| Suek 12 Rasi                       | 3       | Sunday          | 12.15 - 13.00 hrs | 3 - 4  |
| <b>Plod nee</b>                    | 7       | Saturday        | 15.30 - 16.15 hrs | 4 - 5  |
| <b>Plod nee on Public Holidays</b> | 7       | Public Holidays | 1 hrs             | 3 - 4  |

Source: Nielsen Media Research and the Company

#### Programs broadcast before and after "Plod nee"

| Program         | Channel | Broadcast Date | Broadcast Time    | Rating |
|-----------------|---------|----------------|-------------------|--------|
| Kadeeded        | 7       | Saturday       | 13.45 - 14.45 hrs | 5 - 6  |
| Fa Mee Ta       | 7       | Saturday       | 14.45 - 15.30 hrs | 5 - 6  |
| <b>Plod nee</b> | 7       | Saturday       | 15.30 - 16.15 hrs | 4 - 5  |
| Jor Jee         | 7       | Saturday       | 16.15 - 17.00 hrs | 4 - 5  |

Source: Nielsen Media Research and the Company

- **"Kob Dek... Sarng Ban"**

The competitors for this program include general programs in other channels and programs that are broadcast both at the same time as and before the airtimes of "Kob Dek... Sarng Ban". The popularity of the programs can be analyzed by the ratings conducted by Nielsen Media Research. Popular general programs at the same airtime have ratings ranged from 1 - 2. As the rating for "Kob Dek... Sarng Ban" is ranged 1 - 1.5, it can well compete with other programs.

#### Popular game shows on each TV channel

| Program                     | Channel | Broadcast Date             | Broadcast Time            | Rating         |
|-----------------------------|---------|----------------------------|---------------------------|----------------|
| Dara Cartoon                | 3       | Wednesday                  | 15.45 - 16.10 hrs.        | 1 - 2          |
| Singing Kids                | 3       | Tuesday                    | 15.45 - 16.10 hrs.        | 1 - 2          |
| Thueng Prik Thueng King     | 5       | Wednesday                  | 16.00 - 16.30 hrs.        | 0.5            |
| Yod Chef Thai               | 5       | Tuesday                    | 16.00 - 16.30 hrs.        | 0.5            |
| <b>Kob Dek... Sarng Ban</b> | 7       | <b>Wednesday - Tuesday</b> | <b>16.00 - 16.30 hrs.</b> | <b>1 - 1.5</b> |
| Cartoon World               | 9       | Wednesday                  | 16.00 - 16.30 hrs.        | 0.5            |
| Ban Cartoon                 | 9       | Tuesday                    | 16.00 - 16.30 hrs.        | 0.5            |

Source: Nielsen Media Research and the Company



#### Programs broadcast before and after “Kob Dek... Sarng Ban”

| Program                     | Channel  | Broadcast Date             | Broadcast Time            | Rating         |
|-----------------------------|----------|----------------------------|---------------------------|----------------|
| Ta Lob Tang Ta Lad          | 7        | Monday - Tuesday           | 15.30 - 16.00 hrs.        | 1 - 2          |
| <b>Kob Dek... Sarng Ban</b> | <b>7</b> | <b>Wednesday - Tuesday</b> | <b>16.00 - 16.30 hrs.</b> | <b>1 - 1.5</b> |
| Kid' Stories                | 7        | Wednesday                  | 16.30 - 17.00 hrs.        | 1 - 1.5        |
| One Brain, Two Hands Junior | 7        | Tuesday                    | 16.30 - 17.00 hrs.        | 1 - 1.5        |

Source: Nielsen Media Research and the Company

#### • “Ta Lob Lang Ta Lad”

The competitors for this program include game shows in other channels and programs that are broadcast both at the same time as and before the airtimes of “Ta Lob Tang Ta Lad”. The popularity of the programs can be analyzed by the ratings conducted by Nielsen Media Research. Popular game shows at the same airtime have ratings ranged from 1 - 2. The rating for “Ta Lob Tang Ta Lad” is ranged 1 - 2; hence, it can well compete with other programs.

#### Programs broadcast before and after “Kob Dek... Sarng Ban”

| Program                   | Channel  | Broadcast Date           | Broadcast Time            | Rating     |
|---------------------------|----------|--------------------------|---------------------------|------------|
| Om Yim                    | 3        | Monday                   | 15.45 - 16.10 hrs.        | 1 - 2      |
| Game Sook Suek Sa         |          | Tuesday                  |                           |            |
| Dara Cartoon              |          | Wednesday                |                           |            |
| Singing Kids              |          | Thursday                 |                           |            |
| Hightlight Thailand       | 5        | Monday                   | 14.55 - 15.20 hrs.        | 0.1        |
| Station Five              |          | Tuesday                  |                           |            |
| At Five Diary 4           |          | Wednesday                |                           |            |
| I feel Great              |          | Thursday                 |                           |            |
| <b>Ta Lab Lang Ta Lad</b> | <b>7</b> | <b>Monday - Thursday</b> | <b>15.30 - 16.00 hrs.</b> | <b>1-2</b> |
| Kui Kamong Bai 3 Mong     | 9        | Monday - Friday          | 15.00 - 16.00 hrs.        | 0.5        |

Source: Nielsen Media Research and the Company

#### Programs broadcast before and after “Ta Lob Lang Ta Lad”

| Program                     | Channel  | Broadcast Date             | Broadcast Time            | Rating       |
|-----------------------------|----------|----------------------------|---------------------------|--------------|
| Ded Kaw Den                 | 7        | Monday - Tuesday           | 15.00 - 15.30 hrs.        | 1 - 2        |
| <b>Ta Lob Tang Ta Lad</b>   | <b>7</b> | <b>Wednesday - Tuesday</b> | <b>15.30 - 16.00 hrs.</b> | <b>1 - 2</b> |
| Kob Dek... Sarng Ban        | 7        | Wednesday                  | 16.00 - 16.30 hrs.        | 1 - 1.5      |
| Kid' Stories                | 7        | Tuesday                    | 16.30 - 17.00 hrs.        | 1 - 1.5      |
| One Brain, Two Hands Junior | 7        | Tuesday                    | 16.30 - 17.00 hrs.        | 1 - 1.5      |

Source: Nielsen Media Research and the Company

#### • “Cheeze TV D.I.Y”

The competitors for this program include varieties shows in other channels and varieties that are broadcast both at the same time as and before the airtimes of “Cheeze TV D.I.Y “. The popularity of the programs can be analyzed by the ratings conducted by Nielsen Media Research. However, as this program is broadcast on Cable TV, the rating is not popular and limited only within some popular programs.

### Popular varieties in subscribed TV

| Program                | Channel            | Broadcast Date   | Broadcast Time            | Rating      |
|------------------------|--------------------|------------------|---------------------------|-------------|
| <b>Cheeze TV D.I.Y</b> | <b>True Vision</b> | <b>Wednesday</b> | <b>21.00 - 21.30 hrs.</b> | <b>N.A.</b> |
| Saturday say koi       | POP CHANNEL        | Saturday         | 19.00 - 19.30 hrs.        | N.A.        |

Source: the Company

### Programs broadcast before and after “Cheeze TV D.I.Y”

| Program                | Channel            | Broadcast Date   | Broadcast Time          | Rating      |
|------------------------|--------------------|------------------|-------------------------|-------------|
| Super Duper Hits       | True Vision        | Wednesday        | 19.00 - 21.00hrs        | N.A.        |
| <b>Cheeze TV D.I.Y</b> | <b>True Vision</b> | <b>Wednesday</b> | <b>21.00 - 21.30hrs</b> | <b>N.A.</b> |
| Boomtown's Tune        | True Vision        | Wednesday        | 21.30 - 22.00hrs        | N.A.        |

Source: the Company

### 3) Competition Strategies

The Company continues to improve programs, in terms of program styles, content and entertainment in order to well respond the changing consumer behaviors. For example, the presentation style of “Plod Nee” was adjusted e.g., promoting further participation from the programming host in the studio, increasing outdoor production to reach more viewers. In addition, the Company has continues to come up with new strategies to meet customers’ demand in all areas. In addition, not only is the Company able to increase its audience share when the program is on-aired but it is also able to attract targeted viewers on the location set.

Moreover, in 2012, the Company improved the efficiency of sales, distribution channel and promotion by organizing event marketing on the shooting sites to promote various products and services that were to be introduced to targeted consumers in various areas. Such activities were well accepted.

## 2 TV Commercial Production

### Marketing and Competition

#### 1) Industry Overview

- **Production House**

At present, the production house industry sees a large number of players as many have separated from their former big companies and set up their own production houses. A large number of producers and directors, who are key personnel for this business, tend to launch their own small production houses with their own team, stead of remaining full-time employees at big production houses. Some have become freelancers. As a result, the number of full-time producers and directors in big production houses has become smaller, while the number of small production houses and the number of producers and directors in the market has become bigger. Hence, the competition in the market has become more intense; however, there is more flexibility in doing business.

- **Advertising Industry**

The details on the advertising industry can be obtained from the pervious part about TV program production under the issue about the market and competition under 1) Industry Overview.







## 2) Competition

The competition in the production house industry has become more and more intense due to the trend that more and more producers and directors have reigned from full-time positions at big production houses to run their own small production houses. However, the Company focuses particularly on upper market, in which clients mainly take into account the production houses' financial statement, reputation, performance and good relationship with clients. Hence, the number of the Company's direct peers is rather small. Such direct competitors include Phenomena Co., Ltd, Mum Film Co., Ltd, The Film Factory Co., Ltd., Muanjai Production House Co., Ltd, Tosakan Film Co., Ltd, I am Good Co., Ltd., Good Boy House Co., Ltd., De Four Co., Ltd., Number Seven Co., Ltd, and Jumbo A Co., Ltd. Although the Company has adjusted its operation strategies, it still sees competitive advantage over its peers thanks to its good relation and connections with producers and directors as well as film production crew. Many freelancers in the market used to work from the Company. Moreover, the Company has good reputation in terms of quality TV commercial production widely accepted by both domestic and international clients.

## 3) Competition Strategies

Clients have tried to control cost and reduced TV commercial production cost by using short commercials. Some have shifted to organize promotional events as well as other marketing activities that could directly help boost the sale volumes. Meanwhile, the Internet media has become more popular. Moreover, some companies have opted for smaller production houses to save cost. As a consequence, the Company has adjusted its business strategy by acting as an agent and using highly experienced freelancers in order to reduce unnecessary cost that is not worth long-term investment. In addition, the Company places more emphasis on selecting the best crew, equipment and location to ensure clients' satisfactory. With its integrated services, coupled with good long-term reputation, the Company's performance is widely accepted by its clients.

## 3 Equipment Rental Services

### Marketing and Competition

#### 1) Industry Overview

##### • Film Industry

According to the information from GMM Grammy Plc., the film business requires high capital, with major costs arising from production cost and promotion cost. The combined cost for both production and promotion activities amounts to approximately Baht 32 - 45 million per one film. The production process, starting from drafting dialogues to presenting a film on cinemas, takes approximately 8-18 months. The revenue for film production comes from two major sources; revenue sharing from ticket sales when a film is



shown on cinemas in Bangkok and the revenue from selling the film right to provincial cinemas. On top of that, another smaller source of revenue comes from selling the film right to home entertainment operators, free TV channels, subscribed TV operators, and foreign companies. Finally, there is also revenue from sponsors who want to promote their products/services.

In 2012, the market value of the Thai film industry stood at Baht 4.1 billion (only Box Office), increasing by 5 percent on a year-on-year basis. This represents a rather small growth when compared to the growing number of cinema screens in the past year. By movie types, about 75 percents of the total market value in 2012 was contributed by revenue earned by foreign films, with the remaining 25 percent from Thai films. The revenue from foreign films expanded significantly as many blockbuster films were shown, e.g., The Avengers, The Twilight Saga: Breaking Dawn Part 2, Battleship, Sky fall, The Dark Knight Rises, and etc. By contrast, only minor Thai movies were shown during the year while many Thai blockbuster films were delayed. Hence, the number of movies shown in 2012 was smaller than in 2011. Meanwhile, the presentation style of Thai films remained unchanged and uninteresting, not attracting audiences. Hence, the portion of revenue earned by Thai films declined by 24 percent from the portion seen in the previous year. Examples of Thai films shown in 2012 include ATM Er Rak Error, Rak 7 Pee Dee 7 Hon, Valentines Sweetie, and etc. As for the market value by area, 80 percent of the revenue came from Bangkok areas where the ticket sales are shared between producers and cinemas. Finally, another 20 percent was the market value contributed by the sale of the film rights to provincial cinemas.

- **Advertising Industry**

More details can be seen from the aforementioned TV program business, in issue about the market and completion under the Item 1) Industry Overview.

- **TV commercial industry and foreign films shot in Thailand**

Overall, Thai TV commercial business and foreign films shot in Thailand in 2012 expanded from what was seen in 2011 because 2012 was the year when the country recovered from the flood crisis in late 2011. The production for many TV commercials was sped up in early 2012. Thus, there were many projects, both domestic and international ones. The foreign films shot in Thailand during the first ten months of 2012 were valued at Baht 1,575 million, 28 percent higher than Baht 1,226 million in 2011. Most of foreign films shot in Thailand were commercials, documentaries and series. In the past five years, Japan showed the highest figure of films and commercials shot in Thailand, followed by India and European countries, totally accounting for 50 percent of the total foreign films shot in Thailand.

## 2) Competition

Although many players are competing in this business, most operators are unable to completely serve clients' demand. In other words, operators' service remains insufficient to meet clients' demand due to limitation of state-of-the-art equipment that meets clients' demand. Some operators have equipment only for internal usages to support their own businesses; meanwhile, some have equipment that is either outdated or unwanted by clients. Considering operators offering rental state-of-the-art equipment widely accepted by clients and those in the industry, it can be found that the number of key players is rather small. Some of the Company's direct peers with similar experience and reputation include Light House + Big Eye and Siam Lite + Camera Corner.





#### Number and revenue from foreign films shot in Thailand classified by types

| Type              | No.         | 2007       | 2008       | 2009       | 2010       | 2011       | Oct'12     |
|-------------------|-------------|------------|------------|------------|------------|------------|------------|
| Advertising       | Unit        | 198        | 184        | 166        | 255        | 296        | 277        |
| Documentary       | Unit        | 229        | 197        | 181        | 178        | 155        | 94         |
| TV Series         | Unit        | 32         | 48         | 52         | 46         | 86         | 82         |
| Feature Film      | Unit        | 22         | 28         | 37         | 49         | 35         | 43         |
| Music Video       | Unit        | 42         | 69         | 60         | 50         | 34         | 30         |
| <b>Total</b>      | <b>Unit</b> | <b>523</b> | <b>526</b> | <b>496</b> | <b>578</b> | <b>606</b> | <b>526</b> |
| Estimated revenue | Btmn        | 1,073      | 2,023      | 898        | 1,869      | 1,226      | 1,575      |
| Variance          | %           | -44.33     | 88.63      | -55.62     | 108.19     | -34.38     | 28.39      |

Source: Thailand's Film Office, Tourism Development Office, Ministry of Tourism and Sports; October 2012

#### Number of foreign films shot in Thailand classified by countries

| Country      | 2007       | 2008       | 2009       | 2010       | 2011       | Oct'12     |
|--------------|------------|------------|------------|------------|------------|------------|
| Japan        | 154        | 134        | 108        | 123        | 113        | 118        |
| India        | 92         | 123        | 108        | 128        | 107        | 103        |
| Europe       | 102        | 106        | 96         | 91         | 119        | 82         |
| Hong Kong    | 25         | 23         | 20         | 24         | 24         | 32         |
| Korea        | 39         | 26         | 27         | 41         | 47         | 31         |
| USA          | 22         | 25         | 25         | 22         | 35         | 23         |
| China        | 8          | 8          | 16         | 22         | 33         | 18         |
| Australia    | 18         | 10         | 8          | 8          | 15         | 5          |
| Taiwan       | 6          | 3          | 10         | 16         | 9          | 1          |
| Others       | 57         | 68         | 78         | 103        | 104        | 113        |
| <b>Total</b> | <b>523</b> | <b>526</b> | <b>496</b> | <b>578</b> | <b>606</b> | <b>526</b> |
| Varince (%)  | -6.52      | 0.57       | -5.7       | 16.53      | 4.84       | -13.20     |

Source: Thailand's Film Office, Tourism Development Office, Ministry of Tourism and Sports; October 2012

#### Competition

- Pricing: Due to the imbalance between the numbers of TV commercials and the numbers of equipment renters, the pricing competition is very intense, resulting in a large number of discounts offered to clients.
- Equipment: New equipment is introduced every year, especially for the case of digital equipment. Foreign clients tend to choose companies offering familiar new equipment. Hence, each operator has to continue to investing in new equipment.
- Customer relation: The Company serves regular big clients who produce big films. The Company's service is widely accepted among foreign clients. This big client base could help pave the way for more potential clients.



### 3) Competition Strategies

- Provide all kinds of equipment as required by clients and make sure all equipment is in good conditions and ready to be used
- Have highly-skilled technicians ready to provide services to clients
- Offer attractive pricing packages for clients yet generate revenue at an appropriate levels
- Seek new potential clients while maintaining existing client base

## 4 Event Organizing Business

### Marketing and Competition

#### 1) Industry Overview

At present, players in the event organizing business include those providing event organizing services alone and those who produce TV programs and entertainment programs who take advantage of their reputation and media to take away some event project share from the sole event organizers. In addition, some advertising agencies and public relation agencies also offer event organizing services to their clients. Despite a large number of event organizers, professional experienced organizers are still needed by clients who trust and need only event organizers with high experience and expertise. At present, there are over 50 event organizers in the industry, such as Masterpiece Organizer Co., Ltd., Sonic Youth 1999 Co., Ltd., LookChian Production Co., Ltd., Amex Team Advertising Co., Ltd., Forth Creation Co., Ltd., Index Creative Village Plc., Four Pay Media Co., Ltd., Hundred River Co., Ltd., KengKaj Activities Co., Ltd., Prompt Organizer Co., Ltd., Sam Kok Event Agency Co.,Ltd., Event Solution Co., Ltd., Add-on Co., Ltd., Marcomic Co., Ltd., Corno and Nach Co., Ltd., Tue Co., Ltd., Agent Event Agency Co., Ltd., Yak Kew Co., Ltd., Change Corporation Co., Ltd., Forty Five Event Co. Ltd., Keray Co., Ltd., and etc. Out of these companies, only 5-6 companies are major players earnings approximately Baht 1 billion in revenue per annum. Such major players are Index Event Agency Plc., CMO Plc., Work Point Entertainment Plc., BEC Tero Entertainment Co., Ltd, and etc. In 2011 the total market value stood at approximately Baht 10 billion, for a growth of 10 percent. As a result, the competition in this industry is rather intense. In particular, the players who are also product distributors can take advantage from their lower cost and thus offer lower and more attractive prices to clients. The Company's direct peers include CMO Plc., Work Point Entertainment Plc., BEC Tero Entertainment Co., Ltd., and Index Creative Village Plc.

The event organizing industry expanded well by 20 percent in 2012, with the market value of Baht 12 billion. For 2013, the market value of the entire industry is expected to grow by 10 percent to Baht 13.2 billion. As the country's politics and economy have become more stable and there seems to be no major disasters, product owners tend to put more advertising budget for events targeting particular groups of consumers. Moreover, in preparation to the launch of AEC, many state and private agencies have planned to launch many activities.





Finally, 2013 is announced as the Year of Meeting, Incentive, Convention, and Exhibition (MICE) and MICE City, which should liven up the event organizing industry, going forward.

## 2) Competition

The competition in the event organizing industry has become fiercer as it has been widely agreed that events can really reach consumers. Hence, operators prefer to organize marketing events, both for particular groups and general public events for marking purposes.

## 3) Competition Strategies

As this business continues to grow, boosted by growing demand from both state and private agencies, the Company is, thus, committed to continuously developing this business in response to the changing situations. The Company always ensures effective state-of-the-art services. Meeting demand from different groups of clients, The Company focuses on the following strategies:

- Strengthen relationship with clients: The company focuses on the services that make it close to the clients, e.g., providing consultancy about effective management of marketing activities.
- Develop technology: The Company has developed the equipment as well as marketing materials used in organizing activities in order to keep up with the changing technology and seek opportunities to expand its business.
- Improve services: The Company focuses on one-stop services, making it more convenient for clients and enabling the clients to save time. Moreover, the Company also controls quality in all working processes.
- Enhance quality: The quality of work and clients' satisfaction are key marketing strategies. Hence, the Company emphasizes on development of its human resources to create high-quality work and maximize clients' satisfaction.

# 5 Printing Business

## Marketing and Competition

### 1) Industry Overview

According to the Publishers and Booksellers Association of Thailand (PBAT), the market value of the printing industry has continued growing. The market values amounted to Baht 21 billion and Baht 22.8 billion in 2011 and 2012, respectively. Key drivers to such solid industry growth include: i) the pick-up in Thai economy; ii) the allocation for books and learning materials contributed to libraries nationwide under the government's policy promoting the decade for national reading (2009 - 2018); and iii) income tax deductions for those donating



books to libraries. Meanwhile, PBAT believes the printing industry remains small and there are big gaps in terms of marketing. Thus, many operators have become more interested in entering the printing business, the book store business, and the journal production business. This results in fiercer competition but in the meantime it can also stimulate the market to expand rapidly.

The competition in this industry is seem mostly among major publishers (with revenue of over Bath 115 million per annum), e.g., Se-Education Plc., Amarin Printing and Publishing Plc., Mathichon Plc., and Nanmee Books Co., Ltd. All these major publishers capture a combined market share of approximately 65 percent of the total market value and they have continued to launch new books. These big players have advantage in terms of lower administration cost and new marketing strategies to better reach targeted consumers. Thus, medium publishers (i.e. with revenue of Baht 35 - 115 million per annum), e.g., Workpoint Publishing Co., Ltd., Por. Sor. Pattana Publishing Co., Ltd, and small publishers (i.e. with revenue below Baht 35 million per annum), such as Health Care Publishing Co., Ltd., have to adjust their strategies in order to remain competitive in the industry.

The Company's direct peers include Day Poet Co., Ltd., (Hamburger magazine), Media Transasia Thailand Co., Ltd.,(Seventeen magazine), Amarin Printing an Publishing Co., Ltd. (Sud Sapda magazine) and Inspire Entertainment Co., Ltd., (Ray, S-Cawaii).

At present, e-books are new channels supporting Thai to read more. However, the emergence of e-books has caused publishers to adjust their business strategies in response to the growing popularity of e-books, especially amongst those who like to follow new technologies.

## 2) Competition

After the flood crisis in late 2011, various affected industries began to recover and resumed their normal businesses in 2012. Overall, the printing industry in 2012 expanded but the pace of expansion was rather slow due to the growing popularity of social networks. Demand for paper used in printing declined.

The Company's printing business in 2012 remained solid, both in terms of sales and advertising spending. The Company earned advertising revenue from various groups of clients, including advertising agencies, small and medium entrepreneurs, small garment retailers who continued to publish their advertisements in the Company's magazine.. The Company's targeted markets are different than other magazines and it can also expand the advertising sales to its online media operated by other companies under the Company's umbrella.

Finally, in 2012 the Company benefited from the intensified competition in the printing industry as the intensified competition forced printing houses to maintain their competitiveness by offering special discounts to







printing cost while maintaining good printing quality. Thus, the Company could choose the best printing house who offered the most attractive deals.

### 3) Marketing Strategies

The competition in the industry remains high from both existing and new operators. Thus, the Company has to improve its strategies in various areas as follows:

- **Production strategy**

**Cheeze Magazine:** The Company always continues to improve the quality of its magazine and presents “Cheeze Magazine” with its unique concept of “On street style” to always follow the rapidly-changing teenage trends. New team members are recruited to help create and promote the Cheeze magazine as the ‘trend leader and the popular Street Fashion Magazine.

**“Looker Magazine”:** This magazine is unique and different from other magazines for men available in the market. The Company always develops the style and content to meet the need of teenage readers.

- **Sales and promotion strategy**

**Cheeze Magazine:** Although the sales volume of the Cheeze magazine remains solid, the pace of growth seems to become smaller as teenage readers tend to opt for online media. However, the Company has tried to boost its sales volume by organizing events to promote the magazine or launching packages through social networks in order to expand its client base, particularly targeting readers who tend to read online. Moreover, the Company regularly set up booths to meet readers face - to - face.

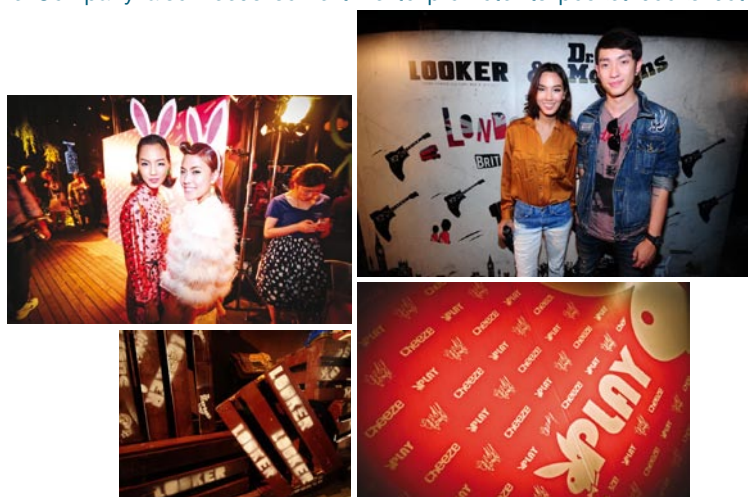
**Cheeze Shopping Guide:** Cheeze Shopping Guides are attached to monthly Cheeze magazines for nationwide distribution. Meanwhile, other free magazines are distributed to readers and targeted clients by the Company's teams who seek to reach readers and clients directly as both groups are at the same shopping spots.

**Looker Magazine:** Looker magazine is a magazine for men's fashion that is widely accepted by general readers and those in the fashion industry. The magazine itself is interesting, unique and different from other magazines for men. In addition, the Company regularly organizes events to create good relation with targeted readers of this magazine.

**Pocket Books:** This is a new business segment, with different reader client groups. It takes some time for pocket books to become known. The Company also needs some time to promote its pocket books both through social networks and events at book fairs that are held about 3-4 times a year. In addition, the Company has to regularly check the sales volume with distributors.

- **Pricing strategies**

Big packages and promotional packages are offered to long-term customers who have good relation with the Company, especially those who continue to advertise in the company's magazines.



## Risk Factors

### 1. Operational Risks

As the Company is engaged in five businesses, i.e., TV program production, TV commercial production, equipment rental services, event organizing, and printing business, risks factors for each business are different. The details of risks for each business are discussed below.

#### 1.1 Risks for core businesses

##### 1.1.1 Operational risks varying according to the overall economy

Risks to the company's all aforementioned businesses vary in accordance to the country's overall economy. The emergence of ASEAN Economic Community (AEC) in 2015, for example, will have impacts on the country's economy, and thus the Company's businesses. In the circumstance of strong economy, the advertizing spending via all media channels, e.g., TV channels, printing media or events for marketing activities, also increases in line with the high spending by consumers. As a result, those providing services linked to advertizing spending are likely to see their revenue increase. By contrast, during the economic slowdown, the advertizing spending always falls following the deterioration of consumers' purchasing power. As a consequence, the revenue of companies providing services related to the advertizing industry also declines. In conclusion, the economic slowdown may have a negative impact on the Company's earnings performance.

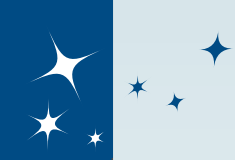
However, the Company is well aware of such risks, it then tries to minimize the risks by increasing channels to promote its products in services, e.g., TV channels, printing media, or marketing events. With varieties of promoting channels, coupled with content quality and interesting presentation styles, the Company's services remain popular among its target customers. Hence, the Company believes that it can manage to minimize impacts of the economic slowdown at a certain degree.

#### 1.2 TV Program Production

##### 1.2.1 Risk of discontinuation of the subleasing of airtime from TV stations or changes to contracts

To operate and manage TV programs, there was a subleasing of airtime from television stations to broadcast the TV programs and sell commercial time slots to advertizing agencies or product owners. Subleasing contrasts normally last three to six months and can be extended upon the expiry. In light of this, the Company may face some risks when the subleasing contract expires, the TV station may decide to discontinue the contract. If it is the case, the Company will have to look for an airtime at other channels. In addition, if the TV station decides to revise the contents of the contracts, such as hiking the rates, lowering revenue sharing, and reducing advertising time, then this will have negative impacts on the Company's revenue. Moreover, if the TV station decides to reshuffle its program plans in order to maintain the level of its market share or ratings, then this will also have a negative impact on the Company. Note that in 2012 the revenue earned by the TV program production business accounted for 30.28 percent of the Company's total revenue.

Being well aware of such risks, the Company tries to minimize the chances that the TV station decides not to extend the subleasing contracts or to extend the contracts under some unfavorable conditions. In so doing, the Company is committed to increasing the audience share (i.e., rating) as well as attracting more program sponsors as the rating level and the number of program sponsors are key factors effecting the TV stations to decide whether or not to extend the



subleasing contracts. The Company then focuses on enhancing the quality of program contents to both entertain and educate all groups of viewers. On top of that, the Company also continues to develop its program contents to attract broader groups of consumers. The Company places an emphasis on the style of programs to match the targeted consumers in particular airtimes. The Company presents both entertaining and educating programs that are of benefits to the society. The Company's TV programs have been awarded by several agencies. For example, the Company received "Golden TV Award" for its show program, "Star Entertainment Awards" for the programs promoting occupations from the Entertainment News Reporter Association, 'the Award for Helpful Program for those facing difficulties from Ministry of Social Development and Human Security, and etc. In the past 12 years, the subleasing contracts for the Company have always been continued. Moreover, the Company has also given additional airtime slots.

#### **1.2.2 Risks from lower popularity and changes in consumer' trends**

The trends among consumers are major factors determining how popular TV programs are. To consider buying advertising time slots in TV programs, advertising agencies or products owners have to determine how worthwhile the advertising spending through such TV programs will be. They have to take into account the advertising rate as well as the numbers of viewers and the rating of such programs. Meanwhile, the fixed cost for production of a TV program is rather high. The fixed cost includes the rent for airtime, the operation cost, the personnel cost, and etc. Hence, if the Company's TV programs are not popular or see lower popularity, this may have negative impacts on the Company's revenue and earnings.

The Company and the group have continued to improve the contents and presentation styles of its programs to match the interests of consumers. In addition, the Company also surveys the popularity of its programs on a regular basis, i.e. checking the rating of the programs. Overall, the popularity of the Company's TV programs has continued to accelerate. Furthermore, the Company has also continued to develop its system to support the online trend that is likely to become more popular in the future due to the growing trend of online channels among targeted consumers. The Company is confident that its TV programs are good enough to keep up with the changing trends among consumers.

#### **1.2.3 Risks linked to the possibility that other media channels may replace or reduce market share of TV media**

The TV program production business is directly impacted by the expansion of the advertising through TV channels. At present, there are many new media channels, e.g., the Internet channel, cable TV channels, digital TV channels. In addition, the media channels in cinemas, department stores or mobile media have continued to expand. Hence, advertising agencies or product/service owners have more choices as to which channels they should put their advertising commercials. As a result, the share of advertising spending through TV channels may decline as more spending is allocated to other media channels. This factor also has a negative impact on the Company's revenue and earnings.

Although the Internet is a new media channel, which is becoming popular very rapidly, and the cable TV channels, which are allowed to sell advertising time slots by the new law, those media channels reach only targeted customers in the niche market. Hence, advertising agencies or product/service owners may choose such new media channels only for secondary channels after the main TV channel. The advertising spending through TV channels has continued to increase,

with the biggest market share when compared with other media channels. This is because TV channels can reach mass market and the advertising rate per head is rather low. However, although the Company focuses on steady revenue growth from its TV program production, which is its core business, it also seeks business opportunities from other media channels, such as printing media, in order to reduce risks linked to changing popularity of TV media.

#### **1.2.4 Risks from dependency on major clients**

At present, the Company produces five TV programs. Four major programs are broadcasted on Channel 7, operated by Bangkok Broadcasting and TV Co., Ltd (BBTV), which is an indirect major shareholder (i.e., the major shareholder of BBTV Production Co., Ltd. (BBTV Production, which is the major shareholder of the Company)). As of 31 December, 2012, BBTV Production held 68.48 percent of paid-up capital. The Company may face some risks linked to the dependency on BBTV. If BBTV decides not to extend the subleasing contracts for airtime slots, then the Company will have to find new TV stations. If it is the case, the Company's revenue and earnings performance will likely be affected. Note that the revenue from TV programs accounted for 30.28 percent of its total revenue in 2012.

Moreover, the Company also earns advertising revenue, i.e., core revenue from TV program production, from a partner. The revenue from this partner accounted for 28 - 30 percent of the total advertising revenue earned by the TV program production business. In 2011 - 12, the Company would have seen the risks linked to the dependency on the major partner, if the partner has decided not to buy the advertising media from the Company. In other words, the Company would have to sell advertising to the others, which would have negative impacts on the Company's earnings performance.

However, the Company believes that the strong relationship with BBTV, coupled with the Company's good quality programs that have been broadcasted for over 12 years, should remain one of the TV program producers for BBTV. Meanwhile, to minimize the risk, the Company has also proposed its programs to other TV stations as well as other media channels. Nonetheless, the Company still believes its major partner will continue to choose the Company thanks to the Company's high quality programs and clear targeted clients. It should be noted that the partner is just a part of a group of advertising agencies whom the Company provides services for. The Company is able to provide services to other partners, without any limitations. Moreover, even though advertising agencies makes plans about buying advertising time slots but in the end product/service owners are the ones who make final decisions.

### **1.3 TV Commercial Production**

#### **1.3.1 Risks linked to the changing trends of consumers**

Trends among consumers are major factors impacting the popularity of a TV commercial. When making a decision to produce a TV commercial, an advertising agency or a product/service owner always take the current trends into consideration. Hence, if the Company is unable to produce TV commercials that match the changing trends, then this would have a negative impact on the Company and the Group's revenue and earnings performance.

However, the Company continues to follow the situation and see the possibility of changing trends. It also surveys consumers' trends on a regular basis. Hence, the Company is confident that it is able to keep up with the consumers' trends that are changing rapidly.



### **1.3.2 Risks in regard to the lack of personnel**

As the Company changed its service from a commercial producer to be an agency coordinating TV commercial production, the major roles and responsibilities include coordinating, providing personnel, equipment and seeking locations. The Company has only a few personnel doing coordinating work. The major production functions are done from freelancers. Hence, the Company may see some risks if it is unable to recruit freelancers, and thus affecting the Company's revenue and earnings performance.

However, there are many personnel and freelancers in the industry and the Company and the Group have good relationship with many experienced personnel, most of whom used to work with the Company. In addition, the management of the Company and the Group consists of those with high experience and who are widely respected by people in the industry. In addition, the Company's good long reputation is a major factor prompting clients to choose the Company. Therefore, the Company is confident that it is able to recruit personnel to work on the TV commercial production.

### **1.3.3 Risks linked to the competition in the industry**

At present, there are many players in the TV commercial production industry, causing intense price competition. As the business does not require a big investment and many experienced personnel tend to launch their own production houses, there is a high risk that the Company may face higher competition that would have a negative impact on its earnings performance.

Nonetheless, the Company does not expect to see significant risks linked to the competition because the Company's clients are those in the upper market who seriously take into account the financial position, qualification and quality of the production houses. The Company and its subsidiaries have firm financial positions and good reputation in the industry. In addition, the management is highly experienced and has strong expertise, especially in TV commercial production. On top of that, the Company also has good relation with clients. Thus, the Company is confident that it has potential to compete with other players in the industry. Meanwhile, new players are unlikely to see significant risks as most of them are highly experienced producers who launch their own small production houses, with small size of personnel and small investment. Thus, these new players may be unable to compete with the Company. In fact, the arrival of such new players is positive to the Company as the new production houses can be the Company's partners or the personnel from the new houses can work as the Company's freelancers.

### **1.3.4 Risks linked to the shift of TV commercial production base**

The Company and its subsidiaries provide coordinating services and facilitate production activities for foreign crew who use Thailand as a location. The Company's service covers the feasibility study, in the advisory in regard to locations in Thailand and its neighboring countries, and budget estimate and expenditure control throughout the production process. In addition, the Company also supplies personnel for TV commercial filming and provides after-production services. The risks to this segment are linked to the possibility that such foreign crew may decide to shift their production base or choose other countries instead of Thailand. In 2012, the Company mainly served Japanese crew, accounting for 60 percent of the total foreign clients.

With long and strong relation with clients, coupled with lower production cost than the levels seen in Japan as well as suitable and various locations, e.g., mountains and sea, and highly experienced personnel widely accepted in Asia, the Company believes that its foreign crew will continue to trust its services.



## **1.4 Equipment Rental Services**

### **1.4.1 Risks linked to the changes in technology and the obsolete equipment**

The Company provides equipment rental services for production of movies, TV commercials and TV series. The technology changes rapidly. New equipment and devices are introduced to the market every year, especially digital cameras. Clients tend to use the Company with new and familiar equipment. Hence, there is a risk that if the Company's equipment is obsolete and unable to match the clients' changing demand, then its clients may shift to other operators.

The Company is well aware of the risk; therefore, it has continued to invest in new equipment. Meanwhile, it has also continued to maintain good relation with its customers by offering one-stop services. Not only does the company supply equipment rental services it also provides highly experienced personnel who can use the equipment skillfully. The Company delivers the rental equipment to the shooting sites at the appointment time made with the clients.

### **1.4.2 Risks in regard to investment in unpopular equipment**

To provide equipment rental services, the Company has to highly and continuously invest in new equipment given that technology is changing rapidly. The Company has to also make sure that the invested equipment can satisfy the clients. If it turns out that the equipment does not satisfy the clients, the Company will see the risk linked to the clients' dissatisfactory and thus it will be unable to gain some returns from such investment. Being well aware of this risk factor, when deciding to buy new equipment, the Company has to take into account the clients' need and demand. The Company preliminarily asks for the clients' preference and then analyzes the prospects for profitability of an asset before deciding to invest in such asset.

### **1.4.3 Risks linked to the investment and studio and one-stop movie town**

The Company plans to establish a studio and one-stop film shooting site, which would be the first and only site in the region that can support both indoor and outdoor shooting as well as underwater shooting. In light of this project investment, there is a risk that the project is not popular among clients and thus unsuccessful.

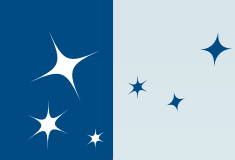
However, the Company sees the risk of unsuccessful investment. Therefore, its management has carefully conducted a feasibility study and presented the study results to the Company's Board of Directors to consider approving the project. As this is a significantly huge investment, the Company needs approval from the shareholders and also sets up an independent advisor to provide his opinions to the shareholders.

## **1.5 Event Organizing**

### **1.5.1 Risks linked to the changing trends of consumers**

Trends among consumers are major factors impacting the popularity of event organizing. When making a decision to organize an event, an advertising agency or a product/service owner always take into account the current trends. Hence, if the Company is unable to organize events that match the consumers' changing trends, then this would have a negative impact on the Company and the Group's revenue and earnings performance

However, the Company continues to follow the situation and see the possibility of changing trends. It also surveys consumers' trends on a regular basis. Hence, the Company is confident that it is able to keep up with the consumers' changing trends.



### **1.5.2 Risks linked to the competition in the industry**

At present, there are many new event organizers in the industry, causing intense price competition. As the business does not require a big investment and the business structure is not complicated, there is a high risk that the Company may face higher competition from new comers, including advertising agencies, the companies providing setting services, catering service providers, TV program producers, and etc. This would have a negative impact on its earnings performance.

The Company is well aware of the risk of high price competition. Hence, it has tried to minimize such risk by providing integrated services for its clients. In so doing, the Company is also involved in its clients' annual marketing plans. This is the Company's strong point because no new operates can provide such service. Moreover, the Company also has specialists design and organizes interesting and unique events to attract its clients.

### **1.5.3 Risks from natural disasters**

Events are organized both indoor and outdoor. Out door events may see risks linked to unfavorable weather conditions, e.g., raining, being hit, or being unusually cold, and etc. Such unfavorable weather may result in a smaller-than-expected participants or event cancellation. This impacts the level of clients' satisfactory as well as the Company's operation and earnings performance.

However, to reduce the risk, the Company always suggests appropriate timing for event organizing or back-up plans in case unexpected events occur.

## **1.6 Printing Business**

### **1.6.1 Risks linked to the changing technology**

The changing technology helps improve and fasten the printing process. However, some new technologies, e.g., the Internet or e-books, have replaced conventional printing media. As a result, the number of printed books or magazines has become smaller as readers tend to allocate some budget to buy e-books as well.

However, the Company is aware of the risks; therefore, it tries to minimize the possibility of losing business opportunities. The Company has studied possible impacts and tried to maintain the risks at a management level. In addition, the Company also increases its competitiveness as it is always ready to handle the change from the printing-based information era to the digital information era. The Company has continued to develop new products to be presented in new forms of media in order to understand consumers' behaviors, paving ways to reach targeted clients in the future.

### **1.6.2 Risks linked to the contents**

In the printing business, content quality is a major factor creating brand loyalty among clients. Thus, the quality control is very significant factor affecting the brand loyalty among consumers. If the content quality is low, clients may discontinue buying its magazines or pocket books, resulting in a decline in its sales and advertising revenue.

The Company and the Group have continued to develop and improve the production process in order to speed up the production process and lower cost. The Company also regularly surveys the clients' preferences to ensure that its products match clients' demand.

### **1.6.3 Risks of higher paper cost**

Paper is a major raw material in the printing business, accounting for 52 percent of the total production cost. Volatile paper cost can be risk for the Company, directly impacting its earnings performance.

To minimize the risks, the Company place orders for paper on an annual basis before determining the selling prices. In regard to free magazines, the Company analyzes the budget and breakeven, assuming the variance of paper cost by 5 percent.

### **1.6.4 Risks of depreciation of inventory or obsolete inventory**

At present, the Company distributes most of its printing products through an agent and accepts the returns of unsold products from the agent. As a result, sometimes a large amount of products remain unsold. The remaining products can later become damaged, low-quality and obsolete products, having negative impacts on the Company's earnings performance. As of 31 December 2012, the value of inventories amounted to Baht 0.85 million, accounting for 0.01 percent of the Company's total assets

However, the Company has set aside a monthly provision for the obsolete inventory to cover 10 - 25 percent of the total values of the magazines every time when its magazines are distributed to the agents. The agent is allowed to return unsold products within three months. The returned products are not kept as inventories but they are sold as scrapped paper immediately. If the value of the returned products is lower than the provision, then the Company will reverse the provision accordingly. As of 31 December 2012, the Company set aside a provision amounting to Baht 2.55 million for obsolete printing products.

### **1.6.5 Risks from dependency on a major partner**

Currently, the Company distributes its printing products through an only agent. Hence, it will be risky of the agent decides to discontinue distributing the Company's products. If it is the case, the Company will have to seek new agents, which would have a negative impact on the revenue and earnings performance.

However, the Company believes that its firm relation with the agent, coupled with the quality of its products and good reputation for over nine years, should prompt the agent to continue distributing the Company's products. Meanwhile, the Company can also consider other partners, without any problems or limitations. Moreover, the Company is also able to sell its printing products through the Internet, instead of selling from booths.

## **2. Management Risks**

### **2.1 Risks of having the only major shareholder controlling management policies**

As of 31 December, 2012, BBTB Production held 68.48 percent of paid-up capital. As a result, BBTB Production has power to make decisions and determine the management policies. With BBTB Production as the only major shareholder, it is very unlikely that the Company will be taken over by other companies, without approval from BBTB, even though other shareholders may see opportunities to raise the value of the Company.

However, the Company has three independent auditors, out of nine directors. The independent auditors can help enhance the management as well as bringing transparency and balancing the power of directors. The independent auditors also act as representatives of retail shareholders to examine the performance of the management. Moreover, the Company's directors always take into account the corporate governance policies. The directors make sure that the Company seriously follows corporate governance policies to ensure that shareholders and stakeholders are treated fairly and equally.



## **2.2 Risk of dependency on the major shareholder**

As discussed in the Item 1.2.4, the Company sees the risk linked to the dependency only on BBTB, which is the major partner in TV program production business. In addition, BBTB is also an indirect major shareholder of the Company (i.e. it is the major shareholder of BBTB Production, which is the major shareholder of the Company).

## **2.3 Risk of dependence on human resource**

Company's businesses rely heavily on skillful and experienced specialists. Thus, specialized personnel and advanced equipment are two keys to business success. If the Company lacks either of these two keys, it will be very difficult for the Company to remain competitive.

Realizing the importance of human resources, the Company focuses on personnel development and allows the personnel to participate in the operations, encouraging them to grow together with the Company's success. It continues to encourage the personnel to boost their skills and improve their personalities. The personnel are also taught about disciplines and team working in order to inspire them to work together. The Company is willing to support and promote some personnel who show good progress and high potentials.

## **2.4 Risk linked to the major shareholders having conflicts of interests and competing to each other**

BBTB is the Company's indirect major shareholder (i.e. it is the major shareholder of BBTB Production, which is the major shareholder of the Company). BBTB is an indirect holder of all shares in Media Studio Co, Ltd. (Media Studio), which also operates TV program production business. Media Studio produces news and entertainment programs broadcasted only on Channel 7. In addition, Media Studio also operates cable TV stations and satellite TV stations, i.e., Media Channel, Media Boom, and Media News. Hence, Media Studio's business can compete with the one of the Company's businesses. Although the two companies have the same shareholder, in terms of management, the staff teams of both companies are separated. Although both companies produce TV programs, the types and presentation styles of the programs are different. In addition, they run other businesses that are not different. It should also be noted that TV program production is just one of the Company's businesses. In the future, the Company will focus more on becoming a leader on the equipment rental segment, targeting primarily clients in the upper markets before expanding the client base to the lower markets. The Company will invest more on filming equipment as well as the planned studio and one-stop movie town project, which will be funded by the public offering of capital increase shares. Therefore, when considering the Company's investment projects in the pipeline, it can be seen that the risk from the business competition from another company is just minor.



## Shareholders' Structure

### The Company's securities

- Ordinary shares**

As of 28 December, 2012, the Company's registered capital amounted to Baht 535,000,000, for the total common shares of 535,000,000 shares, at a par value of Baht 1.00. The paid-up capital amounted to Baht 259,143,807, for the total common shares of 259,143,807 shares, at a par value of Baht 1.00.

- Warrants (MATCH-W2)**

The Company's 2009 Annual Shareholders Meeting held on 29 April 2009 approved the issuance of 103,431,863 units of warrants for existing shareholders to buy common shares. The warrant life is five years (the issuance date was 29 May 2009). The shareholders shall exercise the rights on the last working days of each quarter, after beginning to exercise the right, throughout the warrant life. The first date for exercising the right was 30 December 2009 and the last date will be 29 May 2014. One unit of MATCH-W2 warrant allows a shareholder to buy 1.001 common shares, at Baht 1.398 per share.

As of 28 December 2012, the 58,259,363 units of warrants (MATCH-W2) remained. The Company issued 58,317,622 common shares to support the right to exercise warrants.

- Shareholders**

As of 6 December 2012, the Company's top ten shareholders were as follows:

|     | Name of Shareholders                         | No. of Shares      | Percentage of Paid-up Share Capital |
|-----|--|--------------------|-------------------------------------|
| 1.  | The BBTV Productions Co., Ltd. <sup>/1</sup> | 177,452,752        | 68.48                               |
| 2.  | The Sasinmanop Group <sup>/2</sup>           | 13,986,993         | 5.40                                |
| 3.  | The Cheewasutthanon Group <sup>/3</sup>      | 13,225,321         | 5.10                                |
| 4.  | Mr. Panumas Mongkholsapaya                   | 13,019,200         | 5.02                                |
| 5.  | Miss Poranee Ketkintha                       | 9,000,000          | 3.47                                |
| 6.  | Mr. Chatchavan Piyapraphanphong              | 8,053,600          | 3.11                                |
| 7.  | Bunsirirungruang Group <sup>/4</sup>         | 2,222,900          | 0.86                                |
| 8.  | Mr. Prasit Rakthaisanthawee                  | 2,143,000          | 0.83                                |
| 9.  | Mr. Kreangkrai Rakkulchon                    | 950,000            | 0.37                                |
| 10. | Mrs. Amnui Pinthongkham                      | 787,400            | 0.30                                |
|     | <b>Total</b>                                 | <b>240,841,166</b> | <b>92.94</b>                        |

Note <sup>/1</sup> BBTV Production is a group of companies managing Channel 7, consisting of seven shareholders as follows:

| Shareholder                              | Percentage |
|--|------------|
| 1) Bangkok Broadcasting and TV Co., Ltd. | 30         |
| 2) BBTV Asset Management Co., Ltd.       | 25         |
| 3) BBTV Sat Television Co., Ltd.         | 25         |
| 4) Stronghold Asset Co., Ltd.            | 20         |



<sup>/2</sup> The Sasinmanop Group composes of:

- |                                |       |            |           |      |          |
|--------------------------------|-------|------------|-----------|------|----------|
| 1) Mr. Thanisaphong Sasinmanop | holds | 13,502,623 | shares or | 5.21 | percent. |
| 2) Mrs. Siripen Sasinmanop     | holds | 484,370    | shares or | 0.19 | percent. |

<sup>/3</sup> The Cheewasutthanon Group composes of:

- |                                  |       |            |           |      |          |
|----------------------------------|-------|------------|-----------|------|----------|
| 1) Mr. Somchai Cheewasutthanon   | holds | 12,064,683 | shares or | 4.66 | percent. |
| 2) Mr. Somboon Cheewasutthanon   | holds | 359,783    | shares or | 0.14 | percent. |
| 3) Ms. Supaphun Cheewasutthanon  | holds | 150,855    | shares or | 0.06 | percent. |
| 4) Mrs. Pantaree Cheewasutthanon | holds | 650,000    | shares or | 0.25 | percent. |

<sup>/4</sup> Bunsirirungruang Group consists of:

- |                                  |       |           |           |      |          |
|----------------------------------|-------|-----------|-----------|------|----------|
| 1) Mr. Wiroj Bunsirirungruang    | holds | 87,500    | shares or | 0.03 | percent. |
| 2) Mr. Ekkaluck Bunsirirungruang | holds | 2,135,400 | shares or | 0.82 | percent. |

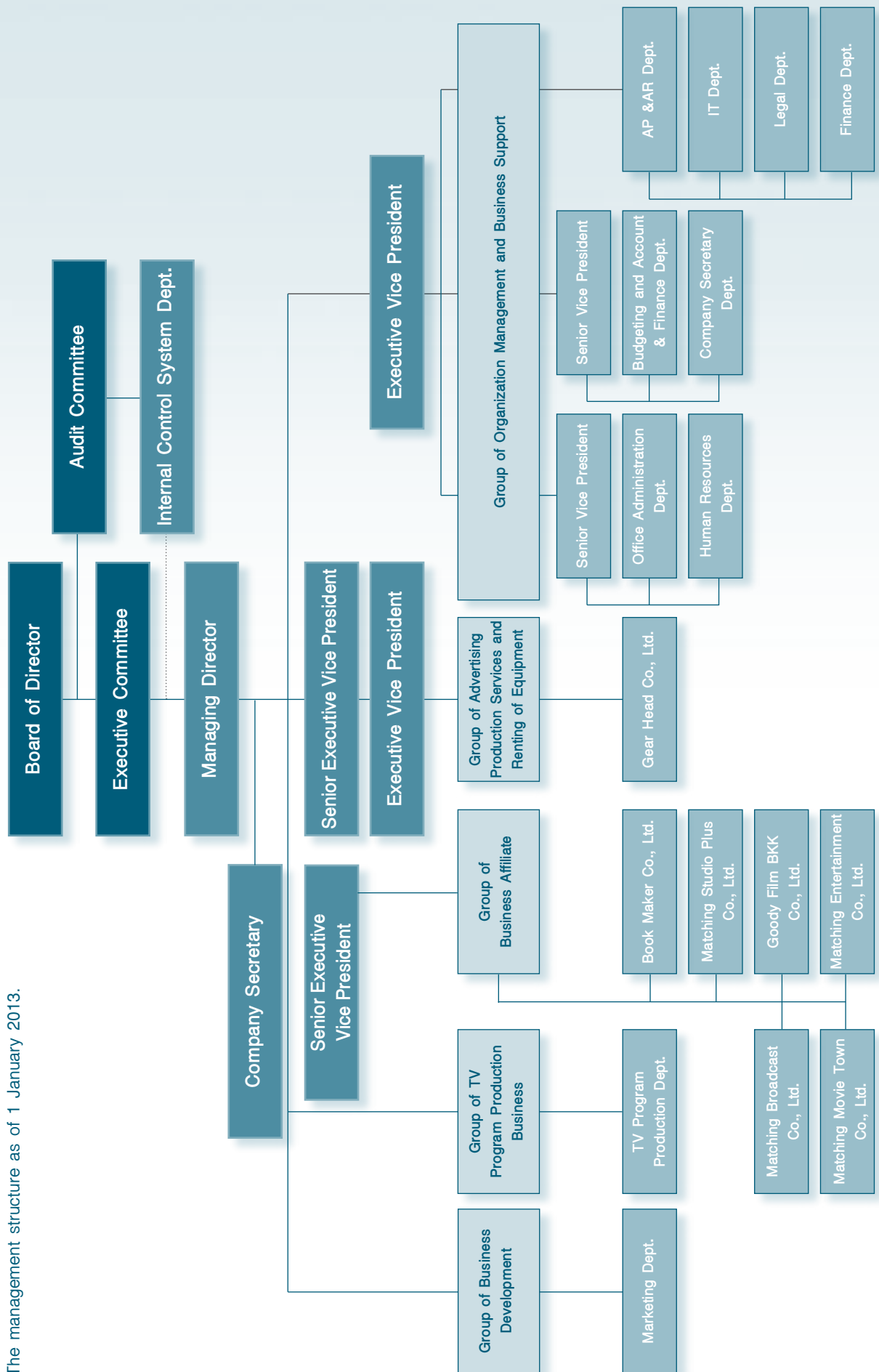
As of 6 December 2012, the Company had a total of 259,143,807 shares.

## Dividend Policy

The Company's policy is to pay a minimum annual dividend of 40 percent of the net profit in the case that there are no other necessary reasons to use this amount of money. The amount of dividend paid must not significantly affect the Company's normal business operation. Meanwhile, its subsidiaries do not a policy to fix a minimum dividend but the dividend policy at each subsidiary depends on its performance and the needs for capital.

## Management Structure

The management structure as of 1 January 2013.





## The Management Structure

The Management structure composes of three boards, the Board of Directors, the Executive Committee and the Audit Committee. The details of which are as follows:

### The Board of Directors

As of 1 January 2013, the Board of Directors comprised of the following nine members:

|    |                  |                                |  |
|----|------------------|--------------------------------|--|
| 1. | Mr. Somrit       | Srithongdee                    | Chairman of Board Directors                              |
| 2. | Mr. Thanisaphong | Sasinmanop                     | Director   |
| 3. | Mr. Somboon      | Cheewasutthanon                | Director   |
| 4. | Mr. Pattanapong  | Nuphan <sup>/1</sup>           | Director   |
| 5. | Mrs. Watchanee   | Watanathawanwong <sup>/1</sup> | Director   |
| 6. | Mr. Chakrapun    | Leelamasavat <sup>/1</sup>     | Director   |
| 7. | Mr. Akarat       | Na Ranong                      | Independent Director and Chairman of the Audit Committee |
| 8. | Mr. Nuttawut     | Phowborom                      | Independent Director and Member of the Audit Committee   |
| 9. | Mr. Kamol        | Ratanachai                     | Independent Director and Member of the Audit Committee   |
|    | Mr. Wiroj        | Bunsirirungruang               | Company Secretary  |

Note <sup>/1</sup> Representatives of BBTV Productions Co.,Ltd. (Channel 7 is a major shareholder)

### Authorized Directors for the Company's seal

Mr. Somrit Srithongdee or Mr. Pattanapong Nuphan or Mrs. Watchanee Watanathawanwong or Mr. Chakrapun Leelamasavat can sign their names, together with Mr. Somboon Cheewasutthanon or Mr. Thanisaphong Sasinmanop. Two directors' signatures, together with the Company's seal, are required.

### Scope of duties and authority of the Board of Directors

1. To manage and ensure that the Company's business operation conforms to the laws, objectives, and the articles of association including the resolution of the shareholders' meeting with honesty and trustworthiness and to provide utmost benefits to the Company
2. To set objectives, guidance, policies, business plans, and budgets of the Company. The Board of Directors also control and supervise the Executive Committee to ascertain that it follows the assigned policies except for the following matters: The Board of Directors must receive the resolution of the shareholders' meeting regarding the following matters; increases or decreases in shares of registered capital; issuances of debentures; disposition or acquisition of all or parts of the Company's business to other parties; purchases or transfers of other company's business; and amendments of the letters of memorandum or articles of association, etc.
3. To appoint a number of directors, as deemed appropriate, to be the Executive Committee being responsible for the duties assigned by the Board of Directors
4. To assign any individuals to operate the business of the Company under the Board of Directors' supervision; to authorize such individuals to perform some tasks to a certain degree and within a time period, as deemed appropriate by the Board of Directors; and the Board of Directors may cancel, dismiss, or amend those authorities.
5. To apply their knowledge, skills, and experiences to their duties to bring about the utmost benefits to the business operation of the Company, with honesty, morality and responsibility to shareholders; and to disclose investment information to investors accurately, sufficiently and transparently.
6. To make sure that the Company's management efficiently performs duties in accordance with the Company's policy; and to advise the management to present significant matters concerning the Company's operation and connected transactions for review in order to be certain that those matters and transactions are conducted in compliance with the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
7. To appoint the internal control department to monitor the internal business operation and cooperate with the Audit Committee



For any matters that a director or an authorized individual may be involved in a conflict of interests with the Company and its subsidiaries, such director or authorized individual shall not have a voting right cast votes for that particular matter.

### **The Executive Committee**

As of 1 January 2013, the Executive Committee comprised of the following five members:

- |    |                  |                  |                                 |
|----|------------------|------------------|---------------------------------|
| 1. | Mr. Thanisaphong | Sasinmanop       | Chairman of Executive Committee |
| 2. | Mr. Pattanapong  | Nuphan           | Executive Committee             |
| 3. | Mrs. Watchanee   | Watanathawanwong | Executive Committee             |
| 4. | Mr. Chakrapun    | Leelamasavat     | Executive Committee             |
| 5. | Mr. Somboon      | Cheewasutthanon  | Executive Committee             |

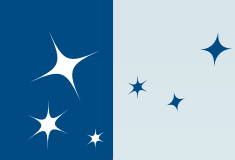
#### Terms of service and the Appointment of Executive Committee

The Company's Board of Directors appointed at less than five members, but not more than nine members, of the Executive Committee from the Company's authorized directors. Those members of the Executive Committee are assigned to manage and control the Company's operation as assigned by the Company's Board of Directors. A member of the Executive Committee holds the post for the duration of two years. A member of the Executive Committee who is a retired employee (i.e. 60 years old) can hold the post with approval or appointment from the Board of Directors, with the votes of more than half. When a member of the Executive Committee completes his or her term, the Board of Directors shall appoint a new member every year. A member who completes the term can be re-appointed.

#### Scope of duties and authorities of the Executive Committee

1. To propose to the Board of Directors to consider approving goals, business plans, business strategies, annual budget management, risk management policies, scope, authority and responsibilities of managing directors, other matters that may have significant impacts on the company's operation and other matters that are deemed important to seek approvals as specified by the Company's rules
2. To ensure that the Company's operation is in line with the Company's business policies, business plans as well as business strategies approved by the Company's Board of Directors
3. To control and oversee the Company's business policies, business plans, business strategies and earnings performance of the subsidiaries
4. To approve the loan or credit applications to finance the Company's normal business operation and also to act as a guarantor when taking out some loans: The Executive Committee is also responsible for making any payments so that the Company's normal business operation could be run smoothly. The credit approval per transaction is not more than Baht 20,000,000 or equivalent. Such credit approval limit shall conform to the limit approved by the Board of Directors. However, this credit approval limit is subject to change upon appropriateness under the Board of Directors' consideration.
5. To approve the liquidity management for such transactions as deposits, B/Es, government bonds, mutual funds for the amount not exceeding Baht 30,000,000 and to review financial transactions done by the financial management department
6. To set the Company's management structure including the recruitment, training, the employment and the termination of the employees' contracts
7. To consider investment in projects or securities or joint venture deals as approved by the Company's Board of Directors
8. To perform other duties as occasionally assigned by the Board of Directors

However, the abovementioned duties assigned to the Executive Committee must be in compliance with the rules, regulations, and articles of association of the Company. In any assignments which may result in conflict of interest or personal benefits of any members of the Executive Committee (according to the Notification of the SEC), the Executive Committee should propose the matters to the Board of Directors for further approval. A particular member of the Executive Committee with possible conflict of interests shall not have a voting right in the Board of Director's meeting regarding that matter.



## The Audit Committee

As of 1 January 2013, the Audit Committee comprised the following three members:

- |    |              |            |                                 |
|----|--------------|------------|---------------------------------|
| 1. | Mr. Akarat   | Na Ranong  | Chairman of the Audit Committee |
| 2. | Mr. Nuttawut | Phowborom  | Audit Committee                 |
| 3. | Mr. Kamol    | Ratanachai | Audit Committee                 |

All three directors are highly experienced in the accounting and financial fields; hence, they are capable of reviewing the reliabilities of the Company's financial statements.

### Terms of service and the Appointment of the Audit Committee

The Board of Directors appoints three independent directors to be the members of the Audit Committee. At least one of the three independent directors must have the knowledge and experience in accounting and finance. The members of audit committee must be independent as stated in the rules and regulations concerning qualifications and scope of duties and authorities of the Audit Committee set forth by the Stock Exchange of Thailand. A member of the Audit Committee serves a term of three years. One can be re-appointed but he or she shall not hold the post for two consecutive terms, except for the case that the Board of Directors has different opinions. The Audit Committee reports directly to the Board of Directors and follows the scopes of responsibilities as specified in the charter of the Audit Committee, which is reviewed at least once a year.

In case a position of the Audit Committee is vacant because of other reasons (i.e. not because of completion of the term) the Audit Committee shall appoint a qualified person to fill in the position within 90 days so that the Committee consists of three members as stated by the Board of Directors. The replacement can be in the position only for the remaining term of service of the former member.

### Scope of duties and authorities of the Audit Committee

The Audit Committee has duties and responsibilities according to the rules and regulations of the Stock Exchange of Thailand B.E 2551 which became effective from July 1, 2008 onwards. The duties and responsibilities are as follows:

1. To review the financial statements and make sure they are correct and adequate
2. To review the Company's internal control system and internal audit system and make sure that they are sufficient and effective; to review and approve the charters of the internal organization, business plans and budget; to ensure the independence of the internal audit department; to give opinions concerning appointments, transfers, and employment termination of the heads of internal audit department or of any other departments that relate to the internal audit procedure
3. To review the Company's operations and make sure that they conform to the rules and regulations of the Stock Exchange of Thailand, and any other laws related to the business operation of the Company
4. To consider proposing an independent person as the Company's Auditor as well as proposing the remuneration of the Company's Auditor and also to join the meetings with the Auditor, without the presence of the management, at least once a year
5. To review connected transactions or some transactions that may cause conflicts of interest in order to ensure that those transactions are in compliance with the regulations of the Stock Exchange of Thailand; and to make sure that those transactions are justified and bring maximum benefits to the Company
6. To prepare the report of the Audit Committee and disclose the report in the Company's annual report. The report must be signed by the Chairman of the Audit Committee and contain the following details:
  - a. Opinions concerning accuracy, adequacy and reliability of the Company's financial reports
  - b. Opinions concerning the sufficiency of the Company's Internal Control
  - c. Opinions whether the Company follows the laws concerning securities and the stock market, regulations of the stock market and the laws that relate to the Company's business
  - d. Opinions concerning the suitability of the Company's Auditor
  - e. Opinions concerning some transactions that may cause conflicts of interest

- f. Opinions in regard to the numbers of the Audit Committee meetings and the attendance of each member
  - g. Opinions or overall notes that the Audit Committee receives from the Charter-based operation
  - h. Other items that should be disclosed to the shareholders and investors under the scope of responsibilities set by Board of Directors
7. To perform other duties as assigned by the Board of Directors and approved by the Audit Committee
8. To ensure the Company's effective risk management
9. To report performances of the Audit Committee to the Board of Director at least four times a year
10. To be authorized to hire advisors or outsiders, as stated by the Company's regulations, to provide opinions or consultancy as necessary
11. To be authorized to invite directors, executives, heads of departments or the Company's employees to discuss or answers the Audit Committee's questions
12. To annually review the scope of responsibilities and evaluate the performance of the Audit Committee
13. Should the Audit Committee find that the following matters may have significant impacts on the Company's financial statement as well as its operating performance, the Audit Committee will report to the Board of Directors in order to reconsider or revise the matters within the timeframe that is found appropriate by the Audit Committee.
  - a. Matters involving conflicts of interests
  - b. Corruptions or unusual matters about the internal control system
  - c. Violation of the laws concerning rules and regulations of the Stock Exchange of Thailand, and any other laws related to the Company's business operation
14. In case the auditor finds some unusual matters that may indicate that some directors, managers or responsible people violate the laws, the auditor should notify the Audit Committee for further scrutiny. The preliminary scrutiny result should be submitted to the Securities and Exchange Commission and the auditor within 30 days, starting from the date the auditor reports such suspicious matters. The suspicious matters and the scrutiny procedures should be in accordance with the regulations of the Capital Market Supervisory Board.
15. To review and amend the charter of the Audit Committee as well as the reference once a year; note that the charter of the Audit Committee can be reviewed and amended only in the Board of Directors' meetings

Note that the aforementioned authorities of the Audit Committee do not include the authorities that enable a member of Audit Committee or an authorized representative for that member to express opinions about any cases that the particular member of the representative or the connected persons (as announced by the Securities and Exchange Commission and/or the announcement of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand) may have conflicts of interests with the Company, its subsidiaries and concerned companies.

## The Management

As of 1 January 2013, the Management comprised the following six members:

|    | Name             |                 | Position                        |
|----|------------------|-----------------|---------------------------------|
| 1. | Mr. Somboon      | Cheewasutthanon | Managing Director               |
| 2. | Mr. Thanisaphong | Sasinmanop      | Senior Executive Vice President |
| 3. | Mrs. Siripen     | Sasinmanop      | Executive Vice President        |
| 4. | Mr. Wiroj        | Bunsirungruang  | Executive Vice President        |
| 5. | Mrs. Ladawan     | Khumsap         | Senior Vice President           |
| 6. | Mr. Natpatsakorn | Jankhod         | Senior Vice President           |

## Scope of duties and responsibilities of the Managing DirectorChief Executive Officer

1. To manage the Company's normal business operation
2. To manage the Company according to the business policies, business plans, and business strategies approved by the Board of Directors



3. To authorize or assign any other persons under an approval of the Managing Director to perform duties on behalf of the Managing Director in some necessary and appropriate matters under the Managing Director supervision, all of which must be under the principle of laws and the article of association of the Company
4. To perform other duties as assigned by the Board of Directors and / or the Executive Committee on a case by case basis
5. To perform and approve employment or acceptances of projects or binding agreements in the Company's normal business operation within a limit of Baht 10,000,000 per transaction or equivalent. This credit limit must conform to the approval by the Company through the Board of Directors. The credit limit is subject to change as found appropriate by the Board of Directors.

The abovementioned authorities assigned to the Managing Director must be under the laws, rules, and regulations related to the Company's business. In a case where the Managing Director may enter into counter-parties benefits or may involve conflict of interests (according to the Notifications of the Securities Exchange Commissions and/or the Capital Market Supervisory Board and/or the Stock Exchange of Thailand), the Managing Director shall have no authorities to approve such case. The Managing Director must propose this matter to the Executive Committee and/or the Board of Directors for further approval.

Furthermore, connected transactions or transactions relating to acquisitions or dispositions of the Company's or the subsidiaries' assets, whichever the case may be, according to the Notification of the Stock Exchange of Thailand, must be approved by the shareholders' meeting and/or any other actions as stated in that Notification in order to follow the rules of the Stock Exchange of Thailand in that case.

### **Nominating Committee**

As of 31 December 2012, the Company did not have the Nominating Committee to select and nominate qualified individuals to be elected as new directors. However, the Company normally has a policy and criteria to appoint the directors based on the capability, experience, vision and trustworthiness of the potential persons. Moreover, in every Annual General Meeting, one-third of directors shall resign from their positions and such resigned directors may be re-elected upon the shareholders' resolution in accordance with the principles and procedures:

1. Each shareholder shall have one vote per share held by them.
2. Each shareholder shall cast all of his/her votes in (1) for one or more candidates but shall not divide his/her voting rights amongst the candidates.
3. The candidates elected to fill up the vacant positions of the board of directors shall be selected in order of the number of votes received. In a case where there is a tie amongst candidates, the chairman of the meeting shall cast the deciding vote.

In case of a vacancy in the Board of Directors for other reasons apart from the expiration of the director's term of office, the Board of Directors shall elect a qualified person, without prohibited characteristics under Public Company Act, as the substitute director at the next meeting of the Board of Directors, unless the remaining term of office of the said director is less than two months. The substitute director shall remain in the position only for the remaining term of office of the director whom he or she replaces. The said resolution of the Board of Directors shall be by a vote of not less than three-quarters of the number of remaining directors.

### **Remuneration for Directors and Management**

Without the Remuneration Committee for the year, the remunerations given to the directors in 2012 were carefully determined by the Company's Board of Directors in consideration of business expansion and growth of the Company. The remunerations were approved by the Shareholders Meeting.



The Shareholder General Meeting on April 28, 2011 and the Shareholder General Meeting on 26 April 2012 approved the annual remuneration for directors as the following details

| Position  | Monthly Remuneration Per Person |        |
|---|---------------------------------|--------|
|   | 2011                            | 2012   |
| Chairman of the Board of Directors and<br>Chairman of the Audit Committee | 40,000                          | 60,000 |
| Directors   | 20,000                          | 30,000 |
| Executive Committee Members   | 10,000                          | 20,000 |
| Audit Committee member  | 10,000                          | 20,000 |

Note that a director who is an Executive Committee member or an Audit Committee member is also paid the director remuneration.

### Remuneration for the Board of Directors

In 2011 and 2012 the details for the remuneration for each director, excluding the remuneration for the Executive Committee Members and the Audit Committee Members, are as follows:

| Name   | Position  | Remuneration (Baht) |           |
|--|---|---------------------|-----------|
|  |   | 2011                | 2012      |
| 1. Mr. Somrit Srithongdee                    | Chairman  | 480,000             | 660,000   |
| 2. Mr. Thanisaphong Sasinmanop <sup>/1</sup> | Director  | -                   | 180,000   |
| 3. Mr. Somboon Cheewasutthanon <sup>/2</sup> | Director  | -                   | 290,000   |
| 4. Mr. Pattanapong Nuphan                    | Director  | 240,000             | 330,000   |
| 5. Mrs. Watchanee Watanathawanwong           | Director  | 240,000             | 330,000   |
| 6. Mr. Chakrapun Leelamasavat                | Director  | 240,000             | 330,000   |
| 7. Mr. Somchai Cheewasutthanon <sup>/3</sup> | Director  | 240,000             | 40,000    |
| 8. Mrs. Siripen Sasinmanop <sup>/4</sup>     | Director  | 240,000             | 150,000   |
| 9. Mr. Akarat Na Ranong                      | Independent Director and<br>Chairman of the Audit Committee | 480,000             | 660,000   |
| 10. Mr. Nuttawut Phowborom                   | Independent Director and Audit Committee Member             | 330,000             | 540,000   |
| 11. Mr. Kamol Ratanachai                     | Independent Director and Audit Committee Member             | 330,000             | 540,000   |
| Total  |   | 2,820,000           | 4,050,000 |

**Note** <sup>/1</sup> Mr. Thanisaphong Sasinmanop was appointed the director by the Board of Director's meeting on 1 July 2012.

<sup>/2</sup> Mr. Somboon Cheewasutthanon was appointed the director by the Board of Director's meeting on 24 February 2012

<sup>/3</sup> Mr. Somchai Cheewasutthanon resigned from the director position, effective on 24 February 2012.

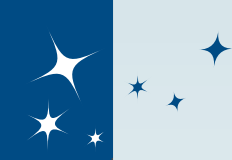
<sup>/4</sup> Mrs. Siripen Sasinmanop resigned from the director position, effective on 1 July 2012.

### Remuneration for Executive Committee and Management of the Company

The Company and its subsidiaries paid salaries, bonuses and other benefits to the ten members of the Management for the total amount of Baht 35.61 million and Baht 42.32 million in 2011 and 2012, respectively.

| Remuneration         | 2011 (Baht: Million) | 2012 (Baht: Million) |
|----------------------|----------------------|----------------------|
| Salaries and bonuses | 34.90                | 31.91                |
| Other benefits*      | 0.71                 | 10.41                |

\* Other benefits included medical allowance, insurance premium, the compensation amounting to Baht 10 million paid to the resigned directors in 2012.



## Detail of the Board of Director, the executive and the Authorized Persons.

| Name-Last Name/Position  | Age (years) | Education  | Percentage of Shareholding | Relationship with the other Executive | Working Experience (5 years) (Only Concerned with company's Business) |  |  |
|--|-------------|--|----------------------------|---------------------------------------|---|--|--|
|  |             |  |                            |                                       | Period  | Position   | Company  |
| 1. Mr. Somrit Srithongdee<br>Chairman of the Board <sup>/1</sup>   | 63          | <ul style="list-style-type: none"> <li>Master's Degree of Public Administration, Chulalongkorn University</li> <li>Bachelor's Degree of Sociology &amp; Anthropology, Chiangmai University</li> <li>Certificate, Director Certifications Program (DCP), Thai Institute of Directors Association (IOD)</li> <li>Certificate, Role of the Compensation Committee, Thai Institute of Directors Association (IOD)</li> </ul> | -                          | None                                  | 2010 - Present  | Chairman of the Board of Directors   | Matching Maximize Solution Plc.  |
|  |             |  |                            |                                       | 2010-2012   | Human Resources Consultant   | Bangkok Broadcasting and Television Co., Ltd.  |
| 2. Mr. Thanisaphong Sasinmanop<br>Director,<br>Chairman of Executive Committee and Senior Executive Vice President | 55          | <ul style="list-style-type: none"> <li>Honorary Degree of Technology Major Photography and Cinematography Technology, Faculty of Mass Communication Technology, Rajamangala University of Technology Thanyaburi</li> </ul>   | 5.40% <sup>/2</sup>        | Husband of Mrs. Siripen Sasinmanop    | Jul 2012 - Present  | Director and Chairman of the Executive Committee   | Matching Maximize Solution Plc.  |
|  |             |  |                            |                                       | Nov 2011 - Present  | Senior Executive Vice President Advertising Production Services and Renting of Equipment |  |
|  |             |  |                            |                                       | 2002 - Oct 2011   | Senior Executive Vice President (Production Group)                                       |  |
|  |             |  |                            |                                       | 2002 - 2010   | Director   | Matching Movie Town Co., Ltd.  |
|  |             |  |                            |                                       | 2003 - Present  | Director   | Matching Studio Plus Co., Ltd.   |
|  |             |  |                            |                                       | 2002 - Present  | Director   | Matching Broadcast Co., Ltd.   |
|  |             |  |                            |                                       | 1999 - Present<br>1994 - Present<br>2001 - Oct 2012                   | Director<br>Director<br>Director   | Matching Entertainment Co., Ltd.<br>Gear Head Co., Ltd.<br>Fatman and Little boy Co., Ltd. |

**Detail of the Board of Director, the executive and the Authorized Persons. (con.)**

| Name-Last Name/Position   | Age (years) | Education   | Percentage of Shareholding | Relationship with the other Executive          | Working Experience (5 years) (Only Concerned with company's Business) |   |  |
|---|-------------|---|----------------------------|--|---|---|--|
|   |             |   |                            |  | Period  | Position  | Company  |
| 3. Mr. Somboon Cheewasutthanon Director, <sup>†</sup> Executive Committee and Managing Director | 46          | <ul style="list-style-type: none"> <li>Bachelor of Accountancy - Finance University of the Thai Chamber of Commerce</li> <li>Certificate, Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)</li> <li>Certificate, Director Certifications Program (DCP), Thai Institute of Directors Association (IOD)</li> </ul> | 0.11%                      | Younger Brother of Mr. Somchai Cheewasutthanon | Feb 2012 - Present  | Director and Managing Director                                | Matching Maximize Solution Plc.  |
|   |             |   |                            |  | Feb - June 2012   | Chairman of the Executive Committee                           |  |
|   |             |   |                            |  | Nov 2011 - Feb 2012   | Senior Executive Vice President (Group of business affiliate) |  |
|   |             |   |                            |  | June 2010 - Nov 2011  | Senior Executive Vice President (Group of business support)   |  |
|   |             |   |                            |  | 2002 - Mar 2010   | Director  |  |
|   |             |   |                            |  |   | Senior Executive Vice President (Group of business support)   |  |
|   |             |   |                            |  | 2003 - Present  | Director  |  |
|   |             |   |                            |  |   |   |  |
|   |             |   |                            |  |   |   |  |
|   |             |   |                            |  | 2002 - Present  | Director  | Matching Movie Town Co., Ltd.<br>Book Maker Co., Ltd<br>Goody Film BKK Co., Ltd. |
|   |             |   |                            |  |   |   | Matching Studio Plus Co., Ltd.   |
|   |             |   |                            |  |   |   | Matching Broadcast Co., Ltd.   |
|   |             |   |                            |  | 1999 - Present  | Director  | Matching Entertainment Co., Ltd.   |
|   |             |   |                            |  | 1994 - Present  | Director  | Gear Head Co., Ltd.  |
|   |             |   |                            |  | 2004 - Nov. 2012  | Director  | Matching Television Co., Ltd.  |
|   |             |   |                            |  | 2001 - Nov. 2012  | Director  | Fatman and Little boy Co., Ltd.  |



## Detail of the Board of Director, the executive and the Authorized Persons. (con.)

| Name-Last Name/Position  | Age (years) | Education  | Percentage of Shareholding | Relationship with the other Executive | Working Experience (5 years) (Only Concerned with company's Business) |   |                                     |
|--|-------------|--|----------------------------|---------------------------------------|---|---|-------------------------------------|
|  |             |  |                            |                                       | Period  | Position  | Company                             |
| 4. Mr. Pattanapong Nuphan<br>Director <sup>1</sup><br>and Executive Committee        | 47          | <ul style="list-style-type: none"> <li>MA in Sociology, Thammasat University</li> <li>Certificate, Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)</li> <li>Certificate, Director Certifications Program (DCP), Thai Institute of Directors Association (IOD)</li> </ul> | -                          | None                                  | 2008 - Present  | Director and Executive Committee                              | Matching Maximize Solution Plc.     |
|  |             |  |                            |                                       | Jan 2013 - Present  | Assistant Managing Director                                   | Bangkok Broadcasting & TV Co., Ltd. |
|  |             |  |                            |                                       | Nov -Dec 2012   | Assistant Managing Director and Acting Human Resource Manager |                                     |
|  |             |  |                            |                                       | Dec 2011 - Oct 2012   | Senior Manager and Acting Human Resource Manager              |                                     |
|  |             |  |                            |                                       | Oct 2010 - Dec 2011   | Senior Manager  |                                     |
|  |             |  |                            |                                       | Sep 2008 - Sep 2010   | Senior Manager and Acting Manager to office of the Chairman   |                                     |
| 5. Mrs. Watchanee Watanathanwong<br>Director <sup>1</sup><br>and Executive Committee | 59          | <ul style="list-style-type: none"> <li>Master of Business Administration Chulalongkorn University</li> <li>Bachelor Degree of Accountancy Chulalongkorn University</li> <li>Certificate, Director Certification Program (DCP), Thai Institute of Directors Association (IOD)</li> </ul>                      | 0.02 %                     | None                                  | 2009 - Present  | Director  | BBTV New Media Co., Ltd.            |
|  |             |  |                            |                                       | Apr 2012 - Present  | Director  | Razorfish & Partner Co., Ltd.       |
|  |             |  |                            |                                       | 2006 - Present  | Director and Executive Committee                              | Matching Maximize Solution Plc.     |
|  |             |  |                            |                                       | Jul 2012 - Present  | Director  | Gear Head Co., Ltd.                 |
|  |             |  |                            |                                       |   |   | Matching Entertainment Co., Ltd.    |
|  |             |  |                            |                                       |   |   | Goody Film BKK Co., Ltd.            |
|  |             |  |                            |                                       |   |   | Book Maker Co., Ltd.                |
|  |             |  |                            |                                       |   |   | Matching Movie Town Co., Ltd.       |
|  |             |  |                            |                                       |   |   | Matching Broadcast Co., Ltd.        |
|  |             |  |                            |                                       |   |   | Matching Studio Plus Co., Ltd.      |



**Detail of the Board of Director, the executive and the Authorized Persons. (con.)**

| Name-Last Name/Position   | Age (years) | Education   | Percentage of Shareholding | Relationship with the other Executive | Working Experience (5 years) (Only Concerned with company's Business) |  |  |
|---|-------------|---|----------------------------|---------------------------------------|---|--|--|
|   |             |   |                            |                                       | Period  | Position   | Company  |
| 6. Mr. Chakrapun Leelamasavat<br>Director <sup>1)</sup><br>and Executive Committee  | 37          | <ul style="list-style-type: none"> <li>Master of Business Administration, Financial Management California State University, San Bernardino</li> <li>Business Administration, Information Technology Management California State University, San Bernardino</li> <li>Certificate, Directors Accreditation Program (DAP), Thai Institute of Directors Association (IOD)</li> <li>Certificate, Director Certifications Program (DCP), Thai Institute of Directors Association (IOD)</li> </ul>                               | -                          | None                                  | 2009 - Present  | Director and Executive Committee   | Matching Maximize Solution Plc.  |
|   |             |   |                            |                                       | 2007 - Present  | Managing Director  | BBTV New Media Co., Ltd.   |
|   |             |   |                            |                                       | 2005 - 2007   | Business Director  | M Interaction (Mindshare / Group M)  |
| 7. Mr. Akarat Na Ranong<br>Chairman of the Audit Committee and Independent Director | 59          | <ul style="list-style-type: none"> <li>Master's Degree, Business Administration (Management), Marshall University, U.S.A.</li> <li>Bachelor's Degree, Economics, Chulalongkorn University</li> <li>Certificate, Audit Committee Program (ACP), Thai Institute of Directors Association (IOD)</li> <li>Certificate, Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)</li> <li>Certificate, Role of the Compensation Committee, Thai Institute of Directors Association (IOD)</li> </ul> | -                          | None                                  | 2010 - Present  | Chairman of Audit Committee and Independent Director                             | Matching Maximize Solution Plc.  |
|   |             |   |                            |                                       | 2001 - Present  | Independent Director<br>Audit Committee<br>Nominating and Remuneration Committee | Krungthai Card Public Co., Ltd.  |
|   |             |   |                            |                                       | 2011 - Present  | Director of Audit Committee and Independent Director                             | FINANSA Public Co., Ltd.<br>FINANSA Securities Co., Ltd.<br>FINANSA Asset Management Co., Ltd. |

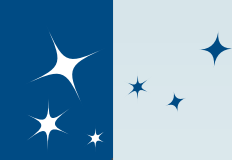


## Detail of the Board of Director, the executive and the Authorized Persons. (con.)

| Name-Last Name/Position   | Age (years) | Education   | Percentage of Shareholding | Relationship with the other Executive | Working Experience (5 years) (Only Concerned with company's Business) |  |   |
|---|-------------|---|----------------------------|---------------------------------------|---|--|---|
|   |             |   |                            |                                       | Period  | Position   | Company   |
| 8. Mr. Nuttawut Phowborom<br>Director of Audit Committee and Independent Director | 48          | <ul style="list-style-type: none"> <li>Master of Business Administration (MBA) General Management, City University, Seattle, WA. U.S.A.</li> <li>Bachelor Degree of Economics, The University of the Thai Chamber of Commerce, Bangkok Thailand</li> <li>Certificate, Audit Committee Program (ACP), Thai Institute of Directors Association (IOD)</li> <li>Certificate, Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)</li> <li>Certificate, Role of the Compensation Committee, Thai Institute of Directors Association (IOD)</li> </ul> | -                          | None                                  | 2010 - Present  | Director of Audit Committee and Independent Director | Matching Maximize Solution Plc.                     |
|   |             |   |                            |                                       | 2002 - Present  | Chief Financial Officer                              | KPN Group Corporation Co., Ltd.                     |
|   |             |   |                            |                                       | 1998 - Present  | Executive Director                                   | KPN Music Co., Ltd.                                 |
|   |             |   |                            |                                       | 1996 - Present  | Director   | KPN Music & Entertainment Co., Ltd.                 |
|   |             |   |                            |                                       |   |  | KPN And Associates Co., Ltd.                        |
|   |             |   |                            |                                       |   |  | KPN Music Chiangmai Co., Ltd.                       |
|   |             |   |                            |                                       | 1996 - Present  | Director   | KPN Music Room Co., Ltd.                            |
|   |             |   |                            |                                       |   |  | KPN Music Siam Square Co., Ltd.                     |
|   |             |   |                            |                                       |   |  | KPN Award Co., Ltd.                                 |
|   |             |   |                            |                                       |   |  | KPN Innovation Co., Ltd.                            |
|   |             |   |                            |                                       |   |  | DUDU Nong Digital Co., Ltd.                         |
|   |             |   |                            |                                       |   |  | Music One Digital Co., Ltd.                         |
|   |             |   |                            |                                       |   |  | Thai Air Asia Co., Ltd.                             |
|   |             |   |                            |                                       |   |  | Asia Aviation Plc.                                  |
|   |             |   |                            |                                       |   |  | Siam Wison Learning Co., Ltd.                       |
|   |             |   |                            |                                       |   |  | Innovative Learning and Design (Thailand) Co., Ltd. |
|   |             |   |                            |                                       | 2003 - 2012   | Audit Committee and Independent Director             | Prasit Pattana Plc.                                 |

**Detail of the Board of Director, the executive and the Authorized Persons. (con.)**

| Name-Last Name/Position  | Age (years) | Education  | Percentage of Shareholding | Relationship with the other Executive | Working Experience (5 years) (Only Concerned with company's Business) |   |   |
|--|-------------|--|----------------------------|---------------------------------------|---|---|---|
|  |             |  |                            |                                       | Period  | Position  | Company   |
| 9. Mr. Kamol Ratanachai<br>Director of Audit Committee and Independent Director                                  | 46          | <ul style="list-style-type: none"> <li>Master of Business Administration (MBA), Bangkok University</li> <li>Bachelor Degree of Accounting, Bangkok University</li> <li>Certified Internal Auditor (CIA), The Institute of Internal Auditor USA</li> <li>Certificate, Directors Accreditation Program (DAP), Thai Institute of Directors Association (IOD)</li> <li>Certificate, Audit Committee Program (ACP), Thai Institute of Directors Association (IOD)</li> <li>Successful Formula &amp; Execution of Strategy (SFE), Thai Institute of Directors Association (IOD)</li> </ul> | -                          | None                                  | 2010 - Present  | Director of Audit Committee and Independent Director                              | Matching Maximize Solution Plc.   |
|  |             |  |                            |                                       | Jul 2012 - Present  | Director  | Gear Head Co., Ltd.<br>Matching Entertainment Co., Ltd.<br>Goody Film B KK Co., Ltd.<br>Book Maker Co., Ltd.<br>Matching Movie Town Co., Ltd.<br>Matching Broadcast Co., Ltd.<br>Matching Studio Plus Co., Ltd. |
|  |             |  |                            |                                       | 2011 - Present  | Independent Director  | Sriracha Construction Plc.  |
|  |             |  |                            |                                       | 2011 - Present  | Director of Audit Committee and Independent Director                              | Eastern Printing Plc.   |
|  |             |  |                            |                                       | 2010 - Present  | Vice President, Head of Internal Audit  | Secondary Mortgage Corporation  |
|  |             |  |                            |                                       |   |   |   |
| 10. Mrs. Siripen Sasinmanop<br>Executive Vice President Advertising Production Services and Renting of Equipment | 58          | <ul style="list-style-type: none"> <li>Management Development Program Thammasat University</li> <li>Certificate, Directors Accreditation Program (DAP), Thai Institute of Directors Association (IOD)</li> <li>Certificate, Director Certifications Program (DCP), Thai Institute of Directors Association (IOD)</li> </ul>  | 5.40% <sup>1/2</sup>       | Wife of Mr. Thanisaphong Sasinmanop   | Nov. 2011 - Present   | Executive Vice President Advertising Production Services and Renting of Equipment | Matching Maximize Solution Plc.   |
|  |             |  |                            |                                       | 2002 - July 2012  | Director and Executive Committee  |   |
|  |             |  |                            |                                       | 2003 - Present  | Director  | Matching Movie Town Co., Ltd.<br>Goody Film BKK Co., Ltd.   |
|  |             |  |                            |                                       | 2002 - Present  | Director  | Matching Studio Plus Co., Ltd.<br>Matching Broadcast Co., Ltd.  |
|  |             |  |                            |                                       | 1999 - Present  | Director  | Matching Entertainment Co., Ltd.  |
|  |             |  |                            |                                       | 1994 - Present  | Director  | Gear Head Co., Ltd.   |
|  |             |  |                            |                                       | 2004 - Nov. 2012  | Director  | Matching Television Co., Ltd.   |
|  |             |  |                            |                                       | 2001 - Nov. 2012  | Director  | Fatman and Little boy Co., Ltd.   |



## Detail of the Board of Director, the executive and the Authorized Persons. (con.)

| Name-Last Name/Position   | Age (years) | Education  | Percentage of Shareholding | Relationship with the other Executive | Working Experience (5 years) (Only Concerned with company's Business) |  |  |
|---|-------------|--|----------------------------|---------------------------------------|---|--|--|
|   |             |  |                            |                                       | Period  | Position   | Company  |
| 11. Mr. Wiroj Bunsirirungruang<br>Executive Vice President<br>Organization Management<br>and Business support<br>and the Company<br>Secretary | 45          | <ul style="list-style-type: none"> <li>Master of Accounting Thammasat University</li> <li>Bachelor of Accounting Dhurakij Pundit University</li> <li>Certificate, Director Accreditation Program (DAP) Thai Institute of Directors Association (IOD)</li> <li>Certificate, Director Certifications Program (DCP), Thai Institute of Directors Association (IOD)</li> </ul> | 0.03%                      | None                                  | 2002 - Present  | Executive Vice President<br>Organization Management<br>and Business support<br>Secretary the Company | Matching Maximize Solution Plc.  |
|   |             |  |                            |                                       | 2002 - Mar 2010   | Director   |  |
|   |             |  |                            |                                       | 2003 - Present  | Director   | Matching Movie Town Co., Ltd.<br>Book Maker Co., Ltd.<br>Goody Film BKK Co., Ltd.<br>Matching Studio Plus Co., Ltd.<br>Matching Broadcast Co., Ltd.<br>Matching Entertainment Co., Ltd.<br>Gear Head Co., Ltd. |
| 12. Mrs. Ladawan Khumsap<br>Senior Vice President of<br>Accounting, Financial and<br>Budgeting Dep.,  | 45          | <ul style="list-style-type: none"> <li>Master of Accounting Thammasat University</li> <li>Bachelor of Accounting Ramkhamhaeng University</li> </ul>  | 0.04%                      | None                                  | 2013 - Present  | Senior Vice President of<br>Accounting Financial and<br>Budgeting Dep., Secretary Dep.               | Matching Maximize Solution Plc.  |
|   |             |  |                            |                                       | 2005 - 2012   | Vice President of Secretary Dep.<br>Accounting Financial<br>And Budgeting Group Company              |  |
| 13. Mr. Natpatsakorn Jankhod<br>Senior Vice President of<br>Office Management Dep.<br>and Human Resource Dep.                                 | 41          | <ul style="list-style-type: none"> <li>BBA Ramkhamhaeng University</li> </ul>  | 0.01%                      | None                                  | 2013- Present   | Senior Vice President of Office<br>Management Dep. and Human<br>Resource Dep.                        | Matching Maximize Solution Plc.  |
|   |             |  |                            |                                       | Sep 2007 - 2012   | Vice President   |  |
|   |             |  |                            |                                       | June - Aug 2007   | Purchase Officer   |  |
|   |             |  |                            |                                       | Apr 2004 - May 2007   | Human Resource officer   |  |

Note : <sup>1</sup> Directors whose signature can bind the Company

<sup>2</sup> Including shares held by spouse and minor children (as of December 6, 2012)

## Corporate Governance

The Company's Board of Directors realize and strongly believe that the good corporate governance principle should be a main factor to add values, enhance its competitiveness and create the highest returns to shareholders and all related parties in the long term. The Company completes and always updates the good corporate governance principles to be in compliance with the regulation of the Stock Exchange of Thailand, which are classified into five groups.

1. Board of Directors, management, employees shall follow the good corporate governance principles with a clear understanding.
2. Board of Directors, management, employees shall treat stakeholders fairly and work with honesty and transparency for the benefits of the Company. The work of Board of Directors, management, employees can be scrutinized.

The good corporate governance principles for the Company's Board of Directors, management and employees can use as reference are discussed below.

### 1. Rights of Shareholders

Shareholders have the rights as the owners of the company. They have the right to attend the Company's shareholder meetings that can determine the directions of the Company. The shareholders can make decisions about important matters in the shareholder meeting. The shareholder meetings are thus very important stages for the shareholders to raise questions and opinions as well as making decisions. Thus, they have the right to attend the meeting and be allocated sufficient time to consider and acknowledge any related matters.

In every shareholder's meeting, the Company's policy requires the Chairman of the Board of Directors, Directors and Chief Executive Officer to attend the meeting. Chairman of the meeting shall allow shareholders to have the opportunity to make enquiries, express their opinions and suggestions to the directors in order to create the same understand and subsequent improvement. The minutes of meeting shall be recorded and approved by the Directors and sent to shareholders for approval in the next meeting.

### 2. Equality of Stakeholders

Although the voting right of shareholders depends on portion of stakeholding, this does not mean that the basic rights as stakeholders are different. The Company equally treated the stakeholders regardless of genders, ages, nationality, races, religions, belief, and political opinions. In the case that any stakeholders are unable to attend a meeting, they have the right to attend the meeting by proxy.

In every shareholder's meeting all shareholders have the rights and equality of receiving information, expressing opinions and asking questions, in accordance with the meeting agenda and the issues discussed in the meeting. The chairman of the Board of Directors' meetings is responsible for allocating appropriate time to the shareholders to ask questions as well as encouraging them to express their opinions. Normally the shareholders are able to obtain the details of the meeting from the Company's website prior to meeting date. To promote the rights of the shareholders, the Company posts an announcement encouraging the shareholders to nominate a person to assume the role of a director and suggest the additional meeting agenda for the annual shareholders meeting. In addition, the shareholders are also encouraged to express their ideas about clear directions for work procedures.

The Company has a policy to hold a shareholder meeting once a year and the meeting is arranged within four months, after the end of the fiscal year. In 2012, the Company held the Shareholder Annual General Meeting on 26 April 2012 at Matching Maximize Solution Public Company Limited, 305/10 Soi Sukhothai 6, Sukhothai Road, Dusit Sub-District, Dusit District, Bangkok. The meeting agenda was disclosed for the shareholders' review on the company's website within the day that the Board of Directors approved the meeting agenda so that all shareholders had a chance to review the details about the meeting as well as the meeting agenda prior to the meeting. Normally, the Company disclosed all details about the meeting, e.g., the meeting date, the meeting





agenda, and etc, 21 days prior to the meeting date. The attendants include Chairman of the Board of Directors, Chairman of Audit Committee, directors and members of Audit Committee. The Board of Directors accommodates in all shareholder meetings by treating all shareholders equally, in terms of their right documentation. The Company appointed Thailand Securities Depository Co., Ltd. as the Company's registrar.

When the Company is about to arrange any Shareholder Annual General Meeting, it submits invitation letters that include: the meeting agenda; details of each agenda which clearly states whether it is for acknowledgement, approval or consideration, Board of Directors' opinions on such agenda and relevant information. These details are sent to the shareholders no less than seven days prior to the meeting so that the shareholders have sufficient time to review the meeting details before exercising their voting rights for each agenda. Moreover, the invitation letters and details about the meeting are also published in the newspapers for three consecutive days at least three days prior to the meeting date. The power of attorney documents are also attached to the invitation letters for the shareholders who may be unable to attend the meeting and who would like to attend the meeting and vote by proxy. Such shareholders may ask any person including the Chairman of the Board of Directors or one of the Independent Directors to act as their proxies. Such shareholders have the full right to ask their proxies to have full votes or partial votes.

The matters to be carried out at a Shareholder Annual General Meeting are as follows:

- 1) Consider the Board of Directors' report regarding the Company's performance for the previous year that is to be presented in the meeting
- 2) Consider approving the balance sheet and profit and loss statements
- 3) Consider approving profit distribution and dividend payment
- 4) Consider appointing new directors replacing those who leave after their terms end and determine directors' remuneration
- 5) Consider appointing the auditor and the remuneration for the auditor
- 6) Discuss other matters as deemed appropriate by the Chairman of the meeting

Shareholders' resolution shall be comprised of the following votes:

- 1) In a normal case, the majority of votes shall be deemed resolution. In case of an equality of votes, the Chairman of the meeting shall have a casting vote.
- 2) In the following cases, a total number of votes not less than three-fourths of the total number of votes cast by the shareholders present and entitled to vote shall be deemed resolution.
  - Sale or transfer of the Company's business, entirely or partially, to other entities
  - Purchase or acquisition of the business of other companies or private companies by the Company
  - Creation, amendment or termination of any contracts with respect to the granting of a lease of the Company's business, entirely or partially, the assignment to any other person(s) to manage the Company or the merging of the Company with any other entity to share profit and loss
  - Additional amendment of the memorandum of association or article of association
  - Capital increases or decreases
  - Debenture issuances
  - Company amalgamation
  - Company dissolution

In case of some urgent matters or extraordinary agenda which may have an effect on shareholders' benefits or have to conform to any rules or regulations that require shareholders' resolution, the Company may reserve the right to ask for an extraordinary general meeting, as the case may be.

### **3. Taking into account of the roles of stakeholders**

The Company places the great importance on the rights of all stakeholders. The Company has policies to appropriately treat the stakeholders including shareholders, employees, management, customers, business partners, creditors, commodity and society in order to create full cooperation amongst the stakeholders in various groups. This in turn leads the Company's operations to go well and stably and ensures that all stakeholders are treated fairly. The directors shall disclose some non-financial information to show proof that the Company is well considerate towards all stakeholders when making any decisions associated with the Company's operational guidelines. In addition, the Company also clearly indicated the groups of shareholders and specified the degrees of importance for each stakeholder group in order to avoid mistakes.

#### ***Responsibilities to Shareholders***

The Company is committed to effectively running the business and ensuring the shareholders' greatest satisfaction by taking into consideration its long-term growth and sustainable returns. The Company is also determined to operate business in a transparent manner and disclose the financial position as well as the Company's earnings performance or general information. The information should disclose be transparent, accurate, and reliable and equal. To comply with such principles, the Company had set forth the following guidelines:

- Directors, Management and all employees shall perform duties with honesty and fairness to every shareholder.
- Manage the Company's business by applying full knowledge and managerial skills and consider any action with care and caution.
- Accurately disclose the Company's operating results as well as reporting its financial status to shareholders in accordance with the international standard accepted by international financial markets, as specified by the Stock Exchange of Thailand.
- Not proceed with any actions in a way that may cause conflicts of interests to the Company
- Not seek benefits for oneself or related parties by using any information of the Company not yet disclosed to the public
- Not disclose confidential information to outsiders, except for the case that is required by the law

#### ***Respecting the rights of other stakeholders***

The Company is determined to treat other stakeholders fairly and ethically in order to ensure good relationship with others in doing business. Other stakeholders include management and employees, customers, business partners, creditors, competitors, related government agencies, the society. The Company does not give particular favor to particular people nor treat some people in unfair ways. The Company does not treat other stakeholders based on the personal relation. In addition, the Company treats other stakeholders regardless of their nationalities, races, religion or gender. In particular, the Company puts a great emphasis on responsibilities to the society and communities. The Company's major duty to the society is to create and support activities that are useful to the communities and society. By contrast, the Company does not do or support any activities that are either against the law or damage the image of the country, the natural resources and environment and the actions that might threaten the society and the country's security.

### **4. Responsibilities of Board of Directors**

#### ***Structure of the Board of Directors***

The Company's Board of Directors consists of nine directors who serve a service term of three years. Five of them are from the management while the remaining four are not members of the management. Out of the total directors, three of them are qualified as independent directors, according to the Securities Exchange Commission's requirement that a SET-listed company have independent directors at the number equivalent to more than one-third of the total directors.



The Board of Directors acts as the representatives of the shareholders and oversees the Company's overall management. They shall lead and be involved in determining the Company's targets, directions, policies, work plans and budget. The Board of Directors should honestly make sure that the Company's business is operated in accordance with the laws and regulation as well as the resolutions of the shareholder meetings in order to maintain the benefits of the shareholders. In addition, the Board of Directors should also monitor the management's performance to ensure that the established policy is achieved efficiently and effectively. This would not only increase the maximum economic values to the Company but also bring the most stable returns to shareholders. The Board of Directors set up the internal control system and closely followed the implementation of such on a regular basis. The members of Executive Committee are authorized to approve the investment worth no more than Baht 20 million while the Chief Executive Officers are authorized to approve the investment worth no more than Baht 10 million. The Company's Board of Directors appoints the Audit Committee to strengthen the Company's internal control system and ensure sufficient and appropriate good corporate governance practices.

The Chairman of the Company shall be an independent director. He shall not be the managing director. The responsibilities in regard to corporate governance and regular management shall be separated so that the Company can operate business with transparency. There should be slim chance of conflicts of interests and high power in particular persons. In stead there should be balanced power in the management level for the maximum benefits to the Company and the shareholders.

#### ***Philosophy for doing business***

To achieve sustainable growth and properly increase values for the stakeholders while taking account of the environmental aspects and providing benefits to the society as a whole, the Company aims to:

- Enhance its competitiveness as a leader in TV commercial production and service market.
- Become an excellent organization with workforce that is determined to create new things. All employees trust one another, with the aim of building operational standard for the management and employees at all levels. Details of which are as follows:
  - To focus on maximizing benefits for the Company in the long term in order to create maximum values to shareholders
  - To concentrate on equitable treatment for both shareholders and stakeholders
  - To prevent conflicts of interests
  - To operate with care and full responsibility
  - To ensure the transparent operation that can be monitored
  - To set the internal control and internal audit systems that are up to standard, reliable and efficient
  - To set the Code of ethical Business for directors and employees to follow

#### ***Committees***

The Board of Directors assigns various committees for more effective and transparent operations of the Company. The details are as follows:

- **Executive Committee**  
The Company's Board of Directors selects five qualified directors and management to be members of Executive Committee in order to manage and control the Company's operations as assigned by the Board of Directors.
- **Audit Committee**  
The Board of Directors appoints three independent directors to be the members of the Audit Committee. At least one of the three independent directors must have the knowledge and experience in accounting and finance. The members of audit committee must be independent as stated in the rules and regulations concerning qualifications and scope of duties and authorities of the Audit Committee set forth

by the Stock Exchange of Thailand. The Audit Committee reports directly to the Board of Directors and their scope of duties and authorities are reviewed once annually.

- **Nominating Committee**

In 2012 the Company did not have the Nominating Committee to select and nominate qualified individuals to be elected as new directors. However, the Company normally has a policy and criteria to appoint the directors based on the capability, experience, vision and trustworthiness of the potential persons. Moreover, in every Annual General Meeting, one-third of directors shall resign from their positions and such resigned directors may be re-elected upon the shareholders' resolution in accordance with the principles and procedures

- **Corporate Governance Committee**

The Company does not appoint a specific sub-committee as it views that the Board of Directors and Executive Committee are able to efficiently make decisions on various matters. However, in the future, if the Company has larger business size and more complicated organization structure, the Company may consider appointing a particular sub-committee for some specific matters as deemed appropriate.

### **Board of Directors Meeting**

The Board of Directors meets monthly and some special meetings are called for if needed. The invitation letters clearly indicating the meeting date and agenda are sent to the members of Board of Directors at least seven days prior to the scheduled meetings to ensure that the directors have adequate time to consider the information. Normally, each meeting takes not less than two hours. In each meeting, the Chairman of the meeting allows each director to freely express his/her opinions. In 2011 there were 12 Board of Directors meetings, 13 Executive Committee meetings and five Audit Committee meetings. In 2012 there were 15 Board of Directors meetings, 13 Executive Committee meetings and five Audit Committee meetings. The details of each director's attendance are shown in the following table.

|     | Name                                     | Position   | Number of time attending the meeting<br>/Number of the meeting eligible to attend (time) |       |                     |       |                 |      |
|-----|--|--|--|-------|---------------------|-------|-----------------|------|
|     |  |  | Board of Director  |       | Executive Committee |       | Audit Committee |      |
|     |  |  | 2011   | 2012  | 2011                | 2012  | 2011            | 2012 |
| 1.  | Mr.Somrit Srithongdee                    | Chairman of Board Directors                              | 12/12  | 15/15 | -                   | -     | -               | -    |
| 2.  | Mr.Somchai Cheewasutthanon <sup>/1</sup> | Director and Chairman of Executive Committee             | 10/12  | 2/2   | 11/13               | 2/2   | -               | -    |
| 3.  | Mr.Thanisaphong Sasinmanop <sup>/2</sup> | Director and Chairman of Executive Committee             | -  | 9/9   | -                   | 5/5   | -               | -    |
| 4.  | Mr.Somboon Cheewasutthanon <sup>/3</sup> | Director and Executive Committee                         | 10/12  | 13/13 | -                   | 11/11 | -               | -    |
| 5.  | Mr.Akarat Na Ranong                      | Independent Director and Chairman of the Audit Committee | 10/12  | 10/15 | -                   | -     | 5/5             | 5/5  |
| 6.  | Mr.Nuttawut Phowborom                    | Independent Director and Audit Committee                 | 11/12  | 13/15 | -                   | -     | 5/5             | 3/5  |
| 7.  | Mr.Kamol Ratanachai                      | Independent Director and Audit Committee                 | 12/12  | 14/15 | -                   | -     | 5/5             | 5/5  |
| 8.  | Mr.Pattanapong Nuphan                    | Director and Executive Committee                         | 11/12  | 15/15 | 11/13               | 13/13 | -               | -    |
| 9.  | Mrs.Watchanee Watanathawanwong           | Director and Executive Committee                         | 12/12  | 14/15 | 13/13               | 13/13 | -               | -    |
| 10. | Mrs.Siripen Sasinmanop <sup>/4</sup>     | Director and Executive Committee                         | 11/12  | 6/6   | 12/13               | 8/8   | -               | -    |
| 11. | Mr.Chakrapun Leelamasavat                | Director and Executive Committee                         | 12/12  | 15/15 | 12/13               | 12/13 | -               | -    |

Notes <sup>/1</sup> Mr.Somchai Cheewasutthanon resigned from the positions of Directors and Chairman of Executive Committee, effective on 24 February 2012.

<sup>/2</sup> Mr.Thanisaphong Sasinmanop was appointed as a director, a member of Executive Committee and Chairman of Executive Committee on 1 July 2012.

<sup>/3</sup> Mr.Somboon Cheewasutthanon resigned from the position of Chairman of Executive Committee, effective on 24 February 2012.

<sup>/4</sup> Mrs.Siripen Sasinmanop resigned from the positions of director and a member of Executive Committee, effective on 1 July 2012.



Note that all the minutes of the meetings endorsed by the Board of Directors are properly recorded and filed. They are always available for review and audit by the Board of Directors and concerned parties.

#### ***Board of Directors' Reports***

The Board of Directors holds responsibility for the Company and its subsidiaries' financial statement (which are already audited) as well as all disclosed financial information. The Board of Directors realizes the importance of the accuracy and reliability of such financial reports and information. Hence, the Board of Directors has a policy to make a report on the responsibility of the Board of Directors in regard to the financial reports and financial information disclosed in the Company's annual report. The financial statement is regularly prepared to conform to the general accepted accounting standards. In preparing such financial reports, appropriate accounting policies are selected and consistently applied while judgment and forecast are carefully used. Moreover, the significant information shall be adequately disclosed in the notes to financial statement covering the guideline suggested by the Stock Exchange of Thailand.

Moreover, the Audit Committee appointed by the Board of Directors is responsible for overseeing the quality of Company's financial reports and the internal audit system. Opinions of the Audit Committee are reported in the 56-1 form. All members of the Audit Committee and the management attend meetings in order to review the efficiency of the Company's internal audit system in various areas set by the Company's management. The minutes of every Board of Directors' meeting are recorded and contain proper details, e.g. questions and opinions of each director for each agenda and opposite opinion along with the rationales, so that the shareholders can examine the appropriateness of the directors in performing their duties. Meanwhile, the Board of Directors continuously and firmly focuses on applying the good corporate governance policies to the management and operations to create a good image and reliability of the Company among the investors and the public.

#### ***Prevention of Conflict of Interests***

Realizing potential conflict of interests, the Board of Directors issues guidelines as a part of the Code of Ethical Business for all management and employees to avoid any personal conflicts of interests with the Company and shareholders when dealing with trade partners and other parties.

Moreover, transactions that may cause conflicts of interests or connected transactions shall be considered properly by the Board of Directors meetings. The Board of Directors clearly determines guideline policies as well as approval procedures in accordance with the Stock Exchange of Thailand's regulations. For example, a person who has conflicts of interest or is a connected party shall inform the Company of his/her relationship or connection with such transactions and shall not attend the meeting for such agenda and vote (i.e. no approval authority). In addition, pricing and conditions of the connected transactions shall be conducted in the same manner as normal business practices done with third parties. If an expertise in some certain areas is needed, the Company shall seek independent opinions from external specialists such as an auditor or other advisors. The opinion of the Audit Committee and/or other consultants shall be incorporated in decision making process of the Board of Directors and/or shareholders depending upon the related rules and regulations. Such transactions are to be disclosed in the Company's annual report, Form 56-1 and financial statements.

#### ***Remuneration for Directors and Management***

Without the Remuneration Committee at the present time, the remunerations given to the directors are carefully determined by the Company's Board of Directors meetings in consideration of business expansion and growth of the Company. The remunerations shall also be reviewed by the Annual Shareholder General Meetings.



### ***Internal Control and Internal Audit Systems***

Realizing the importance of the internal control system, the Company thus focuses greatly on sufficiency and appropriateness of its internal control system covering finance, management and operation. The Company also ensures that its internal control system is complied with the laws and related regulation and improves such system to meet the standard set by the Stock Exchange of Thailand and as well as the international standard called Internal Control Framework set by the Committee of Sponsoring organizations of the Treadway Commission or COSO. The Company clearly specifies the duties, responsibilities, authorities of the employees both in the operation level and the management level in a written form. There are controls of the uses of the Company's assets. In addition, the duties of employees in the operation, inspection and evaluation sectors are clearly separated in order that an appropriate balance of work is created. Moreover, the Company also creates the financial report system for the responsible departments. Note that the members of Board of Directors express their opinions concerning the sufficiency of the internal control system in the Company's financial reports under the section "Internal Control"

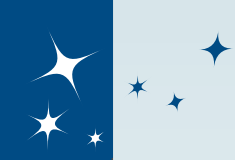
To ensure the efficiency in production of important documents and the internal control and to ensure that the internal control is improved regularly, the Company set up the internal audit department in 2008. This department is assigned to review the internal operation as well as assessing the effectiveness and the sufficiency of the internal audit system of the Company and its affiliates. The internal audit department's main objective is to ensure that core operation and the financial activities of the Company and its affiliates are effectively run and meet the management's objectives. In addition, the internal audit department also inspects whether all operations of the Company are in accordance with the laws and other regulations set by the Company. Hence, in order to enable the members of internal audit department to independently perform their duties, the Board of Directors requires that the internal audit department report directly to the Audit Committee. The internal audit department is also assigned to carry out inspection duties, in accordance with the Company's annual business plan approved by the Audit Committee. The internal audit department is required to regularly report the inspection results and send some suggestions to the Audit Committee and the Chairman of the Board in a timely manner.

### ***Risk Management***

The Company realizes the importance of risk management, which is a key mechanism and the tool for management helping the Company reach its goals and targets. The risk management also helps minimize losses while enhancing the Company's competitiveness. Moreover, the risk management is a key element for good governance. Hence, the Company continues to develop its risk management system. In light of this, the Company appoints the Executive Committee to work on the policy level. Meanwhile, the Company also includes the risk management in the job description of all departments so that all employees realize and emphasize the importance of the risk management. All departments hold the responsibility to manage and control and maintain risks at acceptable levels. Finally, they regularly follow up and evaluate risks to be in line with both internal and external environment that will change continuously.

### ***The Code of Ethical Business***

The Company puts in place the Code of Ethical Business for all directors and staff to comply with in order to enhance values of its business. A primary goal of the Code of Ethical Business is to ensure that the management and employees treat the Company, stakeholders and society in professional, honest, transparent, equal and responsible manners. Moreover, the Company also assigns responsible persons to assess the performance and improve such Code of Ethical Business. Finally, the Company also has a policy to communicate to all staff and management constantly to ensure their understandings and publish information for all employees on a regular basis.



## 5. Information Disclosure and Transparency

The Company's Board of Directors Company realizes the importance of disclosure of information that is accurate, adequate, transparent, reliable, widespread and prompt. Realizing that financial reports along with general information may have an impact on decision making of investors and stakeholders, the Company publishes information for investors, shareholders and public through the following channels:

- 1) The website of the Stock Exchange of Thailand (<http://www.set.or.th>) which includes
  - The company's news
  - Annual report form (56-1)
  - Financial statement (quarterly and annually)
  - Documents about resolutions of Board of Director's meetings
- 2) The website of Securities and Exchange Commission (<http://www.sec.or.th>)
- 3) The website of Ministry of Commerce (<http://www.dbd.go.th>)
- 4) Newspapers
- 5) Company's website <http://www.matchinggroup.com>, [www.matchingstudio.com](http://www.matchingstudio.com).
- 6) Company Visits/ One-On-One meetings
- 7) Analyst meetings
- 8) Press meetings
- 9) Letters mailed to shareholders

Moreover, to disclose accurate, adequate, and transparent information, the Company sets up the Investor Relations Department to provide the information, news and activities of the Company to investors, analysts, shareholders and other third parties. In addition, the Investor Relation Department also provides efficient services to shareholders, enhancing the Company's credibility and image. Investors are welcomed to contact the Company's Investor Relation Department via telephone at 0-2669-4200-9 or e-mail at [investor@mmsbangkok.com](mailto:investor@mmsbangkok.com)

### **Internal Information Control**

The Company has a policy not to allow its personnel to disclose internal information and personal benefits to outsiders. The Company's policy to take care of the management, the details of which are as the follows:

1. To educate the directors and the management regarding the information about possession of assets of themselves, their spouses and children who do not reach their majority; to provide information about penalty stated in the Securities and Stock Exchange Act B.E. 2535 as well as regulations set forth by the Stock Exchange of Thailand
2. To require that the management report the changes of their asset holding to the Securities and Exchange Commission and the Stock Exchange of Thailand and submit a copy of the report to the Company on the same day they report to the Securities and Exchange Commission
3. To submit a report informing that the management who is aware of significant internal information (that may result in the change of the share price) shall suspend the trading of the Company's securities one month before the Company's financial statement or the internal information is disclosed to public; such management is not allowed to disclose such significant information to outsiders

### **Personnel**

Over the past three years, the numbers of the Company's personnel as of 31 December 2012 are as follows

| Department         | Numbers |      |      |      |
|--------------------|---------|------|------|------|
|                    | 2009    | 2010 | 2011 | 2012 |
| Management Officer | 18      | 17   | 12   | 11   |
| Secretary          | 2       | 2    | 2    | 2    |
| Internal Control   | 3       | 2    | 2    | 2    |
| IT                 | 5       | 6    | 6    | 6    |

| Department                            | Numbers    |            |            |            |
|---------------------------------------|------------|------------|------------|------------|
|                                       | 2009       | 2010       | 2011       | 2012       |
| Human Resources                       | 4          | 3          | 5          | 5          |
| Budgeting And Accounting & Finance    | 23         | 24         | 22         | 19         |
| Officer Administration                | 54         | 56         | 41         | 39         |
| Marketing                             | 25         | 30         | 28         | 31         |
| Printing Line                         | 13         | 17         | 18         | 29         |
| Event Organize Line                   | 6          | 7          | 6          | 5          |
| Services and Rental Of Equipment Line | 210        | 226        | 210        | 241        |
| TV. Commercial Line                   | 56         | 33         | 21         | 9          |
| TV . Program Line                     | 15         | 20         | 22         | 28         |
| <b>Total</b>                          | <b>434</b> | <b>443</b> | <b>395</b> | <b>427</b> |

The personnel expenses in the past three years are as follows:

| Forms of remuneration (Baht million) | 2009          | 2010          | 2011          | 2012          |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Salaries and bonuses                 | 123.27        | 92.25         | 100.16        | 95.53         |
| Other benefits                       | 66.79         | 87.22         | 74.17         | 87.35         |
| <b>Total</b>                         | <b>190.06</b> | <b>179.47</b> | <b>174.33</b> | <b>182.88</b> |

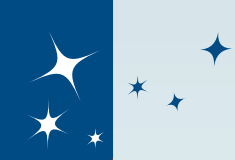
\* Other benefits include medical expenses, allowance for attending seminars, life insurance premiums and compensation as stated by laws

### Labor dispute

No labor dispute in the present time

### Policies on Human Resource Development

- Personnel Policies**  
 The Company has a policy to run the business. Its business should grow steadily and be driven by skillful and highly-experienced personnel. In addition, the Company makes sure that there is sufficient equipment and there are departments supporting the Company's operation. Such departments should facilitate the work of personnel in various areas. The Company also offers appropriate returns to all personnel at all levels and grants opportunities for the personnel to present their performances.
- Policies on salaries and benefits**  
 The Company has a policy to offer appropriate salary scales, according to employees' qualifications. The annual salary raise depends on the company's operational performance as well as an individual's performance. In terms of benefits, the Company offers non-life and life insurance premiums as well as OPD medical allowance.
- Policies on training, developing and work rotation**  
 The Company has a policy to develop its personnel. It regularly assigns the personnel to attend training in all areas, e.g., proper maintenance of equipment, internal and external training, commuter skills, and general trainings, such as training about taxing. In addition, the Company also has a policy to have its personnel rotate jobs appropriately.
- Policies on daily and permanent employment**  
 The Company's personnel are based on two forms: permanent employment and daily employment. The employment depends on the Company's short-term and long-term objectives.
- Policies on labor management to keep up with the new technologies**  
 The Company has plans to expand its business in the medium and long terms. Hence, its labor should be managed to support the advanced equipment. The Company, hence, has to be prepared for further recruitment to support its future expansion plans.



## Internal Control System

### Opinions of the Executive Committee concerning Internal Control System

According to the Board of Directors' meeting No. 2/2012 held on February 24, 2012 in the presence of all three members of the Audit Committee, the Board of Directors evaluated the Company's internal control system by inquiring the management as well as other concerned officers. Then, the Committee reports the evaluation results and completes a summary of the Company's internal control on five key areas, based on the guideline of The Committee of Sponsoring Organization of Treadway Commission (COSO). The five areas are: i) organizational environment, ii) risk management, iii) control of management's activities, iv) information and communication system, and v) the monitoring system. The Board of Directors opines that the Company has appropriate and sufficient internal control system. The details are as follows:

#### 1) Organizational environment

1. The Company has a clear organization chart and clearly defines chains of command as well as clear roles and responsibilities of each department. The Company has clear and measurable business goals as guideline for doing business. Annual business plans as well as budget plans are completed and sent for the management's review. The Company's expenses are regularly reviewed and controlled to make sure that they are under budget.
2. The Company announces the Code of Conduct in a written form. This Code of Conduct covered business principles as well as operational instructions. This Code of Conduct was designed for Management, Directors and all employees to perform their duties with responsibilities and treat all stakeholders in transparency.

#### 2) Risk Management

The Company emphasizes the importance of risk management. In setting strategies and determining business operation guideline, the Management takes into account both internal and external risks. To ensure that the Company meets its goal, with a acceptable risk level, the Company sets the principles for risk management at two levels:

1. The policy level: The Company requires that all departments manage risks concerned with the work in their departments and report the risk management information to the Management who is responsible for managing and controlling risks at acceptable levels. The risk management report shall be reported to the Company's Executive Committee and the Board of Committee for acknowledgement or review in order to adjust the management policies, according to the changing environment.
2. The operation level: Each department has policies to evaluate risks that may cause the Company's business plans not to meet the goals. In addition, each department also sets the guideline to reduce risks and comes up with management process when things do not go as expected, e.g., risks concerning the inability to find sufficient sponsors as specified by laws, and risks concerning insufficient equipment.

#### 3) Control of management's activities

To ensure that the guidelines laid down by the Management are fully responded and practiced by everyone in the Company, the Board of Directors declares the following policies to control management's activities

1. Authorities and budget approval limit of the management in each level are clearly defined in writing. The Company set budget approval limit and responsibilities of each member of management. The Accounting Department is in charge of review and completion of documents based on the Company's rule.
2. The Company's internal control system is done according to the chain of command, led by the Executive Committee, then managing directors and department heads and employees at the operational level.
3. In case the Company engages in a transaction with major shareholders, directors, Management or related parties to such persons, measures were well defined for determining authorities and responsibilities of the Executive Committee. The Audit Committee will also give opinions on these types of transactions. Approval of such transaction shall be done in absence of those who have conflicts of interest in order to maintain the highest benefits for the Company. Such types of transactions shall be treated in the same way as the transactions done with external parties. In general, the Audit Committee shall provide opinions about the necessity and suitability of those particular transactions. In case the

Audit Committee does not have expertise in considering those connected transactions, the Company will seek opinions from an independent expert or the Company's auditor. Then, these opinions shall be taken into account for the decision making process of the Board of Directors or the shareholders take, whichever the case may be

#### **4) Information and Communication System**

The Company provides the information and communication system for working procedure, reports of the Company's financial statements and operating performance. In addition, the information and communication system is also designed to make sure that the company's policies and regulations concerning the control over activities within the organization are followed. The information and communication system is also used as a channel to convey all outside information to Management and users within the organizations. The information and communication system is so effective that those who receive the information could follow the given instructions effectively. This proved that the communication both inside and outside the organization so effective that the Company is able to reach its objectives.

The Board of Directors has a policy to provide accurate information for shareholders, investors and relevant parties and also to enhance efficiency of the Company's internal control system. In proposing the agenda for Board of Directors' consideration, the Company always provides sufficient information to assist them in decision making, e.g. details of the meeting agenda, rationales, impacts on the Company and possible options. The members of Board of Directors receive the invitation letters, including necessary and sufficient information for consideration, at least seven days prior to the meeting. Moreover, the minutes of each Board of Directors' meeting are recorded with proper details, e.g. queries, opinions or observation of each director for each agenda as well as contrast opinions and reasons, so that the shareholders can determine whether the Board of Directors appropriately performed their duties in the meeting.

Furthermore, the Company maintains a complete set of the accounting data and related documents by category and regularly monitor whether the accounting policies are in compliance with the general accepted accounting standard and suitable for business operations of the Company. The accounting policies selected by the Company must not present inaccurate operating results. The employees in the operating level shall report the progress to supervisors on a regular basis in order to make sure that the operating results come in line with expectation. In case there are some mistakes, all concerned people should be able to promptly solve the problems. In addition, any measures in regard to the internal control should be distributed to all concerned employees.

#### **5) The monitoring system**

The Company arranges monthly meetings to monitor performances and earnings of the companies under the same umbrella. Following the meetings, all Directors are aware of the progress of each company so that they could adjust some strategies to match the changing situation. Budgeting is completed while meetings at related departments are arranged to present the Company's goals. In addition, the Company's earnings performance was reviewed on a monthly basis. The Company also adjusts its business strategies to be in line with the current situation under the supervision of the Company's directors in a quarterly basis.

Moreover, to ensure the efficiency and effectiveness of business operations, the Company establishes the internal audit department to review the working procedures and make sure that they are in line with the company's internal control system. Should there be some matters that need improvement, the internal audit department will report to the Management.

The Board of Directors has monitored the management's performance to ensure that the business targets are carried out. In case some significant errors are inspected, the management shall directly report to the Board of Directors/the Audit Committee in order to seek a resolution to rectify the situation in a timely manner. The progress of such rectification shall be informed to the Board of Directors/the Audit Committee. Furthermore, the Company's performance shall be closely monitored and adjusted regularly in accordance with current situation.



## Connected Transactions

The details of connected transactions during 2011 and 2012 are as follows:

| Connected Persons/<br>Entities Type of business Relationship  | Transactions  | Transaction Value<br>(Baht Million) |       | Necessity/Justification   |
|---|---|-------------------------------------|-------|---|
|   |   | 2011                                | 2012  |   |
| Bangkok Broadcasting & TV. Co., Ltd. ("BBTV")   | <u>Produce TV programs (OEM)</u><br>Produce TV program called<br>"Ta Lab Lang Ta Lad" on Channel 7                      |                                     |       | The Company produces the TV program for BBTV, which is a normal business. The service charge is calculated from cost plus profit. Payment conditions are set according to normal business practices.  |
| <u>Type of Business</u><br>Manage Channel 7   | - Service Revenue   | 6.13                                | 23.55 |   |
|   | - Account Receivable  | -                                   | 1.59  |   |
| <u>Relationship with the Company</u>  |   |                                     |       | <u>Opinions of the Audit Committee</u><br>The service is offered in accordance with the Company's normal business. The service charge is calculated from cost plus profit. Payment conditions are according to normal business practices. Hence, the transaction is necessary and justified.  |
| - Being the indirect major shareholder<br>(holding 30 percent of shares in BBTV Production, which is the Company's major shareholder) |   |                                     |       |   |
| - Director of BBTV is<br>Mr. Pattanapong Nuphan,<br>Assistant Managing Director of the Company.                                       |   |                                     |       |   |
|   | <u>Event Organizing</u><br>ME (subsidiary) organizes events for BBTV, such as Miss Thailand Universe 2011 and LPGA 2012 |                                     |       | ME organizes events for BBTV, which is the Company's normal business. The service charge is calculated from cost plus profit, similar to the rate charged to third parties and the rate is normal for this business.  |
|   | - Service Revenue   | 4.70                                | 0.88  |   |
|   |   |                                     |       | <u>Opinions of the Audit Committee</u><br>The service is offered in accordance with the Company's normal business. The service charge is calculated from cost plus profit and the rate is similar to the rate charged to third parties. Payment conditions are set according to normal business practices. Hence, the transaction is necessary and justified. |

| Connected Persons/<br>Entities Type of business Relationship | Transactions  | Transaction Value<br>(Baht Million) |      | Necessity/Justification  |
|--|---|-------------------------------------|------|--|
|  |   | 2011                                | 2012 |  |
|  | <b><u>Produce TV commercials</u></b><br>The Company produces one TV commercial for BBTv                         | 0.50                                | -    | The Company produces one TV commercial for BBTv, which is the Company's normal business. The service charge is calculated from cost plus profit, similar to the rate charged to third parties. Payment conditions are set according to normal business practices.  |
|  | - Service Revenue   |                                     |      | <u>Opinions of the Audit Committee</u><br>The service is offered in accordance with the Company's normal business. The service charge is calculated from cost plus profit and the rate is similar to the rate charged to third parties. Payment conditions are set according to normal business practices Hence, the transaction is necessary and justified. |
|  | <b><u>Subleasing the airtime</u></b><br>The Company subleases the airtime from BBTv to broadcast its TV program |                                     |      | The Company subleases the airtime from BBTv to broadcast its TV program on Channel 7. The cost is based on the period of the airtime and the agreement, which is the same as the agreement made to third parties. The transaction is done in according to the Company's normal trades.   |
|  | "Kob Dek...Sang Ban" on Channel 7.<br>- Service Cost  | 8.15                                | 8.74 | <u>Opinions of the Audit Committee</u><br>The service is offered in accordance with the Company's normal business. The service rate and payment conditions are set according to normal business practices Hence, the transaction is necessary and justified.   |



| Connected Persons/<br>Entities Type of business Relationship   | Transactions  | Transaction Value<br>(Baht Million) |           | Necessity/Justification   |
|--|---|-------------------------------------|-----------|---|
|  |   | 2011                                | 2012      |   |
| <b>BBTV Asset Management Co. Ltd. ("BBTVAM")</b>   | <b><u>Subleasing the airtime</u></b>  |                                     |           |   |
| <u>Type of Business</u><br>Advertising business  | The Company subleases the airtime from BBTVAM to broadcast its "Plod Nee" and "Plod Nee on Public Holidays" on Channel 7.   |                                     |           | The Company subleases the airtime to broadcast its TV programs on Channel 7. The airtime cost is based on the period of the airtime and the agreement, which is the same as the agreement made to third parties. The transaction is done in accordance to the Company's normal trades.                        |
| <u>Relationship with the Company</u><br>Being the indirect major shareholder of the Company (holding 25 percent of shares in BBTV Production, which is the Company's major shareholder)  | - Service Cost  | 17.58                               | 18.80     | <u>Opinions of the Audit Committee</u><br>The service is offered in accordance with the Company's normal business. The service rate and payment conditions are set according to normal business practices. Hence, the transaction is necessary and justified.   |
| <b>BBTV News Media Co., Ltd. ("BBTVNM")</b>  | <b><u>Co-produce a TV program</u></b>   |                                     |           |   |
| <u>Type of Business</u><br>Supply information  | BM (a subsidiary) and BBTVNM coproduce "Doublecheese" Street Fashion Magazine on TV on Channel 7. The program is produced by BM, while BBTVNM sells the advertising time slots. The contrast lasted one year, ending in April 2012. |                                     |           | BM (a subsidiary) co-produces BBTVNM, which is the business supporting its core business (the printing business). The existing contents are adjusted in order to increase revenue and share benefits in the proportion of 50:50. The payment conditions are set in accordance with normal business practices. |
| <u>Relationship with the Company</u><br>- The Company's directors, Mr. Pattanapong Nuphan and Mr. Chakrapun Leelamasavat are also director of BBTVNM<br>- BBTV, which is the indirect major shareholder of the Company, indirectly holds all shares of BBTVNM. | - Service Revenue<br>- Account Receivable   | 3.32<br>0.86                        | 0.08<br>- | <u>Opinions of the Audit Committee</u><br>The service supports BM's normal business and the service charge is calculated from the cost plus profit. The payment conditions are set in accordance with normal business practices. Hence, the transaction is necessary and justified.                           |

| Connected Persons/<br>Entities Type of business Relationship | Transactions  | Transaction Value<br>(Baht Million) |                                      | Necessity/Justification   |
|--|---|-------------------------------------|--------------------------------------|---|
|  |   | 2011                                | 2012                                 |   |
|  | <b><u>Advertising Fee</u></b><br>BM (a subsidiary) put the advertisement during “Doublecheese” Street Fashion on TV to promote its books in May 2011.<br>- Sale expenditure   | 0.06                                | -                                    | BM (a subsidiary) puts the advertisement during “Doublecheese” Street Fashion on TV to promote its books as the program directly reaches the Company’s targeted clients. The service charge and payment conditions are set in accordance with normal business practices and the rate is similar to the rate charged for third parties. Hence, the transaction is necessary and justified.<br><br><u>Opinions of the Audit Committee</u><br>The advertisement is aimed to promote BM’s business . The service charge and payment conditions are set in accordance with normal business practices. Hence, the transaction is necessary and justified. |
|  | <b><u>Program Development Fee</u></b><br>BM (a subsidiary) asked BBTVM to develop and maintain BM’s websites for Cheese Plaza, Cheese Mag and Looker Mag and to develop an Application for IPAD<br>- Service Cost<br>- Advance Expenses<br>- Computer System<br>- Account Payable<br>- Accrued Expenses | -<br>-<br>-<br>-<br>-               | 1.00<br>0.05<br>0.68<br>0.32<br>0.27 | BBTVM developed and maintained the Company’s websites, with the service fee and payment conditions being based on normal business practices and compared to the fee charged to third parties. Hence, the transaction was necessary and justified.<br><br><u>Opinions of Audit Committee</u><br>Website development is a way to access the direct targeted clients. The service fee and payment conditions are based on normal business practices. Thus, the transaction was necessary and justified.  |



| Connected Persons/<br>Entities Type of business Relationship   | Transactions   | Transaction Value<br>(Baht Million) |           | Necessity/Justification   |
|--|--|-------------------------------------|-----------|---|
|  |  | 2011                                | 2012      |   |
| <p><b>Media Studio Co., Ltd. ("MEDIA")</b></p> <p><u>Type of Business</u><br/>Producing TV programs and sell advertising time slots</p> <p><u>Relationship with the Company</u><br/>BBTV, which is the Company's indirect major shareholder, is the indirect major shareholder of MEDIA.</p> | <p><u>Renting out equipment for TV series production</u><br/>GH (a subsidiary) temporarily rented out equipment for TV series production to MEDIA.</p> <ul style="list-style-type: none"> <li>- Service Revenue</li> </ul>           | 0.01                                | -         | <p>GH rented out its equipment to MEDIA, which was the Company's normal business. The service fee was the same rate as the fee charged to third parties and the payment conditions were set in accordance with normal business practices.</p> <p><u>Opinions of Audit Committee</u><br/>The service was the Company's normal business. The service fee was the same rate as the fee charged to third parties and the payment conditions were set in accordance with normal business practices. Hence, the transaction was necessary and justified.</p>  |
| <p><b>Grand Fortune Co., Ltd. ("GRAND")</b></p> <p><u>Type of Business</u><br/>Property Development Business</p> <p><u>Relationship with the Company</u><br/>BBTV, which is the Company's indirect major shareholder, is the indirect major shareholder of GRAND.</p>                        | <p><u>Producing TV commercials</u><br/>The Company and MSP (a subsidiary) produced TV commercials (on an OEM basis) for GRAND.</p> <ul style="list-style-type: none"> <li>- Service Revenue</li> <li>- Account Receivable</li> </ul> | 6.59<br>1.16                        | 1.47<br>- | <p>The Company and MSP produced TV commercials on an OEM basis for GRAND, which was the company's normal business. The service fee was calculated from cost plus profit, similar to the rate charged to third parties, and the payment conditions were set in accordance with normal business practices.</p> <p><u>Opinions of Audit Committee</u><br/>The service was the Company's normal business. The service fee was calculated from cost plus profit, similar to the rate charged to third parties, and the payment conditions were set in accordance with normal business practices. Hence, the transaction was necessary and justified.</p> |



| Connected Persons/<br>Entities Type of business Relationship   | Transactions   | Transaction Value<br>(Baht Million) |      | Necessity/Justification   |
|--|--|-------------------------------------|------|---|
|  |  | 2011                                | 2012 |   |
| <p><b>HR professional Consulting and Service Co., Ltd. ("HRP")</b></p> <p><u>Type of Business</u><br/>Providing human resource-related services</p> <p><u>Relationship with the Company</u><br/>The Company's director, Mr. Somrit Srithongdee, is a director of HRP</p>   | <p><u>Service cost for security officers</u><br/>The Company received the service from HRP rate seen from normal business practices. Thus, who supplied security officers for the Company.</p> <ul style="list-style-type: none"> <li>- Administration Expenses</li> <li>- Service cost for security officers</li> </ul> | -                                   | -    | <p>HRP supplied security officers for the Company, with the service fee and payment conditions being set based on the market the transaction was necessary and justified.</p> <p><u>Opinions of Audit Committee</u><br/>The Company hired outsourced security officers from HRP, instead of recruiting the security officers by itself. This made the internal management easier for the Company. The payment conditions were set based on normal business practices. Hence, the transaction was necessary and justified.</p>   |
|  |  |                                     | 1.61 |   |
|  |  |                                     | 0.16 |   |
|  |  |                                     |      |   |
| <p><b>Mr. Somchai Cheewasutthanon</b></p> <p><u>Relationship with the Company</u><br/>Being the Company's Director and Chairman Executive Committee :<br/>Note that Mr. Somchai Cheewasutthanon has resigned from the positions of Director and Chairman Executive Committee since 24 February 2012. Currently he does not hold any position in the Company.</p> | <p><u>Leasing land and building</u><br/>The Company leases the land and building No. 305/5 Soi Sukhothai 6, Sukhothai Rd, Dusit, Bangkok to use as the head office. The renewable lease contract lasts three years.</p> <ul style="list-style-type: none"> <li>- Administration expenses</li> </ul>                      | 1.02                                | 0.86 | <p>The Company leased the property from Mr. Somchai Cheewasutthanon to use as its head office. The rental rate was appropriate when compared to the rental rates for nearby properties. Payment conditions were set in accordance with the normal business practices, similar to the conditions set for third parties. Hence, the transaction was necessary and justified</p> <p><u>Opinions of Audit Committee</u><br/>The transaction supported the Company's operation. The rental rate and the payment conditions were set in accordance with normal business practices. Hence, the transaction was necessary and justified</p> |
|  |  |                                     |      |   |
|  |  |                                     |      |   |
|  |  |                                     |      |   |



| Connected Persons/<br>Entities Type of business Relationship   | Transactions  | Transaction Value<br>(Baht Million) |      | Necessity/Justification   |
|--|---|-------------------------------------|------|---|
|  |   | 2011                                | 2012 |   |
| <b>Mr. Somboon Cheewasutthanon</b><br><br><u>Relationship with the Company</u><br>Managing Director    | <u>Leasing the building</u><br>MSP (a subsidiary) leased the building No. 293/4 Soi Sukhothai 6, Sukhothai Rd, Dusit, Bangkok, to use as MPS's warehouse. The lease contract ended in 2011 as it was no longer necessary to use the place.<br>- Administration Expenses | 0.05                                | -    | MSP leased the building from Mr. Somboon Cheewasutthanon to use as its warehouse. The payment conditions were set in accordance with normal business practices. Hence, the transaction was necessary and justified.<br><br><u>Opinions of Audit Committee</u><br>The transaction supported the Company's operation. The rental rate was appropriate and the payment conditions were set in accordance with normal business practices. Hence, the transaction was necessary and justified.   |
| <b>Mrs. Siripen Sasinmanop</b><br><br><u>Relationship with the Company</u><br>Executive Vice President | <u>Leasing a building</u><br>GH ( a subsidiary) leased a 3 <sup>rd</sup> floor town house No. 173/13-14 Soi Paholyothin 44, to use as its head office. 173/13-14. The extendable lease contract lasts two years.<br>- Rental fee  | 0.69                                | 0.71 | GH leased the property from Mrs. Siripen Sasinmanop to use as its head office. The rental rate was appropriate when compared to the rental rates for nearby properties. Payment conditions were set in accordance with the normal business practices, similar to the conditions set for third parties. Hence, the transaction was necessary and justified.<br><br><u>Opinions of Audit Committee</u><br>The transaction supported the Company's operation. The rental rate and the payment conditions were similar to what made with third parties. Hence, the transaction was necessary and justified. |

| Connected Persons/<br>Entities Type of business Relationship | Transactions  | Transaction Value<br>(Baht Million) |      | Necessity/Justification   |
|--|---|-------------------------------------|------|---|
|  |   | 2011                                | 2012 |   |
|  | <u>Leasing land</u><br>GH (a subsidiary) leased the 405 square wah land, deed title No. 39485 and 39488 to use as a car park and an equipment warehouse. The leased contract lasted two years.<br>- Land rental fee | 0.38                                | 0.39 | GH leased the land from Mrs. Siripen Sasinmanop to use as a car park and an equipment warehouse. The rental rate was appropriate when compared to the rental rates for nearby properties. Payment conditions were set in accordance with the normal business practices, similar to the conditions set for third parties. Hence, the transaction was necessary and justified.<br><br><u>Opinions of Audit Committee</u><br>The transaction supported the Company's operation. The rental rate and the payment conditions were similar to what made with third parties. Hence, the transaction was necessary and justified. |



### 1. **Necessity and justification of connected transactions**

The Audit Committee reviewed the connected transactions done in 2011 and 2012. The Committee opined that the connected transactions were necessary, justified and they favorably supported the Company.

### 2. **Measure or Procedures to Approve the Connected Transactions**

The connected transactions were done based on the reasons and necessities where the benefits of the company were taken into account. The values of transactions arising from the transactions were fair and in compliance with a general trading agreement and the regulations of the Stock Exchange of Thailand or the Securities and Exchange Commission of Thailand. In case there was a connected transaction between the Company or its subsidiaries and persons who have or may have a potential conflict of interest (when the Management sees that the connected transaction is necessary but it is beyond the scope of responsibilities of the Management), Audit Committee was responsible for providing opinions on necessity and appropriateness of such transaction. If the Audit Committee has no expertise in considering potential connected transactions that may arise, the Company will seek opinions from independent experts or the Company's auditor. Such independent opinions will be used as part of a decision making process of the Board of Directors and/or shareholders, whichever the case may be.

Moreover, the Company's Board of Directors approve in principle of the trading agreements that include general trading conditions for connected transactions between the Company and its subsidiaries and the Management and involved individuals. The management can approve the connected transactions between the Company and its subsidiaries and/or the Management or involved individuals (for both existing and potential transactions), without an approval from the Company's Board of Director Meeting or the Shareholders' Meeting. The connected transactions, which are in forms of trade agreements similar to what responsible men agree with general trade partners in similar situations and without power as the Management, directors or involved individuals, must be reported to the Audit Committee and the Company's Board of Directors at least once a year.

The Company discloses connected transactions, in accordance with the regulations of the Stock Exchange of Thailand. Such connected transactions are first reviewed by the Audit Committee prior to the disclosure. In addition, the Company also discloses the connected transactions in the note to the financial statement which is reviewed by the Company's Authorized Auditor.

### 3. **Future Policy or Trend of Connected Transactions**

The Company has policies to carry out connected transactions between the Company and its subsidiaries as normal business transactions supporting the Company's business. All conditions are set in accordance with normal trading transactions and can be comparable with what agreed with outsiders. The Audit Committee or the Company's auditor or independent experts examine and provide their opinions in regard to the appropriateness of pricing and the justification of the connected transactions. For any potential connected transactions, the Board of Directors have to comply with the rules and regulations imposed by the Stock Exchange of Thailand, as well as guidelines on information disclosure regarding the connected transactions and the acquisition or disposition of substantial assets of the Company or its subsidiaries and the accounting standards of Accountants Association and Thailand's Certified Accountants Association.

## Summary of Financial Status and Operating Performance

### Summary of the consolidated financial statement during 2010 - 2012

| Financial Status   | Audited Statement |               |                  |               |                  |               |
|--|-------------------|---------------|------------------|---------------|------------------|---------------|
|  | 31 December 2010  |               | 31 December 2011 |               | 31 December 2012 |               |
|  | million           | %             | million          | %             | million          | %             |
| <b>Assets</b>  |                   |               |                  |               |                  |               |
| Cash and cash equivalents  | 145.32            | 23.12         | 72.08            | 12.83         | 137.73           | 23.71         |
| Saving accounts using for guarantee  | 3.12              | 0.50          | 0.64             | 0.11          | -                | -             |
| Short-term investment  | 2.05              | 0.33          | 32.52            | 5.79          | 1.00             | 0.17          |
| Trade and other receivables <sup>/1</sup>  | 198.93            | 31.65         | 175.38           | 31.21         | 141.25           | 24.32         |
| Inventories and work in production-net   | 5.67              | 0.90          | 4.55             | 0.81          | 9.22             | 1.59          |
| VAT receivable   | 0.56              | 0.09          | 1.09             | 0.19          | 0.81             | 0.14          |
| Withholding tax deducted at sources <sup>/1</sup>                                | 18.53             | 2.95          | 19.75            | 3.51          | 11.75            | 2.02          |
| Other current assets   | 6.08              | 0.97          | 2.01             | 0.36          | 1.34             | 0.23          |
| <b>Total current assets</b>  | <b>380.26</b>     | <b>60.50</b>  | <b>308.03</b>    | <b>54.81</b>  | <b>303.10</b>    | <b>52.18</b>  |
| Restricted cash  | 0.87              | 0.14          | 2.82             | 0.50          | 2.60             | 0.45          |
| Property investment  | 10.25             | 1.63          | 10.25            | 1.82          | 10.25            | 1.76          |
| Assets for rent, net   | 131.76            | 20.96         | 140.47           | 24.99         | 173.05           | 29.79         |
| Building and equipment - net <sup>/1</sup>                                       | 101.03            | 16.07         | 96.34            | 17.14         | 87.94            | 15.14         |
| Intangible assets-net  | 2.25              | 0.36          | 1.93             | 0.34          | 2.13             | 0.37          |
| Other non-current assets   | 2.12              | 0.34          | 2.18             | 0.39          | 1.83             | 0.31          |
| <b>Total non-current assets</b>  | <b>248.28</b>     | <b>39.50</b>  | <b>253.99</b>    | <b>45.19</b>  | <b>277.79</b>    | <b>47.82</b>  |
| <b>Total assets</b>  | <b>628.55</b>     | <b>100.00</b> | <b>562.02</b>    | <b>100.00</b> | <b>580.89</b>    | <b>100.00</b> |
| <b>Liabilities</b>   |                   |               |                  |               |                  |               |
| Overdrafts and short-term loans from financial institutions                      | 0.92              | 0.15          | 0.36             | 0.06          | -                | -             |
| Trade accounts and notes payable   | 112.42            | 17.89         | 90.61            | 16.12         | 63.13            | 10.87         |
| Current portion of long-term borrowing from financial institutions <sup>/1</sup> | 16.07             | 2.56          | 5.00             | 0.89          | 5.00             | 0.86          |
| Current portion of liability under finance lease <sup>/1</sup>                   | 0.66              | 0.11          | 0.48             | 0.09          | 0.51             | 0.09          |
| Accrued income tax   | 3.93              | 0.63          | 2.00             | 0.36          | 4.08             | 0.70          |
| Other current liabilities  | 17.15             | 2.73          | 12.71            | 2.26          | 12.06            | 2.08          |
| <b>Total current liabilities</b>   | <b>151.16</b>     | <b>24.05</b>  | <b>111.16</b>    | <b>19.78</b>  | <b>84.78</b>     | <b>14.60</b>  |
| Long-term loans from financial institutions-net                                  | 26.85             | 4.27          | 5.40             | 0.96          | 0.40             | 0.07          |
| Liabilities under financial lease contracts-net                                  | 1.45              | 0.23          | 0.97             | 0.17          | 0.45             | 0.08          |
| Employee benefit obligations   | -                 | -             | 13.08            | 2.33          | 13.02            | 2.24          |
| Other non-current liabilities  | 0.23              | 0.04          | 0.23             | 0.04          | -                | 0.00          |
| <b>Total non-current liabilities</b>   | <b>28.52</b>      | <b>4.54</b>   | <b>19.68</b>     | <b>3.50</b>   | <b>13.88</b>     | <b>2.39</b>   |
| <b>Total liabilities</b>   | <b>179.68</b>     | <b>28.59</b>  | <b>130.84</b>    | <b>23.28</b>  | <b>98.66</b>     | <b>16.98</b>  |
| <b>Shareholders' equity</b>  |                   |               |                  |               |                  |               |
| Registered capital   | 324.00            |               | 324.00           |               | 535.00           |               |
| Paid-up share capital  | 259.14            | 41.23         | 259.14           | 46.11         | 259.14           | 44.61         |
| Premium on ordinary shares   | 141.52            | 22.51         | 141.52           | 25.18         | 141.52           | 24.36         |
| Retained earnings  |                   |               |                  |               |                  |               |
| - Appropriated - legal reserve   | 2.48              | 0.39          | 2.75             | 0.49          | 4.34             | 0.75          |
| - Unappropriated   | 43.74             | 6.96          | 27.66            | 4.92          | 77.16            | 13.28         |
| <b>Total shareholders' equity</b>  | <b>446.88</b>     | <b>71.10</b>  | <b>431.07</b>    | <b>76.70</b>  | <b>482.16</b>    | <b>83.00</b>  |
| Minor shareholders' equity   | 1.99              | 0.32          | 0.11             | 0.02          | 0.07             | 0.01          |
| <b>Total shareholders' equity</b>  | <b>448.86</b>     | <b>71.41</b>  | <b>431.18</b>    | <b>76.72</b>  | <b>482.23</b>    | <b>83.02</b>  |
| <b>Total liabilities and shareholders' equity</b>                                | <b>628.55</b>     | <b>100.00</b> | <b>562.02</b>    | <b>100.00</b> | <b>580.89</b>    | <b>100.00</b> |

Note : <sup>/1</sup> Reclassification for comparison



## Statement of Comprehensive Income

|  | Audited Statement |               |               |               |               |               |
|--|-------------------|---------------|---------------|---------------|---------------|---------------|
|  | 2010              |               | 2011          |               | 2012          |               |
|  | million           | %             | million       | %             | million       | %             |
| <b>Revenue</b>   |                   |               |               |               |               |               |
| Revenues from service  | 601.86            | 90.62         | 525.39        | 87.38         | 516.81        | 83.79         |
| Revenues from sale of goods  | 56.69             | 8.54          | 70.49         | 11.72         | 87.75         | 14.23         |
| Other income   | 5.60              | 0.84          | 5.42          | 0.90          | 12.26         | 1.99          |
| <b>Total revenues</b>  | <b>664.15</b>     | <b>100.00</b> | <b>601.30</b> | <b>100.00</b> | <b>616.82</b> | <b>100.00</b> |
| <b>Expense</b>   |                   |               |               |               |               |               |
| Cost of services   | 400.43            | 60.29         | 351.23        | 58.41         | 306.69        | 49.72         |
| Cost of sales  | 37.87             | 5.70          | 47.97         | 7.98          | 61.20         | 9.92          |
| Selling and administrative expenses                                    | 172.25            | 25.94         | 176.91        | 29.42         | 169.11        | 27.42         |
| Doubtful debts-trade account receivables                               | 6.75              | 1.02          | -             | -             | -             | -             |
| <b>Total expenses</b>  | <b>617.30</b>     | <b>92.95</b>  | <b>576.11</b> | <b>95.81</b>  | <b>537.00</b> | <b>87.06</b>  |
| <b>Profit (Loss) before financial cost and income tax</b>              | <b>46.85</b>      | <b>7.05</b>   | <b>25.19</b>  | <b>4.19</b>   | <b>79.82</b>  | <b>12.94</b>  |
| Financial cost   | 3.98              | 0.60          | 2.07          | 0.34          | 0.64          | 0.10          |
| Income tax expenses  | 14.86             | 2.24          | 10.09         | 1.68          | 17.76         | 2.88          |
| <b>Net Profit (Loss)</b>   | <b>28.01</b>      | <b>4.22</b>   | <b>13.03</b>  | <b>2.17</b>   | <b>61.42</b>  | <b>9.96</b>   |
| Other comprehensive profit (loss)                                      | -                 | -             | -             | -             | -             | -             |
| <b>Total comprehensive profit (loss) for the year</b>                  | <b>28.01</b>      | <b>4.22</b>   | <b>13.03</b>  | <b>2.17</b>   | <b>61.42</b>  | <b>9.96</b>   |
| <b>Basic earnings per share</b>  |                   |               |               |               |               |               |
| Earnings per share (Baht)  | 0.13              |               | 0.05          |               | 0.24          |               |
| Weighted average number of shares (Share Million)                      | 223.38            |               | 259.14        |               | 259.14        |               |
| <b>Diluted earnings per share</b>                                      |                   |               |               |               |               |               |
| Diluted earnings per share (Baht)                                      | 0.11              |               | 0.05          |               | 0.22          |               |
| Weighted average number of shares for diluted earnings (Share Million) | 253.13            |               | 277.42        |               | 279.54        |               |
| Par value (Baht)   | 1.00              |               | 1.00          |               | 1.00          |               |

## Statement of Cash Flows

|  | Audited Statement |   |              |   |               |   |
|--|-------------------|---|--------------|---|---------------|---|
|  | 2010              |   | 2011         |   | 2012          |   |
|  | million           | % | million      | % | million       | % |
| <b>Operating Cash Flows</b>                                  |                   |   |              |   |               |   |
| Profit before income tax expense /1                          | 42.87             |   | 23.12        |   | 79.17         |   |
| Adjusted items   |                   |   |              |   |               |   |
| Bad debt and doubtful debts                                  | 6.75              |   | 4.47         |   | 0.13          |   |
| Reversal of allowance for doubtful accounts                  | -                 |   | -            |   | (3.72)        |   |
| Depreciation and amortization charge                         | 46.74             |   | 40.77        |   | 42.14         |   |
| Provision for returned goods (reversal)                      | 0.15              |   | 0.96         |   | 0.81          |   |
| Loss from inventory obsolescences                            | -                 |   | 0.82         |   | -             |   |
| Loss from write-off of withholding tax                       | 2.59              |   | 1.08         |   | 1.55          |   |
| Provision for withholding tax deducted at sources (reversal) | (0.38)            |   | 1.08         |   | (2.39)        |   |
| Write-off of other expenses                                  | 0.33              |   | -            |   | -             |   |
| Loss (gain) from disposal of equipment                       | 0.16              |   | (1.11)       |   | (0.45)        |   |
| Employee benefits obligations                                | -                 |   | 1.56         |   | 1.57          |   |
| Actuarial gains  | -                 |   | -            |   | (1.63)        |   |
| Interest income  | (0.23)            |   | (1.09)       |   | (1.93)        |   |
| Financial cost   | 3.98              |   | 2.07         |   | 0.64          |   |
| <b>Cash from operation before changes in working capital</b> | <b>102.98</b>     |   | <b>73.73</b> |   | <b>115.90</b> |   |



| Statement of Cash Flows   | Audited Statement |   |                |   |                |   |
|---|-------------------|---|----------------|---|----------------|---|
|   | 2010              |   | 2011           |   | 2012           |   |
|   | million           | % | million        | % | million        | % |
| <b>Operating Cash Flows (con.)</b>                                      |                   |   |                |   |                |   |
| Trade account receivables and other receivables                         | (2.89)            |   | 18.16          |   | 36.81          |   |
| Inventories and productions in progress                                 | (1.07)            |   | 0.30           |   | (4.67)         |   |
| Employee loans  | (0.13)            |   | -              |   | -              |   |
| VAT receivable  | -                 |   | (0.52)         |   | 0.28           |   |
| Other current assets  | 1.31              |   | 4.06           |   | 0.68           |   |
| Restricted cash   | -                 |   | 0.54           |   | 0.86           |   |
| Other non-current assets  | (0.04)            |   | (0.06)         |   | 0.36           |   |
| Other trade account payables and other payables                         | (1.30)            |   | (22.08)        |   | (41.36)        |   |
| Accrued expenses  | 8.94              |   | -              |   | -              |   |
| Employee benefit obligations  | -                 |   | (0.25)         |   | -              |   |
| Other current liabilities   | 7.05              |   | (4.44)         |   | (0.65)         |   |
| Other non-current liabilities   | -                 |   | -              |   | (0.23)         |   |
| <b>Operating cash flows</b>   | <b>114.86</b>     |   | <b>69.44</b>   |   | <b>107.98</b>  |   |
| Interest income   | 0.18              |   | 0.81           |   | 1.07           |   |
| Interest expense  | -                 |   | (2.18)         |   | (0.67)         |   |
| Withholding income tax refunded   | 23.68             |   | 7.61           |   | 10.72          |   |
| Corporate income tax  | (26.51)           |   | (23.01)        |   | (17.56)        |   |
| <b>Net cash flows provided by (used in) operating activities</b>        | <b>112.21</b>     |   | <b>52.67</b>   |   | <b>101.54</b>  |   |
| <b>Cash flows from investing activities</b>                             |                   |   |                |   |                |   |
| Saving deposits used for additional guarantee                           | (1.88)            |   | -              |   | -              |   |
| Cash paid for short - term investment                                   | (0.02)            |   | (30.48)        |   | -              |   |
| Cash received from short term investment                                | -                 |   | -              |   | 31.52          |   |
| Cash paid for leasehold right   | (2.93)            |   | -              |   | -              |   |
| Cash paid for purchase of assets for rent                               | -                 |   | (36.21)        |   | (51.29)        |   |
| Cash paid for purchase of equipment                                     | (23.72)           |   | (7.93)         |   | (4.73)         |   |
| Cash received disposal of assets for rent                               | -                 |   | 1.01           |   | 3.02           |   |
| Cash received from disposal of assets from rent                         | 1.31              |   | 0.46           |   | 1.77           |   |
| Cash paid for purchase of intangible assets                             | -                 |   | (0.32)         |   | (0.94)         |   |
| Interest income from temporary investment                               | 0.04              |   | 0.24           |   | 0.96           |   |
| <b>Net cash provided by (used in) investing activities</b>              | <b>(27.20)</b>    |   | <b>(73.23)</b> |   | <b>(19.68)</b> |   |
| <b>Cash flows from financing activities</b>                             |                   |   |                |   |                |   |
| Declines in overdrafts and short-term loans from financial institutions | (12.59)           |   | (0.56)         |   | (0.36)         |   |
| Cash used for repayment of long-term debts to financial institutions    | (29.04)           |   | (32.52)        |   | (5.00)         |   |
| Cash used for repayment of debts under financial lease contracts        | (0.83)            |   | (0.66)         |   | (0.48)         |   |
| Cash proceeds from capital increase                                     | 66.13             |   | -              |   | -              |   |
| Cash paid for interest expense  | (4.05)            |   | -              |   | -              |   |
| Cash paid for dividend payment  | -                 |   | (18.94)        |   | (10.37)        |   |
| <b>Net cash used in financing activities</b>                            | <b>19.63</b>      |   | <b>(52.69)</b> |   | <b>(16.21)</b> |   |
| <b>Net cash and cash equivalent increased (decreased)</b>               | <b>104.64</b>     |   | <b>(73.24)</b> |   | <b>65.64</b>   |   |
| Cash and cash equivalent at the beginning of the year                   | 40.68             |   | 145.32         |   | 72.08          |   |
| <b>Cash and cash equivalent at the ending of the year</b>               | <b>145.32</b>     |   | <b>72.08</b>   |   | <b>137.73</b>  |   |

Note : <sup>/1</sup> Reclassification for comparison



## Financial Ratios

|                                       | Audited statement |        |        |
|---------------------------------------|-------------------|--------|--------|
|                                       | 2010              | 2011   | 2012   |
| <b>Liquidity Ratios</b>               |                   |        |        |
| Liquidity ratio                       | 2.52              | 2.77   | 3.57   |
| Quick ratio                           | 2.31              | 2.52   | 3.30   |
| Cash flow liquidity ratio             | 0.78              | 0.40   | 1.04   |
| Account receivables turnover          | 3.36              | 3.18   | 3.82   |
| Average receivables days              | 107.03            | 113.07 | 94.27  |
| Inventory turnover                    | 85.28             | 78.06  | 53.41  |
| Average day sale                      | 4.22              | 4.61   | 6.74   |
| Account payables turnover             | 4.71              | 3.93   | 4.79   |
| Credit term                           | 76.41             | 91.55  | 75.22  |
| Cash Cycle                            | 34.83             | 26.13  | 25.79  |
| <b>Profitability Ratios</b>           |                   |        |        |
| Gross profit margin                   | 33.45             | 33.01  | 39.15  |
| Operating profit margin               | 7.29              | 3.32   | 11.17  |
| Other profit margin                   | (0.17)            | 0.90   | 1.99   |
| Cash to earning capability ratio      | 233.78            | 266.45 | 150.31 |
| Net profit margin                     | 4.22              | 2.17   | 9.96   |
| Return on equity                      | 6.97              | 2.96   | 13.45  |
| <b>Efficiency Ratios</b>              |                   |        |        |
| Return on assets                      | 5.18              | 2.19   | 10.75  |
| Return on fixed assets                | 124.31            | 54.52  | 112.40 |
| Assets turnover ratio                 | 1.23              | 1.01   | 1.08   |
| <b>Financial Policy Ratios</b>        |                   |        |        |
| Debt to equity ratio                  | 0.40              | 0.30   | 0.20   |
| Interest coverage ratio <sup>/1</sup> | 28.17             | 25.46  | 158.14 |
| Leverage ratio                        | 1.62              | 0.54   | 1.41   |
| Dividend payout ratio                 | 18.50             | 179.05 | -      |
| <b>Other major financial ratios</b>   |                   |        |        |
| Earnings per share                    | 0.13              | 0.05   | 0.24   |
| Diluted earnings per share            | 0.11              | 0.05   | 0.22   |
| Book value                            | 2.01              | 1.66   | 1.86   |
| Diluted Book value                    | 1.77              | 1.55   | 1.73   |

Note : <sup>/1</sup> Interest coverage ratio was calculated by operating cash flows / interest expenses.

## Analysis of Financial Status and Operating Results

### 1. The overall earnings performance in the past year

The Company began to launch the TV commercial production in 1992. At present, the Company is engaged in five businesses. First, it produces TV programs, which is done in two forms; i) being hired to produce TV programs by the TV channel and ii) producing TV programs to be broadcast in the airtimes subleased from the TV channel and directly selling the advertising timeslots during the TV programs to advertising agencies or product owners. Second, the Company is engaged in the TV commercial production, conveying the messages from clients to their targeted customers, and the Company also provides services to coordinate and facilitate foreign crew who come to shoot films, TV commercials, documentaries and music videos in Thailand. Third, the Company also offers equipment rental services as well as supplying skillful technicians to guide how to use the equipment. Fourth, the Company also operates the printing business, in which it produces printing media, magazines, and pocket books. The Company's monthly magazines are both for sale and free, with teenage readers and those working in the fashion industry as major targeted readers. Finally, the Company is also an event organizer to arrange marketing activities as well as providing event locations and settings.

During 2010-2012 the Company's core revenue was generated by its TV commercial production business, followed by TV program production business, equipment rental services and printing business. The combined revenue from these businesses accounted for 90-93 percent, for a total amount of Baht 553.54-617.25 million. In 2011 the core revenue declined by 10 percent due to the economic slowdown and the intense competition that caused the revenue earned by the TV commercial business to drop by 39 percent from the figure reported for 2010. In 2012, the core revenue remained flat from the revenue reported for 2011. By business, the revenue from equipment rental services increased by over 43 percent and revenue from the TV program production rose by over 21 percent. By contrast, the revenue from TV commercial production business declined by over 72 percent due to the business restructuring.

The Company's profitability has been rather volatile. During 2010-2012, its net profit amounted to Baht 28 million, Baht 13 million and Baht 61 million, for net profit margins of 4.22 percent, 2.17 percent and 9.96 percent, respectively.

The Company's 2011 net profit contracted by 53 percent owing to the intense competition in the TV commercial industry and high personnel cost. On the other hand, the 2012 net profit jumped by over 100 percent to Baht 48 million as the gross profit margin expanded by over 20 percent or Baht 42 million for several reasons. First, the Company had a policy to reduce exposure to the TV commercial business that requires high cost but earns lower profit margins than the TV program production and equipment rental businesses. For 2012, the revenue from the TV commercial production business accounted for 26.39 percent of the total revenue and the gross profit margin stood at 26.14 percent. In 2012, the revenue from 2012 TV commercial production dropped to account for only 7.16 percent of the total revenue owing to the business restructuring. Moreover, the Company also adjusted its human resource management policies, boosting the gross profit margin to 35.32 percent. Second, in 2012 the revenue from the TV program production increased by 20.95 percent. As this business earned a gross profit margin of over 50 percent, the increase in revenue from the business resulted in an increase in gross profit to Baht 98 million, from Baht 85 million. Third, the revenue from equipment rental services rose by over 43 percent. Meanwhile, the depreciation cost accounted for 19 percent of the total fixed cost. In addition, the allowance cost for personnel in change of rental equipment accounted for 45 percent of the total cost for this business, which varied in accordance with the revenue from equipment rental services. Hence, the gross profit earned by the equipment rental services rose to Baht 97 million in 2012 from Baht 49 million in 2011. Moreover, the Company also booked other revenue amounting to Baht 7 million. Finally, the Company managed to reduce the interest expenses after it continued to repay interest bearing debts.

## 2. Analysis of Operating Performance

### Revenue

| Revenue by business                       | Audited       |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2010          |               | 2011          |               | 2012          |               |
|   | million       | %             | million       | %             | million       | %             |
| <b>Core business</b>                      |               |               |               |               |               |               |
| 1. Revenue from TV program production     | 125.76        | 18.94         | 154.43        | 25.68         | 186.79        | 30.28         |
| 2. Revenue from TV commercial production  | 259.25        | 39.04         | 158.71        | 26.39         | 44.15         | 7.16          |
| 3. Revenue from equipment rental services | 183.08        | 27.57         | 180.45        | 30.01         | 257.43        | 41.73         |
| 4. Revenue from printing business         | 49.16         | 7.40          | 64.17         | 10.67         | 65.17         | 10.57         |
| 5. Revenue from event organizing          | 33.77         | 5.08          | 31.79         | 5.29          | 28.43         | 4.61          |
| 6. Revenue from selling products          | 7.53          | 1.13          | 6.32          | 1.05          | 22.58         | 3.66          |
| <b>Core revenue</b>                       | <b>658.55</b> | <b>99.16</b>  | <b>595.87</b> | <b>99.09</b>  | <b>604.56</b> | <b>98.01</b>  |
| Other revenue                             | 5.60          | 0.84          | 5.42          | 0.90          | 12.26         | 1.99          |
| <b>Total revenue</b>                      | <b>664.15</b> | <b>100.00</b> | <b>601.29</b> | <b>100.00</b> | <b>616.82</b> | <b>100.00</b> |

The Company's core revenue was generated by its four major businesses: i) TV program production business; ii) TV commercial production business; iii) equipment rental services and iv) printing business. The combined revenue from these businesses accounted for 90-93 percent. In addition, the Company also earned revenue from organizing events and selling products as well as other revenue.

In 2010 the Company's major revenue came from its TV commercial production, which accounted for 39 percent of its total revenue, followed by the revenue from equipment rental services and TV program production, accounting for 28 percent and 19 percent, respectively, of the total revenue. Nonetheless, in 2011 the TV commercial production business was hit by the economic slowdown and the intense competition, prompting the Company to reduce the exposure to this business. Hence, the revenue from TV commercial production declined, to account for only 26 percent of the total revenue, representing the second highest revenue after the revenue from equipment rental services. Finally, in 2012 the revenue from equipment rental services represented the highest portion at 42 percent of the total revenue, followed by the revenue from the TV program production that accounted for 30 percent of the total revenue.

### Cost of sales and gross profit

| Cost of sales and gross profit | Audited       |               |               |               |               |               |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                | 2010          |               | 2011          |               | 2012          |               |
|                                | million       | %             | million       | %             | million       | %             |
| <b>Core Revenue</b>            | <b>658.55</b> | <b>100.00</b> | <b>595.87</b> | <b>100.00</b> | <b>604.56</b> | <b>100.00</b> |
| Cost of sales and services     | 438.30        | 66.56         | 399.20        | 66.99         | 367.89        | 60.85         |
| <b>Gross Profit</b>            | <b>220.25</b> | <b>33.44</b>  | <b>196.67</b> | <b>33.01</b>  | <b>236.67</b> | <b>39.15</b>  |

The cost of sales and services consisted of salaries, wages plus other employee benefits, fee for leased airtimes for TV program production, depreciation cost for equipment rental services business, and other production-related expenses, e.g., cost in regard to locations and etc. As the cost of sales and services accounted for 60-67 percent of the total revenue, the Company's gross profit margin stood at 33-40 percent of the total core revenue.

The gross profit declined by 10.71 percent, from Baht 220.25 million in 2010 to Baht 196.67 million in 2011 due to the decrease in revenue from the TV commercial production business. However, the Company still maintained its overall gross profit margin at 33.01 percent. For 2012, the revenue from the TV program production and equipment rental services increased. Moreover, the Company's personnel management for the TV commercial production business improved. Therefore, its gross profit and gross profit margin expanded to Baht 236.67 million and 39.15 percent, respectively.

| Gross profit by business  | Audited |        |        |
|---------------------------|---------|--------|--------|
|                           | 2010    | 2011   | 2012   |
|                           | %       | %      | %      |
| TV program production     | 31.85   | 43.12  | 41.26  |
| TV commercial production  | 37.07   | 21.09  | 6.59   |
| Equipment rental services | 18.81   | 25.06  | 40.98  |
| Printing business         | 8.45    | 11.56  | 9.26   |
| Other businesses          | 3.81    | (1.65) | 1.90   |
| Total                     | 100.00  | 100.00 | 100.00 |

The gross margin in 2012 expanded by over 20 percent because the Company put more emphasis on its equipment rental services that earned wider gross profit margin than the TV commercial business. The gross profit of the equipment rental services continued to improve from 19 percent in 2010 to 25 percent and 41 percent in 2011 and 2012, respectively.

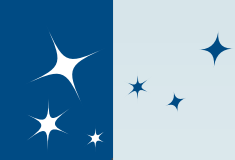
- TV Program Production

| Revenue and cost from<br>TV program production business | Audited       |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2010          |               | 2011          |               | 2012          |               |
|   | million       | %             | million       | %             | million       | %             |
| Plod Nee  | 93.33         | 74.21         | 107.05        | 69.32         | 122.16        | 65.40         |
| Plod Nee on Public Holidays                             | 6.85          | 5.45          | 7.37          | 4.77          | 7.03          | 3.76          |
| Kob Dek Sarng Ban                                       | 13.03         | 10.36         | 17.69         | 11.45         | 20.15         | 10.79         |
| Ta Lob Lang Ta Lad <sup>/1</sup>                        | -             | -             | 6.13          | 3.97          | 23.55         | 12.61         |
| Doublecheeze  | -             | -             | 3.16          | 2.05          | -             | -             |
| Cheeze TV D.I.Y   | -             | -             | -             | -             | 1.33          | 0.71          |
| Other revenue related to the TV program production      | 12.55         | 9.98          | 13.03         | 8.44          | 12.58         | 6.73          |
| <b>Total revenue from the TV program production</b>     | <b>125.76</b> | <b>100.00</b> | <b>154.43</b> | <b>100.00</b> | <b>186.79</b> | <b>100.00</b> |
| Production-related expenses                             | 27.08         | 21.53         | 36.71         | 23.77         | 51.60         | 27.63         |
| Airtime rental fee                                      | 22.43         | 17.84         | 25.74         | 16.67         | 27.23         | 14.58         |
| Salaries and other employee benefits                    | 6.01          | 4.78          | 7.10          | 4.60          | 10.26         | 5.49          |
| Depreciation cost                                       | 0.08          | 0.06          | 0.07          | 0.05          | 0.04          | 0.02          |
| Total cost  | 55.60         | 44.21         | 69.62         | 45.08         | 89.14         | 47.72         |
| Gross profit  | 70.16         | 55.79         | 84.81         | 54.92         | 97.66         | 52.28         |

Note : <sup>/1</sup> Ta Lob Lang Ta Lad was first introduced in October 2011

During 2010 - 2012, the revenue from TV program production business continued to increase, from Baht 125.76 million in 2010 to Baht 154.43 million and Baht 186.79 million in 2011 and 2012, respectively, for a CAGR of 21.87 percent. The increase was made possible by: i) the bigger number of tapes for broadcast during the year and ii) positive feedback from sponsors and audiences.

| No. of tapes for broadcast  | 2010 | 2011 | 2012 |
|-----------------------------|------|------|------|
| Plod Nee                    | 51   | 49   | 52   |
| Plod Nee on Public Holidays | 9    | 8    | 8    |
| Kob Dek Sarng Ban           | 76   | 82   | 84   |



Moreover, in 2011 the Company was hired by the TV channel to produce Ta Lob Lang Ta Lad program, starting in October 2011 and expand the airtimes for Doublecheeze program. As a result, the 2011 revenue increased by 22.79 percent from the figure reported for 2010. For 2012, the revenue grew by 20.95 percent on a year-on-year basis due to the realization of full-year revenue from Ta Lob Lang Ta Lad program. In addition, the revenue from Plod Nee increased by approximately 14 percent owing to the increase in number of tapes for broadcast. Both programs received positive feedbacks from advertiser sponsors and audiences, boosting the overall revenue from TV program production. On top of that, the Company could generate income from organizing events before and after the taping to promote the sales of products for advertising agencies and product owners.

The cost of service for the TV program production accounted for 44-47 percent of the total revenue generated from the TV program production. The core cost consisted of production-related expenses, e.g., compensation for program hosts, prizes, and etc., and airtime rental fee. The overall cost of services increased by an average of 26.62 percent per annum during 2010-2012 as the company was hired to produce additional TV program in October 2011. Meanwhile, the gross profit margin continued to contract during 2010-2012 because the TV program that the Company was hired to produce earned lower gross profit margin than the Company's own programs. Hence, the Company's gross profit margin contracted from 55.79 percent in 2010 to 54.92 percent and 52.28 percent in 2011 and 2012, respectively.

- TV commercial production business

| Revenue and cost from<br>TV commercial production business | Audited |        |         |        |         |        |
|--|---------|--------|---------|--------|---------|--------|
|  | 2010    |        | 2011    |        | 2012    |        |
|  | million | %      | million | %      | million | %      |
| Domestic clients   | 216.79  | 83.62  | 131.35  | 82.76  | 10.32   | 23.36  |
| International clients                                      | 42.46   | 16.38  | 27.37   | 17.24  | 33.83   | 76.64  |
| Revenue from TV Commercial                                 | 259.25  | 100.00 | 158.71  | 100.00 | 44.15   | 100.00 |
| Production cost  | 155.26  | 59.89  | 99.91   | 62.95  | 23.27   | 52.70  |
| Salaries and other employee benefits                       | 19.07   | 7.36   | 15.38   | 9.69   | 3.73    | 8.44   |
| Depreciation cost  | 3.27    | 1.26   | 1.94    | 1.22   | 1.56    | 3.53   |
| Total cost   | 177.60  | 68.51  | 117.23  | 73.83  | 28.56   | 64.68  |
| Gross profit   | 81.65   | 31.49  | 41.48   | 26.14  | 15.59   | 35.32  |

The revenue from TV commercial production business dropped significantly from Baht 259.25 million in 2010 to Baht 158.71 million and Baht 44.15 million in 2011 and 2012, respectively. The drop can be blamed on three major factors. First, the economic slowdown prompted the clients to reduce their spending on marketing promotion and public relation activities. Second, the clients' behaviors changed as they opted to other advertising channels, e.g., Internet, and digital media and etc. Finally, the price competition was intense as TV commercial production required small capital and many experienced personnel resigned from full-time positions at big production houses in order to launch their own production houses. As a result, the gross profit margin earned by this business contracted, prompting the Company to reduce its exposure to the TV commercial production business.

The production cost for TV commercials accounted for 65-74 percent of the total revenue from this business. The core cost consisted of production cost, site rental cost, compensation for directors, compensation for presenters and other production-related expenses. In 2011 the cost to income ratio from this business increased from 68.51 percent in 2010 to 73.83 percent because the number of TV commercials declined since the beginning of the year; meanwhile, the Company still had fixed cost related to personnel cost. Thus, the Company's gross profit declined to Baht 41.48 million and the gross profit margin contracted to 26.14 percent. For 2012, the cost to income ratio for the TV commercial business dropped to 64.68 percent because in late 2011 the Company managed to adjust its human resource strategy, as it changed its role to be only an agent for coordinating activities. The adjusted strategy resulted in a decline in personnel cost and thus its gross profit margin widened to 35.32 percent in 2012.



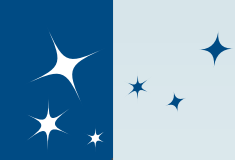
- Equipment rental services

| Revenue and cost from<br>equipment rental services       | Audited |        |         |        |         |        |
|--|---------|--------|---------|--------|---------|--------|
|  | 2010    |        | 2011    |        | 2012    |        |
|  | million | %      | million | %      | million | %      |
| Rental revenue   | 121.42  | 66.32  | 120.07  | 66.54  | 170.65  | 66.29  |
| Service revenue  | 61.66   | 33.68  | 60.38   | 33.46  | 86.78   | 33.71  |
| Combined rental and service revenue                      | 183.08  | 100.00 | 180.45  | 100.00 | 257.43  | 100.00 |
| Allowance for personnel in<br>change of rental equipment | 57.19   | 31.24  | 51.11   | 28.32  | 71.55   | 27.79  |
| Depreciation cost  | 31.36   | 17.13  | 27.89   | 15.46  | 30.60   | 11.89  |
| Salaries, wages and other employee benefits              | 24.13   | 13.18  | 24.69   | 13.68  | 24.82   | 9.64   |
| Other expenses   | 28.97   | 15.82  | 27.47   | 15.22  | 33.47   | 13.00  |
| Total cost   | 141.64  | 77.37  | 131.16  | 72.68  | 160.44  | 62.33  |
| Gross profit   | 41.44   | 22.63  | 49.29   | 27.32  | 96.99   | 37.67  |

The equipment rental services are operated by Gear Head Co., Ltd. The revenue from rental equipment accounted for 66 percent of the total revenue from this business, with the remaining 34 percent coming from service revenue, i.e. revenue from service fee charged to clients when the Company supplied experienced technicians to guide how to use the rental equipment.

The revenue from equipment rental services in 2011 remained flat from the level seen in 2010, at approximately Baht 180-183 million, because in the last quarter of 2011 both domestic and international clients, especially Japanese clients, decided to postpone the services as they were uncertain about the flood situation. Back then, Gear Head solved the problem by moving its equipment to a temporary office, allowing it to continue providing services to the clients. As a result of solution, the Company's revenue from this business in 2011 declined only slightly, despite the impacts of the floods. In 2012, this business saw a revenue growth of 42.66 percent after the Company placed more emphasis on this business. The Company was committed to maintaining its high service standard and offering state-of-the art equipment to meet demand and ensure satisfactory of both domestic and international clients.

The cost for the equipment rental business stood at 62-77 percent of the total revenue from the business. Core cost consisted of allowance for personnel in change of rental equipment, in which Gear Head could charge to its clients, depreciation cost, salaries, wages and other benefits. During 2010-2012 the cost for equipment rental services increased by an average of 6 percent per year. The depreciation cost stood at around Baht 30 million. Although Gear Head continued to invest in new assets during 2010-2012, the depreciation cost burden did not show a significant increase because the company booked almost all depreciation cost for its existing assets. Meanwhile, the cost linked to salaries, wages and other employee benefits remained stable at approximately Baht 24 million. The allowance for personnel in charge of rental equipment varied in according to the revenue from equipment rental services. In other words, when the Company gained more clients, the numbers of hours to hire personnel to guide how to use the equipment also increased. Hence, the rental revenue and service revenue also increased. In addition, as the Company was able to effectively manage the cost, its gross profit from this business continued to increase from Baht 41.44 million in 2010 to Baht 49.29 million and Baht 96.99 million in 2011 and 2012, respectively. Similarly, the gross profit margin widened from 22.63 percent in 2010 to 27.32 percent and 37.67 percent in 2011 and 2012, respectively.



- Printing business

| Revenue and cost from<br>the printing business | Audited |        |         |        |         |        |
|--|---------|--------|---------|--------|---------|--------|
|  | 2010    |        | 2011    |        | 2012    |        |
|  | million | %      | million | %      | million | %      |
| Cheeze magazine                                | 47.99   | 97.62  | 49.85   | 77.68  | 44.13   | 67.72  |
| Looker magazine                                | 0.78    | 1.59   | 11.05   | 17.22  | 16.57   | 25.43  |
| Cheeze Lady magazine                           | 0.39    | 0.79   | 2.92    | 4.55   | 3.57    | 5.48   |
| Online books and media                         | -       | -      | 0.35    | 0.55   | 0.90    | 1.38   |
| Total revenue from sales of magazines          | 49.16   | 100.00 | 64.17   | 100.00 | 65.17   | 100.00 |
| Production cost                                | 25.20   | 51.26  | 33.97   | 52.94  | 34.13   | 52.37  |
| Salaries and other employee benefits           | 4.55    | 9.26   | 6.70    | 10.44  | 8.97    | 13.76  |
| Depreciation cost                              | 0.80    | 1.63   | 0.76    | 1.18   | 0.15    | 0.23   |
| Total cost                                     | 30.55   | 62.14  | 41.43   | 64.56  | 43.25   | 66.36  |
| Gross profit                                   | 18.61   | 37.86  | 22.74   | 35.44  | 21.93   | 33.64  |

The printing business (selling magazines) is operated by Book Maker Co., Ltd (BM). The revenue from magazine sales accounted for 99 percent of the total revenue from this business. In addition, the BM also received revenue from sales of pocket books and online media, accounting for 1 percent of the total revenue from the printing business.

During 2010 - 2012 the revenue from sales of magazines continued to increase, from Baht 49.16 million in 2010 to Baht 64.17 million and Baht 65.17 million, respectively, for a CAGR of 15.14 percent. The increase was made possible by the fact that the BM began to produce a new magazine called “Looker” in December 2010. Looker received very positive feedbacks both from advertiser sponsors and readers. Hence, the revenue continued to increase. In addition, starting from 2011, BM adjusted its distribution strategies for Cheeze Lady magazine. To elaborate, in 2010 BM only acted as an agency selling advertising spaces but in 2012 it began to act both as a distributor and an agency selling advertising spaces. Thus, the revenue from Cheeze Lady increased from Baht 0.39 million in 2010 to Baht 2.92 million and Baht 3.57 million in 2011 and 2012, respectively.

The cost for magazine sale accounted for 62-66 percent of the total revenue. The major cost consisted of production cost, e.g., remuneration for journalists, photographers, and printing cost. The printing cost had a correlation with the sales. Overall, the cost for the printing business during 2010-2012 rose by an average of 18.98 percent per annum, as a result of the increase in sales. In addition, in 2011 BM also saw higher cost from being a distributor of Cheeze Lady.

- Revenue from other businesses

Apart from the aforementioned core revenue from four major businesses, the Company also earned revenue from organizing events and selling products that amounted to Baht 38 - 51 million, accounting for 6-8 percent of total revenue during 2010 - 2012.

| Revenue from other businesses    | Audited |        |         |        |         |        |
|----------------------------------|---------|--------|---------|--------|---------|--------|
|                                  | 2010    |        | 2011    |        | 2012    |        |
|                                  | million | %      | million | %      | million | %      |
| Revenue from other businesses :- |         |        |         |        |         |        |
| Revenue from organizing events   | 33.77   | 81.77  | 31.79   | 83.42  | 28.43   | 55.73  |
| Revenue from selling products    | 7.53    | 18.23  | 6.32    | 16.58  | 22.58   | 44.27  |
| Total other revenue              | 41.30   | 100.00 | 38.11   | 100.00 | 51.01   | 100.00 |
| Percentage to total revenue      |         | 6.22   |         | 6.34   |         | 8.27   |

- Other revenue

During 2010 - 2012, the Company earned other revenue amounting to Baht 5.4 - 12.3 million, accounting for 0.8 - 2.0 percent of total other revenue, including interest income from deposits and temporary investment, with the interest rate of 2.75 - 3.00 percent. In 2012 the Company's other revenue increased from Baht 5.42 million to Baht 12.26 million as the Company booked a reversal of doubtful debts amounting to Baht 3.65 million.

#### Selling General and Administration Expenses (SG&A)

| SG&A Structure                           | Audited |        |         |        |         |        |
|--|---------|--------|---------|--------|---------|--------|
|  | 2010    |        | 2011    |        | 2012    |        |
|  | million | %      | million | %      | million | %      |
| Salaries, wage and employee benefits     | 114.47  | 66.46  | 113.40  | 64.10  | 109.37  | 64.67  |
| Utility cost                             | 33.32   | 19.34  | 35.57   | 20.11  | 34.98   | 20.69  |
| Depreciation cost                        | 12.19   | 7.08   | 10.71   | 2.71   | 9.55    | 2.85   |
| Promotional and public relation expenses | 3.68    | 2.14   | 4.80    | 6.05   | 4.83    | 5.65   |
| Other expenses                           | 8.59    | 4.99   | 12.43   | 7.03   | 10.38   | 6.14   |
| SG&A expenses                            | 172.25  | 100.00 | 176.91  | 100.00 | 169.11  | 100.00 |
| Percentage to total revenue              |         | 25.94  |         | 29.42  |         | 27.43  |

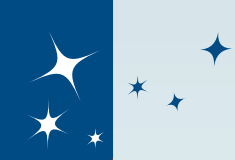
The SG&A was comprised of salaries, wages and employee benefits, which accounted for 65 - 66 percent of the total SG&A. In addition, the utility cost accounted for 19 - 21 percent of the total SG&A. During 2010 - 2012 the average SG&A amounted to Baht 170 million per annum, accounting for 27 percent of the total revenue. In 2011 the SG&A to total revenue increased from 25.94 percent to 29.42 percent as the total revenue base declined. For 2012, the SG&A decreased to Baht 169.1 million from Baht 176.91 million reported for 2011 owing to the effective human resource management

#### Operating profit and net profit

|                                 | Audited |        |         |        |         |        |
|---------------------------------|---------|--------|---------|--------|---------|--------|
|                                 | 2010    |        | 2011    |        | 2012    |        |
|                                 | million | %      | million | %      | million | %      |
| Operating Revenue <sup>/1</sup> | 658.55  | 100.00 | 595.87  | 100.00 | 604.56  | 100.00 |
| Operating profit <sup>/2</sup>  | 48.00   | 7.29   | 19.77   | 3.32   | 67.55   | 11.17  |
| Total revenue                   | 664.15  | 100.00 | 601.30  | 100.00 | 616.82  | 100.00 |
| Net profit                      | 28.01   | 4.22   | 13.03   | 2.17   | 61.42   | 9.96   |
| No. of shares (mn)              | 223.38  |        | 259.14  |        | 259.14  |        |
| Earnings Per Share (Bt)         | 0.13    |        | 0.05    |        | 0.24    |        |

Note : <sup>/1</sup> Operating Revenue is core revenue, excluding other revenue and doubtful debts

<sup>/2</sup> Operating profit is profit before deduction of interests and income tax, excluding other revenue



- **Operating Profit**

The Company booked operating profit of Baht 48 million, Baht 19.77 million and Baht 67.55 million in 2010 - 2012, respectively. The operating profit margin stood at 7.29 percent, 3.32 percent and 11.17 percent, respectively. The operating profit for 2011 declined by Baht 23.55 million because the revenue and gross profit earned by the TV commercial production decreased, as a result of intense competition in the industry. Nonetheless, in 2012 the Company's profitability improved significantly. This can be evidenced by the operating profit and operating profit margin that increased to Baht 67.55 million and 11.17 percent, respectively, given that the revenue and gross profit from equipment rental services grew by over 43 percent and 97 percent, respectively.

- **Net Profit**

In Company booked net profits amounting to Baht 28.01 million, Baht 13.03 million and Baht 61.42 million and the net profit margins of 4.22 percent, 2.17 percent and 9.96 percent in 2010 - 2012, respectively. In 2011 the net profit dropped by 53 percent due to the intense competition in the TV commercial production business as well as the economic slowdown.

In 2012, the Company saw its net profit increase by Baht 48.39 million. This strong net profit represented growth of over 100 percent, which was made possible by the acceleration of gross margin by Baht 40 million, or 20 percent thanks to several reasons. First, the Company decided to reduce its exposure to TV commercial production; as a result, the revenue from TV commercial production declined. Note that the TV commercial production required higher cost and earned narrower margins, when compared to the TV program production business and the equipment rental services. (note: the gross profit margins earned by the TV program production and equipment rental services stood at 50 percent and 37 percent, respectively). In 2011 the Company's TV commercial production accounted for 26.39 percent of the total revenue, while gross profit margin stood at 26.14 percent. For 2012, the revenue from such business decreased to only 7.16 percent of the total revenue after the Company adjusted its business structure. Moreover, the Company also adjusted its human resource management policies, in which it hired freelancers to replace permanent personnel. As a result, the Company's gross profit margin widened to 35.32. Second, in 2012 the revenue from TV program production expanded by only 20.95 percent. As this business earned wide gross profit margin at over 50 percent, the increase in such revenue resulted in an improvement in gross profit to Baht 97.66 million (from Baht 84.81 million). Third, revenue from equipment rental services grew by over 43 percent. Meanwhile, the depreciation cost accounted for 19 percent of total fixed cost. The cost related to allowance for personnel in charge of rental equipment was equivalent to 45 percent of the cost for the business, which varied in accordance with the revenue from rental equipment. Hence, the gross margin earned by equipment rental services improved to 96.99 percent in 2012 from 49.29 percent in 2011. In addition, the Company also managed to reduce interest expenses given that it continued to repay interest bearing debts.

The earnings per share in 2011 decreased to Baht 0.05 per share from Baht 0.13 per share in 2010 because the operating results declined from the level reported for the same period of last year. In addition, the number of weight average common shares increased to shares 259.14 million in 2011 from shares 223.38 million in 2010 because during 2010 the Company was engaged in a capital increase program linked to the right exercise of warrants. For 2012, the earnings per share increased to Baht 0.22 per share, as a result of an improvement in total operating results.

- Returns of Equity, Dividends and Dividend Payout Policy

#### *Returns on Equity*

| Returns on Equity          | Unit     | Audited     |             |              |
|----------------------------|----------|-------------|-------------|--------------|
|                            |          | 2010        | 2011        | 2012         |
| Net profit margin          | %        | 4.22        | 2.17        | 9.96         |
| Total asset turnover ratio | time     | 1.23        | 1.01        | 1.08         |
| Asset to equity ratio      | time     | 1.40        | 1.30        | 1.20         |
| <b>Returns of Equity</b>   | <b>%</b> | <b>6.97</b> | <b>2.96</b> | <b>13.45</b> |

During 2010 - 2012, the Company's returns of equity stood at 6.97 percent, 2.96 percent and 13.45 percent, respectively. The decline in 2011 can be blamed on the volatile profitability. However, in 2012, the Company's returns on equity improved significantly thanks to the remarkable improvement in its profitability. Meanwhile, the current asset ratio and the asset to equity ratio showed minor changes.

#### *Dividend and Dividend Payout Policy*

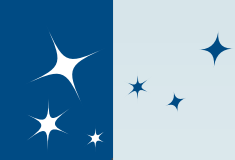
| Annual Dividend  | Unit           | Audited     |              |          |
|--|----------------|-------------|--------------|----------|
|  |                | 2010        | 2011         | 2012     |
| After-tax net profit<br>(Separate Financial Statement)     | Million        | 5.52        | 31.72        | 13.47    |
| Dividend Payout  | %              | 93.80       | 73.55        | -        |
| After-tax net profit<br>(Consolidated financial statement) | Million        | 28.01       | 13.03        | 61.42    |
| Dividend Payout  | %              | 18.50       | 179.05       | -        |
| <b>Annual Dividend</b>                                     | <b>Million</b> | <b>5.18</b> | <b>23.33</b> | <b>-</b> |
| No. of shares eligible to receiving<br>dividends           | Million        | 259.14      | 259.14       | -        |
| <b>Dividend per Share</b>                                  | <b>Baht</b>    | <b>0.02</b> | <b>0.09</b>  | <b>-</b> |

The Company had a policy to pay a dividend at not less than 40 percent of the total after-tax net profit, provided that the Company did not have any necessity to spend the money and that the dividend payment did not have a significant impact on the Company's normal operation. In 2010 the Company paid a dividend of Baht 0.02 per share, for a dividend payout of 18.50 percent based on the consolidated financial statement. In 2011, the Company paid a special dividend from retained earnings at Baht 0.09 per share, for a dividend payout of 179.05 percent, based on the consolidated financial statement.

### 3. Analysis of Financial Status

#### **Assets**

During 2010 - 2012, the Company's total assets were ranged at Baht 580.89 - 628.55 million. The core assets included the assets for rent, accounting for 20.96 - 29.79 percent of the total assets, followed by the account receivables, cash, and cash equivalent and building and equipment. In 2011 the total assets declined from Baht 628.55 million to Baht 562.02 million as the Company spent the proceeds from the right exercises for warrants on repaying interest bearing debts and paying total dividends of Baht 18.94 million. In 2012, the Company's assets increased by Baht 18.87 million as the Company bought additional assets linked to equipment rental and services.



- **Cash and Cash Equivalent and Temporary Investment**

In 2010 - 2012, the Company's cash and cash equivalent as well as the temporary investment accounted for 18.73 - 23.94 percent of total assets. Most cash was saved in the saving accounts of the Company and its subsidiaries, with interest rates of 0.25 - 0.75 percent per annum. In 2011, its cash and cash equivalent and temporary investment amounted to Baht 105.24 million, declining by Baht 45.25 million, from the amount reported for 2010, because the Company used some cash to repay interest bearing debts and paid dividends of Baht 18.94 million. Finally, in 2012, the cash and cash equivalent and the temporary investment stood at Baht 138.73 million, for a slight increase from the amount seen in 2011.

- **Account receivables - net**

The Company's account receivables consisted of receivables from selling of goods and services, other receivables, note receivables, and accrued income. During 2010 - 2012 the Company had booked its account receivables and accrued income totally Baht 188.64 million, Baht 175.38 million and Baht 141.25 million, respectively, accounting for 30-34 percent of the total assets. The Company had a policy to allow credit terms of 60 days for its TV program production and 90 days for the TV commercial production. Meanwhile, Gear Head allows a credit term of 60-90 days but it required that new clients pay in advance by cash at about 50-100 percent of the total amount. For foreign clients, Gear Head required that foreign clients make partial payments to reduce risk in regard to overdue debts. The account receivables at the Company and its subsidiaries consisted of trade account receivables and the account receivables-related companies but mostly the account receivables were from non-related companies.

| Structure of trade account receivables                  | Audited       |               |               |
|---|---------------|---------------|---------------|
|   | 2010          | 2011          | 2012          |
|   | Million       | Million       | Million       |
| General account receivables                             | 147.00        | 144.39        | 135.59        |
| Account receivables -related companies                  | -             | 0.86          | 1.59          |
| <b>Trade account receivables</b>                        | <b>147.00</b> | <b>145.25</b> | <b>137.18</b> |
| Accrued income  | 60.95         | 38.34         | 4.43          |
| <b>Total account receivables and accrued income</b>     | <b>207.95</b> | <b>183.59</b> | <b>141.61</b> |
| Deduct deferred income                                  | (0.27)        | (4.28)        | (2.21)        |
| Allowance for doubtful debts                            | (16.79)       | (7.11)        | (3.52)        |
| Allowance for returned goods                            | (0.79)        | (1.75)        | (2.56)        |
| Deposits under the contracts                            | (1.47)        | (0.66)        | -             |
| <b>Trade account receivables and accrued income-net</b> | <b>188.64</b> | <b>169.79</b> | <b>133.33</b> |
| Pre-paid expenses                                       | -             | 3.61          | 4.26          |
| Other receivables                                       | -             | 7.25          | 3.66          |
| Deduct allowance for doubtful debts                     | -             | (5.28)        | -             |
| <b>Total trade account receivables - net</b>            | <b>188.64</b> | <b>175.38</b> | <b>141.25</b> |

During 2010 - 2012 most of account receivables were those remaining undue, which accounted for 64-66 percent of general account receivables and the account receivables - related companies. Meanwhile, the account receivables with not more than three month due were equivalent to 22- 26 percent of the total receivables. The Company began to set aside allowances for doubtful debts at a 25 percent of the total value when the receivables remained unpaid for over five consecutive months. In addition, the Company set aside allowances at 50 percent of the total value of receivables that remained unpaid for six consecutive months. Finally, for those receivables that remained unpaid for at least seven consecutive months, the Company set aside full allowances for such doubtful debts.



| Structure of account receivables<br>classified by duration                     | Audited       |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2010          |               | 2011          |               | 2012          |               |
|  | Million       | %             | Million       | %             | Million       | %             |
| Not due  | 96.63         | 65.73         | 93.60         | 64.44         | 90.79         | 66.18         |
| Due not longer than 3 months   | 32.36         | 22.01         | 38.57         | 26.56         | 35.14         | 25.61         |
| Due longer than 3 months but<br>not longer than 6 months                       | 5.26          | 3.58          | 5.08          | 3.50          | 6.16          | 4.49          |
| Due longer than 6 months but<br>not longer than 12 months                      | 3.52          | 2.39          | 4.17          | 2.87          | 1.99          | 1.45          |
| Due longer than 12 months  | 9.23          | 6.28          | 3.83          | 2.64          | 3.11          | 2.27          |
| <b>General account receivables and<br/>receivables from relevant corporate</b> | <b>147.00</b> | <b>100.00</b> | <b>145.25</b> | <b>100.00</b> | <b>137.18</b> | <b>100.00</b> |

In 2011 the Company's Board of Directors resolved that the Company write off unpaid account receivables valued at Baht 13.84 million, and file lawsuits against those receivables. The court already ruled in favor of the Company. However, the receivables were unable to repay debts. In 2011 the Company received only Baht 0.80 million, in which the Company had already set aside the allowance. Hence, it could book a reversal of such allowance for full amount.

- ***Property Investment***

Gear Head owned two plots of land for investment, with the total capital value of Baht 12.21 million, consisting of the land in Prachuapkhirikhan province valued Baht 10.25 million and in Kanchanaburi province valued at Baht 1.96 million. As of 31 December 2012, an independent appraiser evaluated the fair price of the land in Prachuapkhirikhan province at Baht 20.40 million, based on the market approach, which was higher than the cost price. Hence, the value for this plot of land was not lowered. Meanwhile, the appraiser used the cost approach to value another piece of land in Kanchanaburi province and found that the land contained no value. Hence, the Company set aside a provision for the impairment of the land in Kanchanaburi at a full amount of Baht 1.96 million.

- ***Assets for leases - net***

During 2010 - 2012 the Company's assets for leases accounted for around 20.96 - 29.79 percent of the total assets. The assets for leases were Gear Head's equipment. The leases could be done case by case and no long-term contracts were required. The assets for leases included equipment for production crew and vehicles. In 2010 Gear Head purchased fixed assets linked to shooting and filming equipment, cranes as well as equipment and other production equipment, with the total investment of Baht 36.58 million. Gear Head calculated the depreciation for shooting equipment at 10-20 percent per annum and for vehicles at 10 percent per annum, and equipment for production crew at 33.33 percent per annum. In 2012, Gear Head put additional investment in rental equipment assets worth Baht 65.01 million. Meanwhile, the depreciation for the year was recorded at Baht 30.33 million and there was an amortization of the assets valued at Baht 2.11 million. Hence, the Company had assets for leases valued at Baht 173.05 million in 2012, increasing from Baht 32.53 million recorded for 2011.

- ***Buildings and equipment - net***

During 2010 - 2012 the Company had owned buildings and equipment valued at approximately Baht 87.94 - 101.03 million, accounting for 15.14 - 17.14 percent of the total assets. In 2012 the net book value of the buildings and equipment amounted to Baht 87.94 million. The major buildings and equipment included: i) the Company's head office valued at Baht 49.05 million, of which the Company signed a 30-year lease contract with the Crown Property Bureau and booked the depreciation expenses for 20 years; and ii) the Company's studio valued at Baht 10.71 million, of which the Company signed an 8-year lease contract with a third party and booked the depreciation and the lease right for 20 years. Note that the contract states that the Company, as a tenant, is entitled to extend the lease contract for three years each time.

## Liabilities

As of the ends of 2010 - 2012, the total liabilities amounted to Baht 98.66 - 176.68 million. Most liabilities were in a form of account payables, accounting for 62.56 - 69.25 percent of the total liabilities, and the interest bearing debts accounting for 6.45 - 25.58 percent of the total liabilities. In 2011 and 2012 the liabilities declined by Baht 48.84 million and Baht 32.18 million, respectively, because of the decrease in account payables and the repayment of the overdrafts and the long-term loans taken out from financial institutions

- Account Payables**

The Company's account payables consisted of general account payables, deferred revenue, other payables and accrued expenses.

| Structure of trade account payables classified by types | Audited |        |         |        |         |        |
|---|---------|--------|---------|--------|---------|--------|
|   | 2010    |        | 2011    |        | 2012    |        |
|   | Million | %      | Million | %      | Million | %      |
| Trade account payables                                  |         |        |         |        |         |        |
| General payables - non related companies                | 72.34   | 64.35  | 53.47   | 59.01  | 20.71   | 32.81  |
| Account payables - related companies                    | -       | -      | -       | -      | 0.32    | 0.51   |
| Deferred income   | 6.97    | 6.20   | 8.52    | 9.40   | 0.52    | 0.82   |
| Other payables  | 1.01    | 0.90   | 1.59    | 1.75   | 15.82   | 25.06  |
| Accrued expense   | 32.09   | 28.54  | 27.03   | 29.83  | 25.75   | 40.80  |
| Trade account receivables                               | 112.42  | 100.00 | 90.61   | 100.00 | 63.12   | 100.00 |

As of the ends of 2010 - 2012, the Company's account payables stood at Baht 112.42 million, Baht 90.61 million and Baht 63.12 million, respectively. Approximately 76 - 99 percent of the account payables were general payables, i.e., from irrelevant corporate, with the credit term of 30 - 60 days, depending on the conditions of each payable. During 2010 - 2012, the account payables continued to decline as a result of smaller exposure to the TV commercial production business. The account payables for the TV program business mostly included rental fee for airtimes. Meanwhile, the account payables for the equipment rental services happened when Gear Head had to rent equipment from other operators in case it was short of supply.

- Interest bearing debts**

The Company's interest bearing debts were comprised of overdrafts, short-term loans, long-term loans from financial institutions, and debts under financial leases. The Company saw its interest bearing debts steadily decline as it continued to repay long-term debts to financial institutions. During 2010 - 2012 the Company repaid debts amounting to Baht 34 - 42 million per annum.

| Interest Bearing Debt Structure                             | Audited      |               |              |               |             |               |
|---|--------------|---------------|--------------|---------------|-------------|---------------|
|   | 2010         |               | 2011         |               | 2012        |               |
|   | million      | %             | million      | %             | million     | %             |
| Interest Bearing Debts                                      |              |               |              |               |             |               |
| Overdrafts and short-term loans from financial institutions | 0.92         | 2.00          | 0.36         | 2.96          | -           | -             |
| Long-term debts from financial institutions                 | 42.92        | 93.40         | 10.41        | 85.19         | 5.40        | 84.77         |
| Debts under the financial lease contracts                   | 2.11         | 4.60          | 1.45         | 11.85         | 0.97        | 15.23         |
| <b>Total Interest Bearing Debts</b>                         | <b>45.96</b> | <b>100.00</b> | <b>12.21</b> | <b>100.00</b> | <b>6.37</b> | <b>100.00</b> |

Most of debts were guaranteed loans from financial institutions, e.g., the full-amount guarantee, mortgage registration for land and property or guarantee of the lease rights of the Company. The interest rates for long-term from financial institutions were ranged at 7 - 7.75 percent per annum.

## Shareholders' equity

In 2011 the shareholders' equity totaled Baht 431.18 million, declining by Baht 17.69 million, from the level reported for the previous year due to the adjustment to the retained earnings as of 31 December 2010. The adjustment was owing to the impacts of the change in accounting standard in regard to employee benefits. As a result, the Company had to book an increase of Baht 11.77 million in employee benefits. Thus, the retained earnings as of 1 January 2011 declined to baht 32.24 million, from Baht 43.74 million. Moreover, in 2011 the Company paid total dividends of Baht 18.94 million and booked total earnings amounting Baht 13.83 million. During 2012 the Company paid total dividends of Baht 10.37 million (DPS: Baht 0.04 per share) and posted a net profit of Baht 61.45 million for the year. As a result, the shareholders' equity as of the end of 2012 had increased to Baht 482.23 million. As for the book value per share, in 2011 and 2012 the book values stood at Baht 1.66 per share and Baht 1.86 per share. Meanwhile, factoring in the number of shares after the right exercises of warrants, the diluted book value per share stood at Baht 1.55 and Baht 1.73 per share.

## Liquidity

- Cash Flow

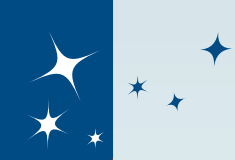
| Structure of cash flows                                | Units   | Audited |         |         |
|--|---------|---------|---------|---------|
|  |         | 2010    | 2011    | 2012    |
| Net cash generated from (used in) operating activities | million | 112.21  | 52.67   | 101.54  |
| Net cash generated from (used in) investing activities | million | (27.20) | (73.23) | (19.68) |
| Net cash generated from (used in) financing activities | million | 19.63   | (52.69) | (16.21) |
| Cash and cash equivalent increase (decrease)-net       | million | 104.64  | (73.24) | 65.64   |

### Operating Cash Flow

Overall, the Company's operating cash flow during 2010 -2012 was rather volatile, in line with earnings performance. After the adjustments to non-cash expenses, e.g., depreciation cost from Gear Head's equipment rental services, and to the changes of assets and liabilities, the Company's cash flow amounted to Baht 52.67 - 112.21 million.

In 2011 the operating cash flow declined due to the increase in the portions of cost and expenses, resulting in a decline in a pre-tax gain. However, after the adjustments for other items, e.g., the depreciation cost, the asset amortization amounting to Baht 40.77 million, the operating profit before the changes of assets and operating liabilities amounted to Baht 73.73 million. Moreover, the account receivables declined by Baht 18.16 million, as a result of the effective receivable management and analysis of account receivable aging. Thus, in 2011 the Company booked an operating cash flow of Baht 52.67 million.

In 2012 the Company reported a pre-tax gain amounting to Baht 79.17 million. After the adjustment of non-cash items, the Company's operating profit before the changes of assets and operating liabilities stood at Baht 115.90 million. However, the Company had Baht 41.36 million in cash to settle the account payables; therefore, its operating cash flow amounted to Baht 101.54 million.



### Investing Cash Flow

The Company saw investing cash flow at around Baht 19.68 - 73.23 million during 2010 - 2012 as it invested in new equipment to support the expansion of its equipment rental services. During 2010 - 2012 the Company continued to put additional investment in shooting and filming equipment. For those years, it invested in new assets at Baht 26.65 million, Baht 44.14 million and Baht 56.02 million, respectively. Moreover, in 2011 the Company invested in additional bills of exchanges worth Baht 30.48 million, with an annual return of 1.37 - 3.60 percent, higher than the deposit interest rates. In 2012 the Company received cash from short-term investment worth Baht 31.52 million when the bills of exchanges were due. Then, the Company put that cash proceeds in fixed deposit accounts for not longer than three months, and the item was included in cash and cash equivalent item.

### Cash Flow from Financing Activities

- In 2010 - 2012 the Company's cash flow from financing activities was ranged from Baht (52.69) - 19.63 million. In 2012 the Company's major source of fund, in addition to the operating cash flow, was long-term loans from financial institutions and cash proceeds of Baht 66.13 million from the capital increase program, linked to right exercise for MATCH-W2 and ESOP II. In 2011-2012 the Company continued to repay debts to financial institutions. In addition, it paid dividends at Baht 10.37 million (DPS: Baht 0.04). Hence, its cash flow used in financing activities amounted to Baht 52.69 million and Baht 16.21 million in 2011 and 2012, respectively.

### Liquidity ratio and liquidity adequacy

| Liquidity ratio | unit | Audited |      |      |
|-----------------|------|---------|------|------|
|                 |      | 2010    | 2011 | 2012 |
| Liquidity ratio | time | 2.52    | 2.77 | 3.57 |
| Quick ratio     | time | 2.31    | 2.52 | 3.30 |

During 2010 and 2012, the Company's liquidity remained strong. The liquidity ratio and the quick ratio continued to improve and exceeded 1 time. In the past three years, the Company's current liabilities continued to decline, while current assets decreased only slightly from the temporary investment and cash and cash equivalent. This suggested that the Company had sufficient working capital for business operation and that it also had adequate current assets to settle the potential current liabilities.

- Cash Cycle

| Liquidity ratio           | unit | Audited |        |       |
|---------------------------|------|---------|--------|-------|
|                           |      | 2010    | 2011   | 2012  |
| Average collection period | day  | 107.03  | 113.07 | 94.27 |
| Average day sale          | day  | 4.22    | 4.61   | 6.74  |
| Credit term               | day  | 76.41   | 91.55  | 75.22 |
| Cash Cycle                | day  | 34.83   | 26.13  | 25.79 |

The Company's average collection period was at around 100 days, higher than the credit term (60 - 90 days) because the average collection period depended on how long advertising agencies, who hired the Company, gave the credit terms to product owners. In other words, the Company received money only when the advertising agencies were paid by product owners. Nonetheless, the average collection period declined in 2012 due to the slowdown in the TV commercial production. Meanwhile, the average day sale was at around 4-7 days. Most inventories and works with ongoing production included TV programs and TV commercials, with ongoing production). They products were delivered when they were scheduled to broadcast. The Company's credit terms stood at 75-92 days, in line with the credit term the Company was given from payables. Finally, the Company's cash cycle continued to decrease from 34 days in 2010 to 26 days in 2011 and 2012, reflecting the Company's ability to manage its working capital.

- **Ability to repay debts**

| Item                      | Unit    | Audited |       |        |
|---------------------------|---------|---------|-------|--------|
|                           |         | 2010    | 2011  | 2012   |
| Operating cash flow       | million | 112.21  | 52.67 | 101.54 |
| Interest bearing debts    | million | 45.96   | 12.21 | 6.37   |
| Financial cost (interest) | million | 3.98    | 2.07  | 0.64   |
| (CFO/Debt)                | time    | 2.44    | 4.31  | 15.94  |
| CFO/I                     | time    | 28.17   | 25.46 | 158.14 |

The Company's CFO/debt ratio was high, at around 2.22 - 15.94 times during 2010 - 2012 as it continued to repay interest bearing debts and its cash flow from operations increased in 2012. Hence, the Company's liquidity was strong and it was able to repay interest bearing debts before due.

Meanwhile, the Company's interest coverage ratio was also strong. In 2010 - 2012 its interest coverage ratio averaged at 20 times as the Company managed to repay debts before due. In 2012, its interest coverage ratio improved significantly to 159 times given that the financial cost declined to Baht 0.64 million, while the cash flow from operations increased to Baht 101.54 million.

### Sources of funds

The major sources of fund included registered capital, and retained earnings. As of 31 December 2012, the Company's paid-up capital amounted to Baht 259.14 million and its premium on shares was valued at Baht 141.52 million. Finally, its retained earnings stood at Baht 81.50 million.

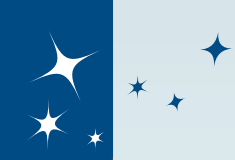
- **Appropriateness of capital structure**

|                                       | Unit    | Audited |        |        |
|---------------------------------------|---------|---------|--------|--------|
|                                       |         | 2010    | 2011   | 2012   |
| Total liabilities                     | million | 179.68  | 130.84 | 98.66  |
| Interest bearing debts                | million | 45.96   | 12.21  | 6.37   |
| Shareholders' equity                  | million | 448.86  | 431.18 | 482.23 |
| Interest bearing debt to equity ratio | time    | 0.10    | 0.03   | 0.01   |
| Debt to Equity Ratio                  | time    | 0.40    | 0.30   | 0.20   |

As of yearend 2009 - 2012, the Company had seen its interest bearing debt to equity ratio and debt to equity ratio continue to decrease to where they remained well below 1 time because in 2010 the Company repaid debts of Baht 42.54 million to financial institutions. In addition, the shareholders' equity increased from the right exercise for MATCH-W2 amounting to Baht 63.24 and for ESOP amounting to Baht 2.89 million. In 2011-2012 the Company continued to repay debts to financial institutions, resulting in a steady decline in its debt to equity ratio.

- **Off Balance Sheet Obligations**

As of 31 December 2013 the Company and its subsidiaries had the off-balance sheet obligations linked to the long-term lease for land and property on land (1-30 year - term) and the guarantee for the leased contracts to broadcast TV programs, such as Plod Nee, Kob Dek Sarng Ban, and etc, and the guarantee to cover possible damages arising for TV commercial production.



| Off balance sheet obligations               | Audited      |               |              |               |              |               |
|---|--------------|---------------|--------------|---------------|--------------|---------------|
|   | 2010         |               | 2011         |               | 2012         |               |
|   | million      | %             | million      | %             | million      | %             |
| <b>Long-term lease contract</b>             |              |               |              |               |              |               |
| Note more than 1 year                       | 7.68         | 21.78         | 6.45         | 17.12         | 8.82         | 22.77         |
| More than 1 years but not more than 5 years | 4.06         | 11.51         | 10.15        | 26.94         | 11.30        | 29.17         |
| More than 5 years                           | 15.09        | 42.79         | 17.63        | 46.79         | 15.94        | 41.15         |
| Total obligation based on lease contracts   | 26.83        | 76.08         | 34.23        | 90.84         | 36.06        | 93.08         |
| Guarantee obligations                       | 8.43         | 23.92         | 3.45         | 9.16          | 2.68         | 6.92          |
| <b>Off balance sheet obligations</b>        | <b>35.26</b> | <b>100.00</b> | <b>37.68</b> | <b>100.00</b> | <b>38.74</b> | <b>100.00</b> |

#### 4. Remuneration for the authorized Auditor

The remuneration for the authorized auditor during 2010 - 2012 is as shown on the following table.

| Remuneration for the authorized auditor (Unit: mn) | 2010             | 2011             | 2012             |
|--|------------------|------------------|------------------|
| Financial statement for the 1st quarter            | 239,000          | 259,000          | 150,000          |
| Financial statement for the 2st quarter            | 239,000          | 259,000          | 150,000          |
| Financial statement for the 3st quarter            | 239,000          | 259,000          | 150,000          |
| Full - year financial statement                    | 583,000          | 623,000          | 1,150,000        |
| <b>Total</b>                                       | <b>1,300,000</b> | <b>1,400,000</b> | <b>1,600,000</b> |



## AUDITOR'S REPORT

To the Shareholders of Matching Maximize Solution Public Company Limited

I have audited the accompanying consolidated and company financial statements of Matching Maximize Solution Public Company Limited and its subsidiaries and of Matching Maximize Solution Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of Matching Maximize Solution Public Company Limited and its subsidiaries and of Matching Maximize Solution Public Company Limited as at 31 December 2012, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Kajornkiet Aroonpirodkul  
Certified Public Accountant (Thailand) No. 3445  
PricewaterhouseCoopers ABAS Ltd.

Bangkok  
22 February 2013



## Matching Maximize Solution Public Company Limited

### Statements of Financial Position

As at 31 December 2012 and 2011 and 1 January 2011

|  |      | Consolidated |             |             | Company     |             |             |
|--|------|--------------|-------------|-------------|-------------|-------------|-------------|
|  |      |              | Restated    |             |             | Restated    |             |
|  |      | 31 December  | 31 December | 1 January   | 31 December | 31 December | 1 January   |
|  |      | 2012         | 2011        | 2011        | 2012        | 2011        | 2011        |
| Notes                                    |      | Baht         | Baht        | Baht        | Baht        | Baht        | Baht        |
| Assets                                   |      |              |             |             |             |             |             |
| Current assets                           |      |              |             |             |             |             |             |
| Cash and cash equivalents                | 7    | 137,726,513  | 72,081,520  | 145,323,788 | 66,430,124  | 33,022,085  | 75,607,112  |
| Short-term investments                   | 8    | 999,936      | 32,523,313  | 2,046,277   | -           | 20,000,000  | -           |
| Restricted cash - current portion        | 9    | -            | 639,700     | 3,124,896   | -           | 639,700     | 3,124,896   |
| Trade and other receivables              | 10   | 141,248,423  | 175,378,399 | 198,928,067 | 53,869,119  | 79,142,810  | 66,795,219  |
| Short-term loans to subsidiaries, net    | 29.5 | -            | -           | -           | 53,164,011  | 56,584,011  | 84,504,830  |
| Inventories                              | 11   | 9,220,382    | 4,554,771   | 5,672,822   | 3,851,328   | 2,925,524   | 1,003,650   |
| VAT receivable                           |      | 809,969      | 1,087,251   | 564,308     | -           | 522,511     | -           |
| Withholding tax deducted at sources, net |      | 11,752,959   | 19,746,003  | 18,525,626  | 4,174,702   | 6,645,679   | 8,253,205   |
| Other current assets                     |      | 1,338,194    | 2,014,847   | 6,078,618   | 204,413     | 554,411     | 1,256,101   |
| Total current assets                     |      | 303,096,376  | 308,025,804 | 380,264,402 | 181,693,697 | 200,036,731 | 240,545,013 |
| Non-current assets                       |      |              |             |             |             |             |             |
| Investments in subsidiaries              | 12   | -            | -           | -           | 186,959,063 | 193,959,063 | 165,973,494 |
| Restricted cash - non current portion    | 9    | 2,598,471    | 2,816,353   | 870,057     | 2,502,471   | 2,720,353   | 398,187     |
| Investment properties                    | 13   | 10,249,564   | 10,249,564  | 10,249,564  | -           | -           | -           |
| Property, plant and equipment, net       | 14   | 87,936,058   | 96,335,874  | 101,031,504 | 74,059,708  | 83,757,908  | 84,560,520  |
| Assets for rent, net                     | 15   | 173,049,461  | 140,471,423 | 131,764,374 | -           | -           | -           |
| Intangible assets, net                   | 16   | 2,130,838    | 1,934,647   | 2,245,978   | 383,940     | 576,051     | 765,704     |
| Other non-current assets                 |      | 1,826,768    | 2,183,464   | 2,122,892   | 551,224     | 761,604     | 638,677     |
| Total non-current assets                 |      | 277,791,160  | 253,991,325 | 248,284,369 | 264,456,406 | 281,774,979 | 252,336,582 |
| Total assets                             |      | 580,887,536  | 562,017,129 | 628,548,771 | 446,150,103 | 481,811,710 | 492,881,595 |

## Matching Maximize Solution Public Company Limited

### Statements of Financial Position (Cont'd)

As at 31 December 2012 and 2011 and 1 January 2011

|  |            | Consolidated |             |            | Company     |             |           |
|--|------------|--------------|-------------|------------|-------------|-------------|-----------|
|  |            |              | Restated    |            |             | Restated    |           |
|  |            | 31 December  | 31 December | 1 January  | 31 December | 31 December | 1 January |
|  |            | 2012         | 2011        | 2011       | 2012        | 2011        | 2011      |
| Notes  | Baht       | Baht         | Baht        | Baht       | Baht        | Baht        |           |
| Liabilities and shareholders' equity                                 |            |              |             |            |             |             |           |
| Current liabilities  |            |              |             |            |             |             |           |
| Bank overdrafts  | -          | 361,688      | 921,093     | -          | 351,988     | 395,046     |           |
| Trade and other payables 17  | 63,128,201 | 90,608,390   | 112,419,611 | 14,091,344 | 43,938,903  | 46,534,813  |           |
| Current portion of long-term borrowing from financial institution 18 | 5,004,000  | 5,004,000    | 16,073,743  | -          | -           | 7,608,000   |           |
| Current portion of liability under finance lease 18                  | 512,908    | 480,571      | 664,756     | 512,908    | 480,571     | 664,756     |           |
| Short-term loan from subsidiary 18, 29.6                             | -          | -            | -           | -          | 7,000,000   | 7,000,000   |           |
| Accrued income tax   | 4,076,850  | 2,000,945    | 3,932,842   | -          | -           | -           |           |
| Other current liabilities  | 12,061,012 | 12,708,105   | 17,149,956  | 4,752,227  | 4,861,589   | 2,628,777   |           |
| Total current liabilities  | 84,782,971 | 111,163,699  | 151,162,001 | 19,356,479 | 56,633,051  | 64,831,392  |           |
| Non-current liabilities  |            |              |             |            |             |             |           |
| Long-term borrowing from financial institution 18                    | 397,000    | 5,401,000    | 26,849,000  | -          | -           | 16,444,000  |           |
| Liability under finance lease 18                                     | 453,692    | 966,600      | 1,447,171   | 453,692    | 966,600     | 1,447,171   |           |
| Employee benefit obligations 19                                      | 13,024,332 | 13,082,385   | 11,773,676  | 2,767,938  | 3,741,921   | 3,273,625   |           |
| Other non-current liabilities  | -          | 226,543      | 226,543     | -          | -           | -           |           |
| Total non-current liabilities  | 13,875,024 | 19,676,528   | 40,296,390  | 3,221,630  | 4,708,521   | 21,164,796  |           |
| Total liabilities  | 98,657,995 | 130,840,227  | 191,458,391 | 22,578,109 | 61,341,572  | 85,996,188  |           |



## Matching Maximize Solution Public Company Limited

### Statements of Financial Position (Cont'd)

As at 31 December 2012 and 2011 and 1 January 2011

|  | Notes | Consolidated        |                     |                   | Company             |                     |                   |
|--|-------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|
|  |       | Restated            |                     |                   | Restated            |                     |                   |
|  |       | 31 December<br>2012 | 31 December<br>2011 | 1 January<br>2011 | 31 December<br>2012 | 31 December<br>2011 | 1 January<br>2011 |
|  |       | Baht                | Baht                | Baht              | Baht                | Baht                | Baht              |
| <b>Liabilities and shareholders' equity (Cont'd)</b> |       |                     |                     |                   |                     |                     |                   |
| <b>Shareholders' equity</b>                          |       |                     |                     |                   |                     |                     |                   |
| Share capital  |       |                     |                     |                   |                     |                     |                   |
| Authorised share capital                             |       |                     |                     |                   |                     |                     |                   |
| Ordinary shares,                                     |       |                     |                     |                   |                     |                     |                   |
| 535 million shares                                   |       |                     |                     |                   |                     |                     |                   |
| at par value   |       |                     |                     |                   |                     |                     |                   |
| of Baht 1 each                                       |       |                     |                     |                   |                     |                     |                   |
| (2011: Ordinary shares,                              |       |                     |                     |                   |                     |                     |                   |
| 324 million shares                                   |       |                     |                     |                   |                     |                     |                   |
| at par value   |       |                     |                     |                   |                     |                     |                   |
| of Baht 1 each)                                      |       |                     |                     |                   |                     |                     |                   |
| 20   |       | 535,000,000         | 324,000,000         | 324,000,000       | 535,000,000         | 324,000,000         | 324,000,000       |
| Issued and fully paid-up                             |       |                     |                     |                   |                     |                     |                   |
| share capital  |       |                     |                     |                   |                     |                     |                   |
| Ordinary shares,                                     |       |                     |                     |                   |                     |                     |                   |
| 259.14 million shares                                |       |                     |                     |                   |                     |                     |                   |
| paid-up of Baht 1 each                               |       |                     |                     |                   |                     |                     |                   |
| 20   |       | 259,143,807         | 259,143,807         | 259,143,807       | 259,143,807         | 259,143,807         | 259,143,807       |
| Share premium  | 20    | 141,516,103         | 141,516,103         | 141,516,103       | 141,516,103         | 141,516,103         | 141,516,103       |
| Retained earnings                                    |       |                     |                     |                   |                     |                     |                   |
| Appropriated - legal reserve                         |       |                     |                     |                   |                     |                     |                   |
| 21   |       | 4,339,324           | 2,753,084           | 2,477,276         | 4,339,324           | 2,753,084           | 2,477,276         |
| Unappropriated                                       |       |                     |                     |                   |                     |                     |                   |
|  |       | 77,157,233          | 27,656,649          | 32,244,702        | 18,572,760          | 17,057,144          | 3,748,221         |
| Equity attributable to owners                        |       |                     |                     |                   |                     |                     |                   |
| of the parent  |       |                     |                     |                   |                     |                     |                   |
|  |       | 482,156,467         | 431,069,643         | 435,381,888       | 423,571,994         | 420,470,138         | 406,885,407       |
| Non-controlling interests                            |       |                     |                     |                   |                     |                     |                   |
|  |       | 73,074              | 107,259             | 1,708,492         | -                   | -                   | -                 |
| <b>Total shareholders' equity</b>                    |       |                     |                     |                   |                     |                     |                   |
|  |       | 482,229,541         | 431,176,902         | 437,090,380       | 423,571,994         | 420,470,138         | 406,885,407       |
| <b>Total liabilities</b>                             |       |                     |                     |                   |                     |                     |                   |
| <b>and shareholders' equity</b>                      |       |                     |                     |                   |                     |                     |                   |
|  |       | 580,887,536         | 562,017,129         | 628,548,771       | 446,150,103         | 481,811,710         | 492,881,595       |

## Matching Maximize Solution Public Company Limited

### Statements of Comprehensive Income

For the years ended 31 December 2012 and 2011

|  | Notes | Consolidated         |                      | Company             |                      |
|--|-------|----------------------|----------------------|---------------------|----------------------|
|  |       | 2012                 | 2011                 | 2012                | 2011                 |
|  |       | Baht                 | Baht                 | Baht                | Baht                 |
| <b>Revenue</b>                                 |       |                      |                      |                     |                      |
| Services income                                |       | 516,805,315          | 525,385,058          | 193,855,899         | 217,542,811          |
| Sales  |       | 87,751,439           | 70,489,871           | -                   | -                    |
| <b>Total revenue</b>                           |       | <b>604,556,754</b>   | <b>595,874,929</b>   | <b>193,855,899</b>  | <b>217,542,811</b>   |
| <b>Cost of sales and services</b>              |       |                      |                      |                     |                      |
| Cost of providing services                     |       | (306,690,280)        | (351,231,882)        | (99,155,862)        | (141,608,603)        |
| Cost of sales                                  |       | (61,203,436)         | (47,966,653)         | -                   | -                    |
| <b>Total cost of sales and services</b>        |       | <b>(367,893,716)</b> | <b>(399,198,535)</b> | <b>(99,155,862)</b> | <b>(141,608,603)</b> |
| <b>Gross profit</b>                            |       | <b>236,663,038</b>   | <b>196,676,394</b>   | <b>94,700,037</b>   | <b>75,934,208</b>    |
| Other income                                   | 23    | 12,263,940           | 5,420,226            | 11,827,601          | 48,272,080           |
| Selling expenses                               |       | (24,271,989)         | (28,651,889)         | (6,742,331)         | (14,428,019)         |
| Administrative expenses                        |       | (144,838,736)        | (148,255,616)        | (82,819,924)        | (34,611,317)         |
| Other expenses                                 | 25    | -                    | -                    | -                   | (40,014,431)         |
| Finance costs                                  |       | (642,055)            | (2,069,163)          | (107,901)           | (1,531,177)          |
| <b>Profit before income tax expense</b>        |       | <b>79,174,198</b>    | <b>23,119,952</b>    | <b>16,857,482</b>   | <b>33,621,344</b>    |
| Income tax expense                             |       | (17,755,807)         | (10,089,749)         | (3,389,874)         | (1,896,547)          |
| <b>Profit for the year</b>                     |       | <b>61,418,391</b>    | <b>13,030,203</b>    | <b>13,467,608</b>   | <b>31,724,797</b>    |
| Other comprehensive income                     |       | -                    | -                    | -                   | -                    |
| <b>Total comprehensive income for the year</b> |       | <b>61,418,391</b>    | <b>13,030,203</b>    | <b>13,467,608</b>   | <b>31,724,797</b>    |
| <b>Profit (loss) attributable to:</b>          |       |                      |                      |                     |                      |
| Owners of the parent                           |       | 61,452,576           | 13,827,821           | 13,467,608          | 31,724,797           |
| Non-controlling interest in subsidiaries       |       | (34,185)             | (797,618)            | -                   | -                    |
|  |       | <b>61,418,391</b>    | <b>13,030,203</b>    | <b>13,467,608</b>   | <b>31,724,797</b>    |
|  |       | <b>Baht</b>          | <b>Baht</b>          | <b>Baht</b>         | <b>Baht</b>          |
| <b>Earnings per share</b>                      | 26    |                      |                      |                     |                      |
| Basic earnings per share                       |       | 0.24                 | 0.05                 | 0.05                | 0.12                 |
| Diluted earnings per share                     |       | 0.22                 | 0.05                 | 0.05                | 0.11                 |

## Matching Maximize Solution Public Company Limited

Statements of Changes in Shareholders' Equity

For the years ended 31 December 2012 and 2011

|  | Notes | Consolidated                             |                       |                                      |                        |                                    |                                    |           |                                   |               |
|--|-------|--|-----------------------|--------------------------------------|------------------------|------------------------------------|------------------------------------|-----------|-----------------------------------|---------------|
|  |       | Attributable to owners of the parent     |                       |                                      |                        |                                    |                                    |           | Non-controlling interests<br>Baht | Total<br>Baht |
|  |       | Issued and paid-up share capital<br>Baht | Share premium<br>Baht | Retained earnings                    |                        | Other comprehensive income<br>Baht | Total owners of the parent<br>Baht |           |                                   |               |
|  |       |  |                       | Appropriated - legal reserve<br>Baht | Unappropriated<br>Baht |                                    |                                    |           |                                   |               |
| Opening balance as at 1 January 2011                         |       | 259,143,807                              | 141,516,103           | 2,477,276                            | 43,739,305             | -                                  | 446,876,491                        | 1,987,565 | 448,864,056                       |               |
| Retrospective adjustment due to changes in accounting policy |       |  |                       |                                      |                        |                                    |                                    |           |                                   |               |
| - retirement benefit obligations                             | 2.1   | -  | -                     | -                                    | (11,494,603)           | -                                  | (11,494,603)                       | (279,073) | (11,773,676)                      |               |
| Balance after adjustment                                     |       | 259,143,807                              | 141,516,103           | 2,477,276                            | 32,244,702             | -                                  | 435,381,888                        | 1,708,492 | 437,090,380                       |               |
| Changes in equity for the year 2011                          |       |  |                       |                                      |                        |                                    |                                    |           |                                   |               |
| Legal reserve  | 21    | -  | -                     | 275,808                              | (275,808)              | -                                  | -                                  | -         | -                                 |               |
| Dividends  | 27    | -  | -                     | -                                    | (18,140,066)           | -                                  | (18,140,066)                       | (803,615) | (18,943,681)                      |               |
| Total comprehensive income (loss) for the year               |       | -  | -                     | -                                    | 13,827,821             | -                                  | 13,827,821                         | (797,618) | 13,030,203                        |               |
| Balance as at 31 December 2011                               |       | 259,143,807                              | 141,516,103           | 2,753,084                            | 27,656,649             | -                                  | 431,069,643                        | 107,259   | 431,176,902                       |               |
| Changes in equity for year 2012                              |       |  |                       |                                      |                        |                                    |                                    |           |                                   |               |
| Legal reserve  | 21    | -  | -                     | 1,586,240                            | (1,586,240)            | -                                  | -                                  | -         | -                                 |               |
| Dividends  | 27    | -  | -                     | -                                    | (10,365,752)           | -                                  | (10,365,752)                       | -         | (10,365,752)                      |               |
| Total comprehensive income (loss) for the year               |       | -  | -                     | -                                    | 61,452,576             | -                                  | 61,452,576                         | (34,185)  | 61,418,391                        |               |
| Closing balance as at 31 December 2012                       |       | 259,143,807                              | 141,516,103           | 4,339,324                            | 77,157,233             | -                                  | 482,156,467                        | 73,074    | 482,229,541                       |               |



## Matching Maximize Solution Public Company Limited

### Statements of Changes in Shareholders' Equity

For the years ended 31 December 2012 and 2011

|  | Notes | Company  |                          |  |                        |  |               |
|--|-------|--|--------------------------|--|------------------------|--|---------------|
|  |       | Issued<br>and paid-up<br>share capital<br>Baht | Share<br>premium<br>Baht | Retained earnings                          |                        | Other<br>comprehensive<br>income<br>Baht | Total<br>Baht |
|  |       |  |                          | Appropriated<br>- legal<br>reserve<br>Baht | Unappropriated<br>Baht |  |               |
| <b>Opening balance as at 1 January 2011</b>  |       | 259,143,807                                    | 141,516,103              | 2,477,276                                  | 7,021,846              | -  | 410,159,032   |
| Retrospective adjustment due to changes in accounting policy<br>- retirement benefit obligations | 2.1   | -  | -                        | -  | (3,273,625)            | -  | (3,273,625)   |
| <b>Balance after adjustment</b>  |       | 259,143,807                                    | 141,516,103              | 2,477,276                                  | 3,748,221              | -  | 406,885,407   |
| <b>Changes in equity for the year 2011</b>   |       |  |                          |  |                        |  |               |
| Legal reserve  | 21    | -  | -                        | 275,808                                    | (275,808)              | -  | -             |
| Dividends  | 27    | -  | -                        | -  | (18,140,066)           | -  | (18,140,066)  |
| Total comprehensive income for the year  |       | -  | -                        | -  | 31,724,797             | -  | 31,724,797    |
| <b>Balance as at 31 December 2011</b>  |       | 259,143,807                                    | 141,516,103              | 2,753,084                                  | 17,057,144             | -  | 420,470,138   |
| <b>Changes in equity for the year 2012</b>   |       |  |                          |  |                        |  |               |
| Legal reserve  | 21    | -  | -                        | 1,586,240                                  | (1,586,240)            | -  | -             |
| Dividends  | 27    | -  | -                        | -  | (10,365,752)           | -  | (10,365,752)  |
| Total comprehensive income for the year  |       | -  | -                        | -  | 13,467,608             | -  | 13,467,608    |
| <b>Closing balance as at 31 December 2012</b>  |       | 259,143,807                                    | 141,516,103              | 4,339,324                                  | 18,572,760             | -  | 423,571,994   |



## Matching Maximize Solution Public Company Limited

### Statements of Cash Flows

For the years ended 31 December 2012 and 2011

|  | Notes | Consolidated |              | Company      |              |
|--|-------|--------------|--------------|--------------|--------------|
|  |       | 2012         | 2011         | 2012         | 2011         |
|  |       | Baht         | Baht         | Baht         | Baht         |
| <b>Cash flows from operating activities</b>                  |       |              |              |              |              |
| Profit before income tax expense                             |       | 79,174,198   | 23,119,952   | 16,857,482   | 33,621,344   |
| Adjustments for:   |       |              |              |              |              |
| Bad debt expenses and doubtful accounts                      | 10    | 130,847      | 4,473,476    | -            | 1,906,873    |
| Reversal of allowance for doubtful accounts                  |       | (3,724,381)  | -            | (2,313,000)  | -            |
| Reversal of impairment of short-term loan                    |       | -            | -            | -            | (34,002,453) |
| Depreciation and amortisation charge                         | 24    | 42,139,753   | 40,774,872   | 8,881,171    | 10,159,187   |
| Provision of goods returns                                   | 10    | 810,550      | 959,375      | -            | -            |
| Loss from inventory obsolescences                            | 11    | -            | 815,870      | -            | -            |
| Loss from write-off of withholding tax                       |       | 1,546,348    | 1,077,324    | 941,200      | 883,549      |
| Provision for withholding tax deducted at sources (reversal) |       | (2,393,824)  | 1,082,191    | (942,894)    | (1,416,264)  |
| Loss from impairment of investment in subsidiaries           | 25    | -            | -            | -            | 40,014,431   |
| Dividend income  | 23    | -            | -            | (626,975)    | (35,696,385) |
| Gain from disposal of equipment                              |       | (1,716,435)  | (415,110)    | (214,114)    | (848,144)    |
| Gain from disposal of assets for rent                        |       | (913,445)    | (694,073)    | -            | -            |
| Loss from write-off of equipment                             |       | 2,183,373    | 845          | 2,168,594    | -            |
| Employee benefit obligations                                 | 19    | 1,567,984    | 1,558,597    | 476,180      | 468,296      |
| Actuarial gains  | 19    | (1,626,037)  | -            | (1,450,163)  | -            |
| Interest income  | 23    | (1,925,380)  | (1,091,970)  | (6,336,496)  | (6,578,248)  |
| Finance costs  |       | 642,055      | 2,069,163    | 107,901      | 1,531,177    |
|  |       | 115,895,606  | 73,730,512   | 17,548,886   | 10,043,363   |
| Change in operating assets and liabilities:                  |       |              |              |              |              |
| - Trade and other receivables                                | 10    | 36,812,942   | 18,158,004   | 27,608,053   | (14,243,943) |
| - Inventories and productions in progress                    | 11    | (4,665,611)  | 302,181      | (925,804)    | (1,921,874)  |
| - VAT receivable   |       | 277,282      | (522,943)    | 522,511      | (522,511)    |
| - Other current assets                                       |       | 676,653      | 4,063,771    | 349,998      | 701,690      |
| - Restricted cash  | 9     | 857,582      | 538,900      | 857,582      | 163,030      |
| - Other non-current assets                                   |       | 356,696      | (60,572)     | 210,380      | (122,927)    |
| - Trade and other payables                                   | 17    | (41,358,360) | (22,076,047) | (29,903,713) | (2,506,951)  |
| - Other current liabilities                                  |       | (647,093)    | (4,441,851)  | (109,362)    | 2,232,812    |
| - Employee benefit   | 19    | -            | (249,888)    | -            | -            |
| - Non-current liabilities                                    |       | (226,543)    | -            | -            | -            |
| Cash flows from operating activities                         |       | 107,979,154  | 69,442,067   | 16,158,531   | (6,177,311)  |
| Interest received  |       | 1,066,113    | 809,654      | 239,146      | 441,580      |
| Interest paid  |       | (669,890)    | (2,175,853)  | (107,901)    | (1,620,137)  |
| Withholding tax refunded                                     |       | 10,717,900   | 7,610,017    | 3,773,269    | 5,014,344    |
| Corporate income tax paid                                    |       | (17,557,282) | (23,011,554) | (4,690,472)  | (4,770,650)  |
| Net cash generated from (used in) operating activities       |       | 101,535,995  | 52,674,331   | 15,372,573   | (7,112,174)  |

## Matching Maximize Solution Public Company Limited

### Statements of Cash Flows (Cont'd)

For the years ended 31 December 2012 and 2011

|   | Notes | Consolidated |              | Company      |              |
|---|-------|--------------|--------------|--------------|--------------|
|   |       | 2012         | 2011         | 2012         | 2011         |
|   |       | Baht         | Baht         | Baht         | Baht         |
| <b>Cash flows from investing activities</b>                   |       |              |              |              |              |
| Cash payment for short-term investments                       |       | -            | (30,477,036) | -            | (20,000,000) |
| Cash received from short-term investments                     |       | 31,523,377   | -            | 20,000,000   | -            |
| Cash payment for short-term loans to subsidiaries             | 29.5  | -            | -            | (23,770,000) | (16,650,000) |
| Cash payment for investment in subsidiaries                   |       | -            | -            | -            | (68,000,000) |
| Proceeds from dissolution of a subsidiary                     | 12    | -            | -            | 7,000,000    | -            |
| Cash received from short-term loans to subsidiaries           | 29.5  | -            | -            | 26,950,000   | 74,500,000   |
| Cash payment for purchases of assets for rent                 | 15    | (51,287,839) | (36,210,955) | -            | -            |
| Cash payment for purchases of equipment                       | 14    | (4,729,995)  | (7,928,808)  | (1,063,413)  | (9,121,400)  |
| Proceeds from disposal of assets for rent                     |       | 3,024,079    | 1,009,429    | -            | -            |
| Proceeds from disposal of equipment                           |       | 1,773,402    | 456,818      | 243,027      | 872,612      |
| Cash payment for purchases of intangible assets               | 16    | (941,300)    | (321,590)    | (68,800)     | (69,990)     |
| Interest received from short-term investments                 |       | 959,285      | 241,129      | 509,537      | 64,801       |
| Interest received from short-term loans to subsidiaries       |       | -            | -            | 5,806,451    | 10,134,619   |
| Dividend income from subsidiaries                             |       | -            | -            | 626,975      | 35,696,385   |
| Net cash generated from (used in) investing activities        |       | (19,678,991) | (73,231,013) | 36,233,777   | 7,427,027    |
| <b>Cash flows from financing activities</b>                   |       |              |              |              |              |
| Bank overdrafts   |       | (361,688)    | (559,406)    | (351,988)    | (43,058)     |
| Repayments to long-term borrowing from financial institution  | 18    | (5,004,000)  | (32,517,743) | -            | (24,052,000) |
| Repayments to short-term loan from subsidiary                 | 29.6  | -            | -            | (7,000,000)  | -            |
| Repayments to liability under finance lease                   | 18    | (480,571)    | (664,756)    | (480,571)    | (664,756)    |
| Dividend payments   | 27    | (10,365,752) | (18,943,681) | (10,365,752) | (18,140,066) |
| Net cash used in financing activities                         |       | (16,212,011) | (52,685,586) | (18,198,311) | (42,899,880) |
| Net increase (decrease) in cash and cash equivalents          |       | 65,644,993   | (73,242,268) | 33,408,039   | (42,585,027) |
| Opening balance of cash and cash equivalents                  |       | 72,081,520   | 145,323,788  | 33,022,085   | 75,607,112   |
| Closing balance of cash and cash equivalents                  |       | 137,726,513  | 72,081,520   | 66,430,124   | 33,022,085   |
| <b>Non-cash transactions</b>                                  |       |              |              |              |              |
| Outstanding payable arising from purchases of equipment       |       | 178,072      | -            | 56,514       | -            |
| Outstanding payable arising from purchases of assets for rent |       | 14,623,113   | 895,179      | -            | -            |



## Matching Maximize Solution Public Company Limited

Notes to the Consolidated and Company Financial Statements

For the years ended 31 December 2012 and 2011

### 1 General information

Matching Maximize Solution Public Company Limited, (the “Company”) is a public limited company which is incorporated and domiciled in Thailand. The address of the Company’s registered office is as follows:

Head office: located 305/10 Soi Sukhothai 6, Sukhothai Road, Dusit, Bangkok.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The Group is principally engaged in the business of advertisement films production, providing film production equipment for rent and providing related services, production and distribution of magazines.

The Group consolidated and company financial statements were authorised for issue by the Board of Directors on 22 February 2013.

### 2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and company financial statements are set out below:

#### 2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and company financial statements have been prepared under the historical cost convention.

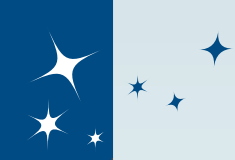
The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Comparative figures have been adjusted to conform with change in preparation in the current year. To comply with the guideline for Lease Accounting and announcement of Department of Business Development Regulation dated 7 November 2011 in relation to the format of Financial Statements B.E. 2554, the Company reclassified leasehold right, trade and other receivables and trade and other payables as at 31 December 2011 and 1 January 2011 as follows:

|  | Consolidated |             | Company     |            |
|--|--------------|-------------|-------------|------------|
|  | 31 December  | 1 January   | 31 December | 1 January  |
|  | 2011         | 2011        | 2011        | 2011       |
|  | Baht         | Baht        | Baht        | Baht       |
| <b>Property, plant and equipment, net</b>          |              |             |             |            |
| As previously reported                             |              |             |             |            |
| Equipment, net                                     | 12,593,275   | 13,130,043  | 9,514,697   | 8,160,495  |
| Leasehold right, net                               | 83,742,599   | 87,901,461  | 74,243,211  | 76,400,025 |
| Reclassified to Property, plant and equipment, net | 96,335,874   | 101,031,504 | 83,757,908  | 84,560,520 |
| <b>Trade and others receivables</b>                |              |             |             |            |
| As previously reported                             |              |             |             |            |
| Trade receivables - other company, net             | 169,792,584  | 188,636,068 | 75,904,996  | 46,955,714 |
| Trade receivables - subsidiaries, net              | -            | -           | 1,826,886   | 19,125,378 |
| Other current assets                               |              |             |             |            |
| - Prepaid expenses                                 | 3,609,656    | 3,260,773   | 866,612     | 536,176    |
| - Other receivables, net                           | 1,976,159    | 7,031,226   | 544,316     | 177,951    |
| Reclassified to Trade and other receivables        | 175,378,399  | 198,928,067 | 79,142,810  | 66,795,219 |
| <b>Trade and other payables</b>                    |              |             |             |            |
| As previously reported                             |              |             |             |            |
| Trade payables - other company                     | 53,467,100   | 72,344,801  | 29,154,645  | 32,605,323 |
| Trade payables - subsidiaries                      | -            | -           | 5,165,671   | 9,084,687  |
| Other current liabilities                          |              |             |             |            |
| - Advance received                                 | 8,518,048    | 6,965,395   | -           | -          |
| - Other payables                                   | 1,591,053    | 1,011,432   | 164,500     | 32,100     |
| Accrued expenses                                   | 27,032,189   | 32,097,983  | 9,454,087   | 4,812,703  |
| Reclassified to Trade and other payable            | 90,608,390   | 112,419,611 | 43,938,903  | 46,534,813 |

In addition, comparative figures have been adjusted to conform with changes in presentation in the current year as follows:

|                           | Previously Presentation |           | Increase/(Decrease) |             | Current Presentation |           |
|---------------------------|-------------------------|-----------|---------------------|-------------|----------------------|-----------|
|                           | Consolidated            | Company   | Consolidated        | Company     | Consolidated         | Company   |
|                           | Baht                    | Baht      | Baht                | Baht        | Baht                 | Baht      |
| <b>Current assets</b>     |                         |           |                     |             |                      |           |
| Saving account used as    |                         |           |                     |             |                      |           |
| guarantee                 | 3,052,571               | 2,956,571 | (2,412,871)         | (2,316,871) | 639,700              | 639,700   |
| Withholding tax deducted  |                         |           |                     |             |                      |           |
| at sources, net           | 9,875,820               | 2,874,104 | 9,870,183           | 3,771,575   | 1,946,003            | 6,645,679 |
| <b>Non Current assets</b> |                         |           |                     |             |                      |           |
| Fixed deposit used as     |                         |           |                     |             |                      |           |
| Guarantee                 | 403,482                 | 403,482   | 2,412,871           | 2,316,871   | 2,816,353            | 2,720,353 |
| Withholding tax deducted  |                         |           |                     |             |                      |           |
| at sources, net           | 9,870,183               | 3,771,575 | (9,870,183)         | (3,771,575) | -                    | -         |



The Group has applied TAS 19 “Employee Benefits” from 1 January 2011, and the Group adjusted the impact from adoption such accounting standard against opening retained earnings. The impacts on the consolidated and company financial statements can be summarized as follows:

|   | Consolidated | Company   |
|---|--------------|-----------|
|   | 2011         | 2011      |
|   | Baht         | Baht      |
| <b>Statement of financial position as at 1 January 2011</b> |              |           |
| Decreased in opening retained earnings                      |              |           |
| - Attributable to owners of the parent                      | 11,494,603   | 3,273,625 |
| - Non-controlling interests                                 | 279,073      | -         |
| Increased in retirement benefit obligation                  | 11,773,676   | 3,273,625 |

An English version of the consolidated and company financial statements have been prepared from the financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial information shall prevail.

## 2.2 New accounting standards, new financial reporting standard, new interpretations and amendments to accounting standard

New accounting standards, new financial reporting standard, new interpretations and amendments to accounting standard that are not yet effective and have not been early adopted by the Group:

Effective for the periods beginning on or after 1 January 2013

|                       |   |
|-----------------------|---|
| TAS 12                | Income taxes  |
| TAS 20                | Accounting for Government Grants and Disclosure of Government Assistance  |
| TAS 21 (Revised 2009) | The Effects of Changes in Foreign Exchange Rates                          |
| TFRS 8                | Operating Segments  |
| TSIC 10               | Government Assistance - No Specific Relation to Operating Activities      |
| TSIC 21               | Income Taxes - Recovery of Revalued Non-Depreciable Assets                |
| TSIC 25               | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders |

TAS 12 deals only with taxes on income, comprising current and deferred tax. Current tax expense for a period is based on the taxable and deductible amounts that will be shown on the tax return for the current year. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax accounting is based on the temporary differences between the tax base of an asset or liability and its carrying amount in the financial statements. The group is assessing the impact of deferred tax.

TAS 21 (Revised 2009) requires an entity to determine its functional currency which is the currency of the primary economic environment in which the entity operates. Currency other than functional currency of an entity is foreign currency. Foreign currency transactions are required to be translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rate of monetary items denominated in foreign currency are recognised in profit or loss. The standard permits the presentation currency of a reporting entity to be any currencies. The Group's management has determined that the new accounting standard will not significantly impact the financial statements being presented.



TFRS 8 requires a management approach under which segment information is presented on the same basis that used for internal reporting purpose as provided to the chief operating decision makers. The new standard will have an impact on disclosure.

Effective for the periods beginning on or after 1 January 2014

|          |   |
|----------|---|
| TFRIC 4  | Determining whether an Arrangement contains a Lease |
| TFRIC 12 | Service Concession Arrangements                     |
| TFRIC 13 | Customer Loyalty Programmes                         |
| TSIC 29  | Service Concession Arrangements: Disclosure         |

TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. TFRIC 4 is not relevant to the Group's operations.

TFRIC 12 applies to public-to-private service concession arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. TFRIC12 is not relevant to the group's operations.

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. TFRIC 13 is not relevant to the Group's operations.

TSIC 29 contains disclosure requirements in respect of public-to-private service arrangements. TSIC 29 is not relevant to the Group's operations.

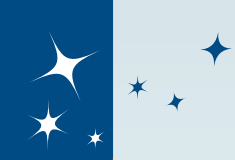
## **2.3 Group Accounting - Investments in subsidiaries and associates and interests in joint ventures**

### **(1) Subsidiaries**

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition- by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.



The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's subsidiaries and the effects from disposals of subsidiaries are shown in Note 12.

## **(2) Transactions and non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

## **2.4 Foreign currency translation**

Items included in the financial statements of each of the Group's entities are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit or loss.

## **2.5 Cash and cash equivalents**

In the consolidated and Company statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

## **2.6 Trade accounts receivable**

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within selling and marketing costs.

## 2.7 Inventories and productions in progress

### a) Camera for production and accessories

Camera for production and accessories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. Net realizable value is the estimate of the selling price in the ordinary course of business less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

### b) TV programs and event production

TV programs ready for broadcasts or sales and TV programs production in progress are stated at production cost which is directly attributable to the program production. The cost will be recognised in the income statement when broadcast or sale and show has been performed.

### c) Pocketbook and magazines in progress

Pocketbook and magazines in progress are stated at the lower of cost and net realisable value. Cost is determined by specific identification. The cost of pocketbook and magazines in progress comprises design costs, raw materials, direct labour, other direct costs and related production overhead (based on normal capacity). Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

## 2.8 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Land is classified and accounted for by the Group as investment property when the definition of investment property is met.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

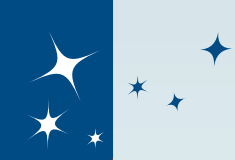
After initial recognition, investment property is carried at cost less any accumulated impairment loss.

## 2.9 Building and equipment and assets for rent

Building and equipment and assets for rent are measured initially at their cost less any accumulated depreciation. Depreciation is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

### Building and equipment

|  |         |
|--|---------|
| Production equipment                   | 5 years |
| Computers                              | 5 years |
| Furniture fixture and office equipment | 5 years |



|   |                                    |
|---|------------------------------------|
| Vehicles  | 5 years                            |
| Office building, studio building and leasehold building improvement | Lease period but not over 20 years |
| Leasehold studio building improvement                               | 20 years                           |

#### **Asset for rent**

|                            |             |
|----------------------------|-------------|
| Production equipment       | 5, 10 years |
| Supply for film production | 3 years     |
| Vehicles                   | 10 years    |

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in profit or loss.

## **2.10 Intangible assets**

### **Computer software**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives 5 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

### **Other intangible assets**

Cost incurred on web-site development are recognised as intangible asset and are amortised using the straight-line method over their estimated useful lives of 3-5 years.

## **2.11 Impairment of assets**

Assets that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment. Building and equipment, assets for rent, and non-financial assets including intangible assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## **2.12 Leases - where a Group company is the lessee**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

#### **Leases - where a Group company is the lessor**

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

### **2.13 Borrowings**

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

### **2.14 Employee Benefits**

#### **Pension obligations**

Group companies operate various pension which is defined benefit plan and is determined by periodic actuarial calculations schemes. The A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

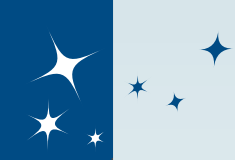
The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in profit and loss in the period in which they arise.

Past-service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

### **2.15 Provision**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the



amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## **2.16 Provision for goods returns**

Provision for goods returns is estimated based on historical experience and other relevant market factors. Provision for goods returns are provided for the sales profit margins and presented netting of sales.

## **2.17 Revenue recognition**

Revenue of the Group consist principally revenue from advertising, television program, advertising films production, concerts and event organising, rental of equipment, sales of pocket book, magazines and other goods.

Revenue from advertising and television program are recognised when the advertisement or program is broadcasted.

Revenue from advertising films production is recognised based on percentage of completion which is the proportion of services rendered over the total estimated cost to be incurred for the whole production. Revenue from altering tape and sound recording are recognised when completed.

Revenue from concerts and events organising are recognised when the shows are completed.

Revenue from rental of equipment is recognised when services are rendered. Rental with inclusive of service revenues are recognised based on portion of service rendered.

Revenue from sales of pocket books and magazines are shown net of returns and discounts. Revenue from sales of pocket books and magazines are recognised when significant risks and rewards of ownership of goods are transferred to the buyer. Revenue from barter service is revenues from the exchange of a dissimilar nature. The revenue is measured at the fair value of service received, adjusted by the amount of any cash or cash equivalents received or paid. Revenue from advertising in magazines and publishing media are recognised when advertisements are published.

Revenue from sales of other goods comprised the fair value of the consideration received or receivable for the sales of goods net of value-added tax, returns and discounts. Revenue from sales of other goods is recognised when significant risks and rewards of ownership of goods are transferred to the buyer.

### **Other income**

Interest income is amortisation on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Dividend income is recognised when the right to receive payment is established.



## **2.18 Income tax**

The Group calculates income tax in accordance with the Revenue Code and records income tax on an accrual basis. The Group does not recognise income taxes payable or receivable in future periods in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

## **2.19 Dividend payment**

Dividend payment is recorded in the consolidated and company financial statements in the period in which they are approved by the shareholders.

## **2.20 Segment reporting**

Segment information has been prepared based on the internal report of the Group, which disaggregates its business by services or products.

# **3 Financial risk management**

## **3.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: credit risk interest rate risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### **3.1.1 Credit risk**

The Group has no significant concentrations of credit risks due to the large number of customer from which the income is charged in cash. The Group has policies in place to ensure that sales of products and services are made to customers with appropriate credit history. Cash transactions are limited to high credit quality financial institutions.

### **3.1.2 Interest rate risk**

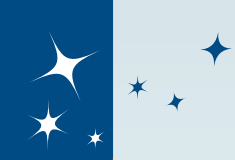
The Group's income and operating cash flows are not substantially independent of changes in market interest rates. Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The loan interest rates of the Group are mainly floated. The Group does not use the interest rate derivative to manage exposure from fluctuation in interest rate on specific borrowing.

### **3.1.3 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

## **3.2 Fair value**

The book values of financial assets and financial liabilities with a maturity of less than one year are approximate their fair values. Long-term borrowings and loans made with related parties carried an interest at the market interest rate. Management believe that their net book values are assumed to approximate their fair value.



## 4 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 4.1 Impairment of receivables

The Group maintains an allowance for doubtful accounts to reflect impairment of trade receivables relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Group's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends.

### 4.2 Allowance for obsolete, slow-moving and defective inventories

The Group has made allowance, where necessary, for obsolete, slow moving and defective inventories by estimating the net realisable value was calculated from the selling price in the ordinary course of business, less the cost of completion and selling expenses. Furthermore, the calculation of the net realisable estimation was based on historical experience, management's knowledge of the industry and future market trends.

### 4.3 Provision for goods returns

The management has estimated the provision for goods returns in relation to magazines. The percentage of goods returned is estimated based on historical information, experiences and existing business models.

### 4.4 Valuation of advertising films under production

The cost of films under production is recognised when incurred. When there is an indication, the Group tests impairment on a title by title basis, and if the estimated remaining net cash flows are not sufficient to recover each title cost, the impairment will be recognised. The estimation of net cash flow is calculated and estimated by the management.

### 4.5 Property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different from previously estimation, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

### 4.6 Employee benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 19.

## 5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

## 6 Segment information

### Financial statements by business segment

|  | Advertisement<br>films<br>production<br>Baht | Television<br>programs<br>Baht | Show/events<br>organizing<br>Baht | Rental and<br>service<br>Baht | Sales of<br>products<br>Baht | Sales of<br>magazines<br>Baht | Total<br>Baht |
|--|--|--------------------------------|-----------------------------------|-------------------------------|------------------------------|-------------------------------|---------------|
| <b>For the year ended 31 December 2012</b>     |  |                                |                                   |                               |                              |                               |               |
| Revenues                                       |  |                                |                                   |                               |                              |                               |               |
| Gross segment revenues                         | 47,065,660                                   | 186,811,271                    | 29,872,232                        | 262,297,021                   | 23,093,779                   | 65,173,542                    | 614,313,505   |
| Inter - segment revenues                       | (2,915,616)                                  | (17,500)                       | (1,437,600)                       | (4,870,152)                   | (515,883)                    | -                             | (9,756,751)   |
| Net revenues                                   | 44,150,044                                   | 186,793,771                    | 28,434,632                        | 257,426,869                   | 22,577,896                   | 65,173,542                    | 604,556,754   |
| Segment result                                 | 5,618,609                                    | 70,586,190                     | (4,515,822)                       | 45,697,680                    | 4,756,320                    | 7,279,467                     | 129,425,444   |
| Other income                                   |  |                                |                                   |                               |                              |                               | 12,263,940    |
| Interest paid                                  |  |                                |                                   |                               |                              |                               | (642,055)     |
| Unallocated cost/expenses                      |  |                                |                                   |                               |                              |                               | (61,835,946)  |
| Income tax                                     |  |                                |                                   |                               |                              |                               | (17,755,807)  |
| Profit attributable to owners of the parent    |  |                                |                                   |                               |                              |                               | 61,452,576    |
| Loss attributable to non-controlling interests |  |                                |                                   |                               |                              |                               | (34,185)      |
| Profit for the year                            |  |                                |                                   |                               |                              |                               | 61,418,391    |
| <b>Segment fixed assets</b>                    |  |                                |                                   |                               |                              |                               |               |
| Building and equipment - net                   | 74,516,582                                   | 164,270                        | 195,184                           | 11,041,305                    | -                            | 2,018,717                     | 87,936,058    |
| Assets for rent - net                          | -  | -                              | -                                 | 173,049,461                   | -                            | -                             | 173,049,461   |
| Unallocated assets                             |  |                                |                                   |                               |                              |                               | 319,902,017   |
| Consolidated total assets                      |  |                                |                                   |                               |                              |                               | 580,887,536   |
| Impairment charge                              | -  | (87,909)                       | -                                 | -                             | -                            | -                             | (87,909)      |

## 6 Segment information (Cont'd)

### Financial statements by business segment (Cont'd)

|  | Advertisement<br>films<br>production<br>Baht | Television<br>programs<br>Baht | Show/events<br>organizing<br>Baht | Rental and<br>service<br>Baht | Sales of<br>products<br>Baht | Sales of<br>magazines<br>Baht | Total<br>Baht |
|--|--|--------------------------------|-----------------------------------|-------------------------------|------------------------------|-------------------------------|---------------|
| <b>For the year ended 31 December 2011</b>       |  |                                |                                   |                               |                              |                               |               |
| Revenues   |  |                                |                                   |                               |                              |                               |               |
| Gross segment revenues                           | 173,693,381                                  | 173,176,494                    | 34,074,551                        | 189,814,167                   | 7,269,322                    | 64,181,723                    | 642,209,638   |
| Inter - segment revenues                         | (14,979,129)                                 | (18,745,922)                   | (2,280,500)                       | (9,367,985)                   | (945,423)                    | (15,750)                      | (46,334,709)  |
| Net revenues                                     | 158,714,252                                  | 154,430,572                    | 31,794,051                        | 180,446,182                   | 6,323,899                    | 64,165,973                    | 595,874,929   |
| Segment result                                   | 9,068,010                                    | 50,899,237                     | (7,422,250)                       | 5,008,698                     | (76,198)                     | 8,487,792                     | 65,965,289    |
| Other income                                     |  |                                |                                   |                               |                              |                               | 5,420,226     |
| Interest paid                                    |  |                                |                                   |                               |                              |                               | (2,069,163)   |
| Unallocated cost/expenses                        |  |                                |                                   |                               |                              |                               | (45,398,782)  |
| Income tax                                       |  |                                |                                   |                               |                              |                               | (10,089,749)  |
| Profit attributable to owners of the parent      |  |                                |                                   |                               |                              |                               | 13,827,821    |
| Profit attributable to non-controlling interests |  |                                |                                   |                               |                              |                               | (797,618)     |
| Profit for the year                              |  |                                |                                   |                               |                              |                               | 13,030,203    |
| <b>Segment fixed assets</b>                      |  |                                |                                   |                               |                              |                               |               |
| Building and equipment, net                      | 84,489,202                                   | 47,439                         | 192,899                           | 10,562,199                    | -                            | 1,044,135                     | 96,335,874    |
| Assets for rent, net                             | -  | -                              | -                                 | 140,471,423                   | -                            | -                             | 140,471,423   |
| Unallocated assets                               |  |                                |                                   |                               |                              |                               | 325,209,832   |
| Consolidated total assets                        |  |                                |                                   |                               |                              |                               | 562,017,129   |
| Impairment charge                                | -  | (87,909)                       | -                                 | -                             | -                            | -                             | (87,909)      |

Unallocated costs represent corporate expenses. Segment assets consist primarily property and equipment, intangible assets, inventories, receivables and operating cash and mainly exclude investments.

Liabilities are mainly borrowings purposed to be used for all segments and for the Group's liquidity. Accordingly, the Group does not present the liabilities segment information.

## 7 Cash and cash equivalents

|                                  | Consolidated |            | Company    |            |
|----------------------------------|--------------|------------|------------|------------|
|                                  | 2012         | 2011       | 2012       | 2011       |
|                                  | Baht         | Baht       | Baht       | Baht       |
| Cash on hand                     | 951,000      | 1,004,091  | 420,000    | 430,000    |
| Deposits held at call with banks | 73,876,426   | 71,077,429 | 45,859,621 | 32,592,085 |
| Fixed deposit accounts           | 50,399,087   | -          | 20,150,503 | -          |
| Bill of exchange - 3 months      | 12,500,000   | -          | -          | -          |
| Cash and cash equivalents        | 137,726,513  | 72,081,520 | 66,430,124 | 33,022,085 |

As at 31 December 2012, deposits held at call with banks carry interest at the rate of 0.625% per annum (2011: 0.75% per annum). Fixed deposit accounts carry interest at the rate of 2.75% per annum. Bill of exchange carries interest at the rate of 3.00% per annum.

## 8 Short-term investments

|                             | Consolidated |            | Company |            |
|-----------------------------|--------------|------------|---------|------------|
|                             | 2012         | 2011       | 2012    | 2011       |
|                             | Baht         | Baht       | Baht    | Baht       |
| Fixed deposit - 12 months   | 999,936      | 1,023,313  | -       | -          |
| Bill of exchange - 6 months | -            | 31,500,000 | -       | 20,000,000 |
| Investments                 | 999,936      | 32,523,313 | -       | 20,000,000 |

The interest rates on fixed deposit are 2.50% per annum. (2011: interest rates on fixed deposit are 1.37% per annum and interest rates on bill of exchange are 3.6% per annum).

## 9 Restricted cash

|                                       | Consolidated |           | Company   |           |
|---------------------------------------|--------------|-----------|-----------|-----------|
|                                       | 2012         | 2011      | 2012      | 2011      |
|                                       | Baht         | Baht      | Baht      | Baht      |
| Restricted cash - current portion     | -            | 639,700   | -         | 639,700   |
| Restricted cash - non-current portion | 2,598,471    | 2,816,353 | 2,502,471 | 2,720,353 |

The Group has pledged the deposits with local banks as collateral for letters of bank guarantee issued by those banks in respect of project compliance and electricity usage. The restricted cash for project which is expected to complete within one year will be classified as current portion.

## 10 Trade and other receivables

|  | Consolidated |             | Company     |             |
|--|--------------|-------------|-------------|-------------|
|  | 2012         | 2011        | 2012        | 2011        |
|  | Baht         | Baht        | Baht        | Baht        |
| Trade accounts receivable                          |              |             |             |             |
| Other companies                                    | 135,591,008  | 144,391,649 | 52,909,500  | 56,791,319  |
| Related companies (Note 29.4)                      | 1,588,950    | 862,845     | 1,738,750   | 1,826,886   |
| Accrued income                                     | 4,433,315    | 38,336,100  | -           | 25,186,916  |
| Total trade accounts receivable and accrued income | 141,613,273  | 183,590,594 | 54,648,250  | 83,805,121  |
| <u>Less</u> Advances receipt                       | (2,206,587)  | (4,282,405) | (845,000)   | (1,282,005) |
| Allowance for doubtful accounts                    | (3,518,956)  | (7,112,490) | (2,433,119) | (4,746,119) |
| Provision for goods returns                        | (2,556,750)  | (1,746,200) | -           | -           |
| Contractual deposits                               | -            | (656,915)   | -           | (45,115)    |
| Trade accounts receivable and accrued income, net  | 133,330,980  | 169,792,584 | 51,370,131  | 77,731,882  |
| Prepaid expenses                                   | 4,257,911    | 3,609,656   | 1,644,297   | 866,612     |
| Other receivables                                  | 3,659,532    | 7,251,203   | 854,691     | 544,316     |
| <u>Less</u> Allowance for doubtful accounts        | -            | (5,275,044) | -           | -           |
| Trade and other receivables                        | 141,248,423  | 175,378,399 | 53,869,119  | 79,142,810  |

During 2012, the Group wrote off an other receivable which provision was provided for in full, amounting to Baht 5.27 million.

Outstanding trade accounts receivable and accrued income can be analysed as follows:

|   | Consolidated |             | Company     |             |
|---|--------------|-------------|-------------|-------------|
|   | 2012         | 2011        | 2012        | 2011        |
|   | Baht         | Baht        | Baht        | Baht        |
| Account receivables                               |              |             |             |             |
| Current   | 90,787,381   | 93,595,882  | 38,755,281  | 41,122,100  |
| Overdue less than 3 months                        | 35,138,412   | 38,573,292  | 13,628,376  | 11,085,200  |
| Overdue 3 to 6 months                             | 6,158,382    | 5,080,602   | 337,050     | 44,405      |
| Overdue 6 to 12 months                            | 1,986,477    | 4,169,779   | -           | 3,745,000   |
| Overdue over 12 months                            | 3,109,306    | 3,834,939   | 1,927,543   | 2,621,500   |
|   | 137,179,958  | 145,254,494 | 54,648,250  | 58,618,205  |
| Accrued income                                    | 4,433,315    | 38,336,100  | -           | 25,186,916  |
| <u>Less</u> Advances receipt                      | (2,206,587)  | (4,282,405) | (845,000)   | (1,282,005) |
| Allowance for doubtful accounts                   | (3,518,956)  | (7,112,490) | (2,433,119) | (4,746,119) |
| Provision for goods returns                       | (2,556,750)  | (1,746,200) | -           | -           |
| Contractual deposits                              | -            | (656,915)   | -           | (45,115)    |
| Trade accounts receivable and accrued income, net | 133,330,980  | 169,792,584 | 51,370,131  | 77,731,882  |



## 11 Inventories, net

|  | Consolidated |           | Company   |           |
|--|--------------|-----------|-----------|-----------|
|  | 2012         | 2011      | 2012      | 2011      |
|  | Baht         | Baht      | Baht      | Baht      |
| Camera for production and accessories                        | 2,415,475    | 2,322,044 | -         | -         |
| TV programs production in progress                           | 3,803,578    | 2,925,524 | 3,851,328 | 2,925,524 |
| Advertisement film in progress                               | 2,381,242    | -         | -         | -         |
| Magazines in progress  | 72,283       | 26,197    | -         | -         |
| Event production in progress                                 | -            | 55,983    | -         | -         |
| Pocketbook   | 848,891      | -         | -         | -         |
| Others   | 26,096       | 40,893    | -         | -         |
|  | 9,547,565    | 5,370,641 | 3,851,328 | 2,925,524 |
| <u>Less</u> Allowance for diminution in value of inventories | (815,870)    | (815,870) | -         | -         |
|  | 8,731,695    | 4,554,771 | 3,851,328 | 2,925,524 |
| Advances for purchases of inventory                          | 488,687      | -         | -         | -         |
|  | 9,220,382    | 4,554,771 | 3,851,328 | 2,925,524 |

In 2011, the Group recognised allowance for diminution in value of inventories in consolidated statements of comprehensive income amounting to Baht 0.8 million.

## 12 Investment in subsidiaries

|  | Company       |               |
|--|---------------|---------------|
|  | 2012          | 2011          |
|  | Baht          | Baht          |
| Investment in subsidiaries                 | 430,600,000   | 437,600,000   |
| <u>Less</u> Allowance for impairment       | (243,640,937) | (243,640,937) |
| Investment in subsidiaries, net            | 186,959,063   | 193,959,063   |
| <b>For the year ended 31 December 2012</b> |               |               |
| Opening net book amount                    | 193,959,063   | 165,973,494   |
| Acquisition                                | -             | 68,000,000    |
| Disposal                                   | (7,000,000)   | -             |
| Impairment on investments                  | -             | (40,014,431)  |
| Closing net book amount                    | 186,959,063   | 193,959,063   |

The details of investments in subsidiaries are as follows:

| Subsidiaries company                                    | Type of business  | Relationship         | Paid up              |                  | % Ownership Interest |                  | 31 December 2012 |                               |             | 31 December 2011 |                               |             |
|---|---|----------------------|----------------------|------------------|----------------------|------------------|------------------|-------------------------------|-------------|------------------|-------------------------------|-------------|
|   |   |                      | Share capital ('000) |                  |                      |                  | Cost Method Baht | Allowance for impairment Baht | Net Baht    | Cost Method Baht | Allowance for impairment Baht | Net Baht    |
|   |   |                      | 31 December 2012     | 31 December 2011 | 31 December 2012     | 31 December 2011 |                  |                               |             |                  |                               |             |
| Matching Entertainment Co., Ltd.<br>Gear Head Co., Ltd. | Events organiser  | Direct shareholder   | 80,000               | 80,000           | 99.99                | 99.99            | 80,000,000       | (80,000,000)                  | -           | 80,000,000       | (80,000,000)                  | -           |
|   | Provide services and renting of advertisement   |                      |                      |                  |                      |                  |                  |                               |             |                  |                               |             |
|   | Production equipments   | Direct shareholder   | 130,000              | 130,000          | 99.99                | 99.99            | 130,000,000      | -                             | 130,000,000 | 130,000,000      | -                             | 130,000,000 |
|   | Production of TV advertisement  | Direct shareholder   | -                    | 7,000            | -                    | 99.99            | -                | -                             | -           | 7,000,000        | -                             | 7,000,000   |
|   | Production of films   | Direct shareholder   | 158,000              | 158,000          | 99.99                | 99.99            | 158,000,000      | (113,640,937)                 | 44,359,063  | 158,000,000      | (113,640,937)                 | 44,359,063  |
| Matching Broadcast Co., Ltd.                            | Production of TV programs   | Direct shareholder   | 10,000               | 10,000           | 99.99                | 99.99            | 10,000,000       | -                             | 10,000,000  | 10,000,000       | -                             | 10,000,000  |
| Matching Movie Town Co., Ltd.                           | Photographic studio service, media broker, production of TV programs and entertainment events organiser |                      |                      |                  |                      |                  |                  |                               |             |                  |                               |             |
| Book Maker Co., Ltd.                                    | Production and distribution of magazines  | Direct shareholder   | 50,000               | 50,000           | 99.99                | 99.99            | 50,000,000       | (50,000,000)                  | -           | 50,000,000       | (50,000,000)                  | -           |
|   | Production of advertisement films for domestic and overseas   | Direct shareholder   | 2,000                | 2,000            | 99.99                | 99.99            | 2,000,000        | -                             | 2,000,000   | 2,000,000        | -                             | 2,000,000   |
|   |   |                      |                      |                  |                      |                  |                  |                               |             |                  |                               |             |
| Goody Film BKK Co., Ltd.                                |   | Direct shareholder   | 1,000                | 1,000            | 60.00                | 60.00            | 600,000          | -                             | 600,000     | 600,000          | -                             | 600,000     |
| Subsidiaries under                                      |   |                      |                      |                  |                      |                  | 430,600.00       | (243,640,937)                 | 186,959,063 | 437,600,000      | (243,640,937)                 | 193,959,063 |
| Matching Broadcast Co., Ltd.                            |   |                      |                      |                  |                      |                  |                  |                               |             |                  |                               |             |
| Matching Television Co., Ltd.                           | Production of TV program  | Indirect shareholder | -                    | 5,000            | -                    | 99.98            |                  |                               |             |                  |                               |             |

All subsidiaries are incorporated in Thailand. All holdings are investments in ordinary shares.

Fatman and Little Boy Co., Ltd. and Matching Television Co., Ltd., subsidiaries had registered for liquidations with the Ministry of Commerce on 25 July 2012 and were dissolved in October 2012. The Company received the capital return from Fatman and Little Boy Co., Ltd. amounting to Baht 7 million.

## 2011

In March 2011, Matching Entertainment Co., Ltd., a subsidiary increased the authorised share capital from 400,000 ordinary shares with a par value of Baht 100 per share to 800,000 ordinary shares with a par value of Baht 100 per share, totalling Baht 40 million. On the same day, that subsidiary used proceed from capital increase to repay the loan from the Company, amounting to Baht 37 million.

In March 2011, Matching Studio Plus Co., Ltd., a subsidiary increased the authorised share capital from 1,300,000 ordinary shares with a par value of Baht 100 per share to 1,580,000 ordinary shares with a par value of Baht 100 per share, totalling Baht 28 million. On the same day, that subsidiary used proceed from capital increase to repay loan and accrued interest to the Company.

## 13 Investment properties

|   | Consolidated |             |
|---|--------------|-------------|
|   | 2012         | 2011        |
|   | Baht         | Baht        |
| <b>As at 31 December</b>                  |              |             |
| Land - Prachuap Khiri Khan Province       | 10,249,564   | 10,249,564  |
| Land and building - Kanchanaburi Province | 1,960,000    | 1,960,000   |
| Total investment property                 | 12,209,564   | 12,209,564  |
| <u>Less</u> Allowance for impairment      | (1,960,000)  | (1,960,000) |
| Net book amount                           | 10,249,564   | 10,249,564  |
| <b>Fair value</b>                         |              |             |
| Land - Prachuap Khiri Khan Province       | 20,400,000   | 18,360,000  |
| Land and building - Kanchanaburi Province | -            | -           |
| Total fair value                          | 20,400,000   | 18,360,000  |

A subsidiary owns two pieces of properties that are not utilised, with total cost of Baht 12.21 million, comprising land at Prachuap Khiri Khan Province of Baht 10.25 million, and land and building at Kanchanaburi Province of Baht 1.96 million.

Investment property of Baht 10.25 million (2011: Baht 10.25 million) was pledged as a security for long-term bank borrowing. As at 31 December 2012, the borrowing was settled but the title to such land has not yet been redeemed from bank.

The Group determined the fair values of those lands at 31 December 2012 by independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and categories of the investment properties valued. Land at Prachuap Khiri Khan Province valued by applying market approach. Land and building at Kanchanaburi Province valued by applying cost approach.

For the year ended 31 December 2012 and 2011, there is no income or expense that are related to investment properties recognised in profit and loss.

## 14 Property, plant and equipment, net

|  | Consolidated                 |                  |   |                  |                                       |                            |                                  |               |  |  |
|--|------------------------------|------------------|---|------------------|---------------------------------------|----------------------------|----------------------------------|---------------|--|--|
|  | Production equipment<br>Baht | Computer<br>Baht | Furniture and fixtures and office equipment<br>Baht | Vehicles<br>Baht | Building and land improvement<br>Baht | Building equipment<br>Baht | Construction in progress<br>Baht | Total<br>Baht |  |  |
| <b>At 1 January 2011</b>                     |                              |                  |   |                  |                                       |                            |                                  |               |  |  |
| Cost   | 28,590,428                   | 30,530,465       | 51,602,546  | 20,892,801       | 116,296,251                           | 15,677,421                 | 2,423,710                        | 266,013,622   |  |  |
| Less Accumulated depreciation                | (26,679,275)                 | (27,962,302)     | (46,906,265)  | (16,850,447)     | (37,890,183)                          | (8,605,737)                | -                                | (164,894,209) |  |  |
| Allowance for impairment                     | (19,240)                     | (67,546)         | (1,123)   | -                | -                                     | -                          | -                                | (87,909)      |  |  |
| Net book value                               | 1,891,913                    | 2,500,617        | 4,695,158   | 4,042,354        | 78,406,068                            | 7,071,684                  | 2,423,710                        | 101,031,504   |  |  |
| <b>For the year ended 31 December 2011</b>   |                              |                  |   |                  |                                       |                            |                                  |               |  |  |
| Opening net book value                       | 1,891,913                    | 2,500,617        | 4,695,158   | 4,042,354        | 78,406,068                            | 7,071,684                  | 2,423,710                        | 101,031,504   |  |  |
| Additions                                    | 254,337                      | 2,711,093        | 1,328,278   | 1,241,192        | 417,193                               | 419,750                    | 1,626,954                        | 7,998,797     |  |  |
| Disposals and write-off-net                  | (63)                         | (10,264)         | (32,212)  | (12)             | (1)                                   | -                          | -                                | (42,552)      |  |  |
| Transfer-in (out)                            | -                            | -                | -   | -                | 3,826,664                             | 224,000                    | (4,050,664)                      | -             |  |  |
| Transfer from (to) assets for rent (Note 15) | -                            | 1                | (1,827)   | -                | -                                     | -                          | -                                | (1,826)       |  |  |
| Depreciation (Note 24)                       | (866,699)                    | (1,282,409)      | (2,512,598)   | (1,365,589)      | (5,698,477)                           | (924,283)                  | -                                | (12,650,049)  |  |  |
| Closing net book value                       | 1,279,488                    | 3,919,044        | 3,476,799   | 3,917,945        | 76,951,447                            | 6,791,151                  | -                                | 96,335,874    |  |  |
| <b>At 31 December 2011</b>                   |                              |                  |   |                  |                                       |                            |                                  |               |  |  |
| Cost   | 27,624,117                   | 28,501,001       | 50,698,310  | 21,133,895       | 115,540,108                           | 16,321,171                 | -                                | 259,818,602   |  |  |
| Less Accumulated depreciation                | (26,325,389)                 | (24,514,411)     | (47,220,388)  | (17,215,950)     | (38,588,661)                          | (9,530,020)                | -                                | (163,394,819) |  |  |
| Allowance for impairment                     | (19,240)                     | (67,546)         | (1,123)   | -                | -                                     | -                          | -                                | (87,909)      |  |  |
| Net book value                               | 1,279,488                    | 3,919,044        | 3,476,799   | 3,917,945        | 76,951,447                            | 6,791,151                  | -                                | 96,335,874    |  |  |

14 Property, plant and equipment, net (Cont'd)

|  | Consolidated                 |                  |  |                  |   |   |                                     |
|--|------------------------------|------------------|--|------------------|---|---|-------------------------------------|
|  | Production equipment<br>Baht | Computer<br>Baht | Furniture<br>fixtures and<br>office<br>equipment<br>Baht | Vehicles<br>Baht | Office building,<br>studio building<br>and leasehold<br>building<br>improvement<br>Baht | Leasehold<br>studio building<br>improvement<br>Baht | Construction<br>in progress<br>Baht |
| <b>For the year ended 31 December 2012</b> |                              |                  |  |                  |   |   |                                     |
| Opening net book value                     | 1,279,488                    | 3,919,044        | 3,476,799  | 3,917,945        | 76,951,447  | 6,791,151   | -                                   |
| Additions                                  | 694,843                      | 1,965,122        | 977,102  | 1,000,000        | -   | -   | 271,000                             |
| Disposals and write-off-net                | (4,581)                      | (56,174)         | (101,950)  | (9)              | -   | (2,077,626)   | -                                   |
| Depreciation (Note 24)                     | (566,162)                    | (1,275,039)      | (1,556,588)  | (1,100,550)      | (5,709,674)   | (859,530)   | -                                   |
| Closing net book value                     | 1,403,588                    | 4,522,953        | 2,795,363  | 3,817,386        | 71,241,773  | 3,853,995   | 271,000                             |
| <b>At 31 December 2012</b>                 |                              |                  |  |                  |   |   |                                     |
| Cost                                       | 25,393,060                   | 27,988,389       | 49,875,412   | 12,710,650       | 115,540,108   | 14,075,204  | 271,000                             |
| Less Accumulated depreciation              | (23,970,232)                 | (23,367,890)     | (47,078,926)   | (8,893,264)      | (44,298,335)  | (10,221,209)  | -                                   |
| Allowance for impairment                   | (19,240)                     | (67,546)         | (1,123)  | -                | -   | -   | -                                   |
| Net book value                             | 1,403,588                    | 4,552,953        | 2,795,363  | 3,817,386        | 71,241,773  | 3,853,995   | 271,000                             |
|  |                              |                  |  |                  |   |   | 87,936,058                          |

## 14 Property, plant and equipment, net (Cont'd)

|  | Company                      |                  |  |                  |   |   |                                     |
|--|------------------------------|------------------|--|------------------|---|---|-------------------------------------|
|  | Production equipment<br>Baht | Computer<br>Baht | Furniture fixtures and<br>office equipment<br>Baht | Vehicles<br>Baht | Office building,<br>studio building<br>and leasehold<br>building<br>improvement<br>Baht | Leasehold<br>studio building<br>improvement<br>Baht | Construction<br>in progress<br>Baht |
| <b>At 1 January 2011</b>                   |                              |                  |  |                  |   |   |                                     |
| Cost                                       | 25,997,044                   | 15,089,604       | 34,653,925   | 9,593,923        | 97,298,321  | 14,959,513  | 1,163,710                           |
| Less Accumulated depreciation              | (24,662,891)                 | (13,810,683)     | (31,942,951)                                       | (6,757,477)      | (28,521,509)  | (8,500,009)   | -                                   |
| Net book value                             | 1,334,153                    | 1,278,921        | 2,710,974  | 2,836,446        | 68,776,812  | 6,459,504   | 1,163,710                           |
| <b>For the year ended 31 December 2011</b> |                              |                  |  |                  |   |   |                                     |
| Opening net book value                     | 1,334,153                    | 1,278,921        | 2,710,974  | 2,836,446        | 68,776,812  | 6,459,504   | 1,163,710                           |
| Additions                                  | 392,830                      | 2,173,821        | 811,886  | 2,290,192        | -   | 2,665,717   | 786,954                             |
| Disposals and write-off-net                | (63)                         | (9,216)          | (7,049)  | (8,139)          | (1)   | -   | -                                   |
| Transfer-in (out)                          | -                            | -                | -  | -                | 1,726,664   | 224,000   | (1,950,664)                         |
| Depreciation (Note 24)                     | (704,183)                    | (822,254)        | (1,622,233)  | (1,141,389)      | (4,724,964)   | (384,521)   | -                                   |
| Closing net book value                     | 1,022,737                    | 2,621,272        | 1,893,578  | 3,977,110        | 65,778,511  | 8,464,700   | -                                   |
| <b>At 31 December 2011</b>                 |                              |                  |  |                  |   |   |                                     |
| Cost                                       | 25,169,226                   | 12,827,593       | 33,911,599   | 9,107,809        | 94,024,985  | 17,849,230  | -                                   |
| Less Accumulated depreciation              | (24,146,489)                 | (10,206,321)     | (32,018,021)                                       | (5,130,699)      | (28,246,474)  | (9,384,530)   | -                                   |
| Net book value                             | 1,022,737                    | 2,621,272        | 1,893,578  | 3,977,110        | 65,778,511  | 8,464,700   | -                                   |
|  |                              |                  |  |                  |   |   | 83,757,908                          |



14 Property, plant and equipment, net (Cont'd)

|  | Company                      |                  |  |                  |   |   |                                     |
|--|------------------------------|------------------|--|------------------|---|---|-------------------------------------|
|  | Production equipment<br>Baht | Computer<br>Baht | Furniture<br>fixtures and<br>office<br>equipment<br>Baht | Vehicles<br>Baht | Office building,<br>studio building<br>and leasehold<br>building<br>improvement<br>Baht | Leasehold<br>studio building<br>improvement<br>Baht | Construction<br>in progress<br>Baht |
| <b>For the year ended 31 December 2012</b> |                              |                  |  |                  |   |   |                                     |
| Opening net book value                     | 1,022,737                    | 2,621,272        | 1,893,578  | 3,977,110        | 65,778,511  | 8,464,700   | -                                   |
| Additions                                  | 51,763                       | 717,777          | 350,027  | -                | -   | -   | -                                   |
| Disposals and write-off-net                | (4,581)                      | (17,262)         | (98,033)   | (5)              | -   | (2,077,626)   | -                                   |
| Depreciation (Note 24)                     | (376,914)                    | (791,613)        | (815,416)  | (1,098,038)      | (4,701,249)   | (837,030)   | -                                   |
| Closing net book value                     | 693,005                      | 2,530,174        | 1,330,156  | 2,879,067        | 61,077,262  | 5,550,044   | -                                   |
| <b>At 31 December 2012</b>                 |                              |                  |  |                  |   |   |                                     |
| Cost                                       | 22,295,089                   | 11,477,922       | 32,610,185   | 8,324,304        | 94,024,985  | 15,603,264  | -                                   |
| Less Accumulated depreciation              | (21,602,084)                 | (8,947,748)      | (31,280,029)   | (5,445,237)      | (32,947,723)  | (10,053,220)  | -                                   |
| Net book value                             | 693,005                      | 2,530,174        | 1,330,156  | 2,879,067        | 61,077,262  | 5,550,044   | -                                   |
|  |                              |                  |  |                  |   |   | 74,059,708                          |





As at 31 December 2012, costs of assets which are fully depreciated but still in use are amounting to Baht 84.20 million (2011: Baht 91.11 million) and Baht 69.27 million (2011: Baht 61.45 million) in the Group consolidated and company financial statements, respectively.

Leased assets included above, where the Group and the Company is a lease under a finance lease comprise motor vehicle as follows:

|                                      | Consolidated |             | Company     |             |
|--------------------------------------|--------------|-------------|-------------|-------------|
|                                      | 2012         | 2011        | 2012        | 2011        |
|                                      | Baht         | Baht        | Baht        | Baht        |
| Cost                                 | 3,200,000    | 3,200,000   | 3,200,000   | 3,200,000   |
| <u>Less</u> Accumulated depreciation | (1,995,397)  | (1,355,397) | (1,995,397) | (1,355,397) |
| Net book amount                      | 1,204,603    | 1,844,603   | 1,204,603   | 1,844,603   |

## 15 Assets for rent, net

|  | Consolidated                 |                                      |                  |                                  |               |
|--|------------------------------|--------------------------------------|------------------|----------------------------------|---------------|
|  | Production equipment<br>Baht | Supplies for film production<br>Baht | Vehicles<br>Baht | Construction in progress<br>Baht | Total<br>Baht |
| <b>At 1 January 2011</b>                       |                              |                                      |                  |                                  |               |
| Cost   | 395,157,360                  | 8,645,810                            | 96,704,138       | 444,066                          | 500,951,374   |
| <u>Less</u> Accumulated depreciation           | (285,444,468)                | (4,955,406)                          | (78,787,126)     | -                                | (369,187,000) |
| Net book value                                 | 109,712,892                  | 3,690,404                            | 17,917,012       | 444,066                          | 131,764,374   |
| <b>For the year ended 31 December 2011</b>     |                              |                                      |                  |                                  |               |
| Opening net book value                         | 109,712,892                  | 3,690,404                            | 17,917,012       | 444,066                          | 131,764,374   |
| Additions                                      | 29,757,713                   | 2,567,656                            | 2,622,828        | 1,634,274                        | 36,582,471    |
| Disposals and write-off-net                    | (93,128)                     | (14)                                 | (222,214)        | -                                | (315,356)     |
| Transfer from building and equipment (Note 14) | 1,826                        | -                                    | -                | -                                | 1,826         |
| Depreciation (Note 24)                         | (22,679,235)                 | (2,729,474)                          | (2,153,183)      | -                                | (27,561,892)  |
| Closing net book value                         | 116,700,068                  | 3,528,572                            | 18,164,443       | 2,078,340                        | 140,471,423   |
| <b>At 31 December 2011</b>                     |                              |                                      |                  |                                  |               |
| Cost   | 423,394,609                  | 9,830,311                            | 97,781,990       | 2,078,340                        | 533,085,250   |
| <u>Less</u> Accumulated depreciation           | (306,694,541)                | (6,301,739)                          | (79,617,547)     | -                                | (392,613,827) |
| Net book value                                 | 116,700,068                  | 3,528,572                            | 18,164,443       | 2,078,340                        | 140,471,423   |
| <b>For the year ended 31 December 2012</b>     |                              |                                      |                  |                                  |               |
| Opening net book value                         | 116,700,068                  | 3,528,572                            | 18,164,443       | 2,078,340                        | 140,471,423   |
| Additions                                      | 33,025,586                   | 3,098,216                            | 4,933,046        | 23,958,925                       | 65,015,773    |
| Transfer in (out)                              | 1,366,558                    | -                                    | -                | (1,366,558)                      | -             |
| Disposal and write-off-net                     | (100,724)                    | (1,142,616)                          | (867,294)        | -                                | (2,110,634)   |
| Depreciation (Note 24)                         | (25,676,584)                 | (2,254,181)                          | (2,396,336)      | -                                | (30,327,101)  |
| Closing net book value                         | 125,314,904                  | 3,229,991                            | 19,833,859       | 24,670,707                       | 173,049,461   |
| <b>At 31 December 2012</b>                     |                              |                                      |                  |                                  |               |
| Cost   | 455,102,193                  | 9,257,589                            | 97,571,088       | 24,670,707                       | 586,601,577   |
| <u>Less</u> Accumulated depreciation           | (329,787,289)                | (6,027,598)                          | (77,737,229)     | -                                | (413,552,116) |
| Net book value                                 | 125,314,904                  | 3,229,991                            | 19,833,859       | 24,670,707                       | 173,049,461   |

A subsidiary owns assets for rent which is not long-term lease.

From 1 January 2011, management of a subsidiary has changed the residual value of production equipment, supplies for film production, and vehicles from Baht 1 to the residual value ranged between 2% to 25% of the cost considering assets condition and estimate selling price at the termination date. The effect of the change on the consolidated financial statements for the year ended 31 December 2011 are to decrease depreciation expense by Baht 6.31 million and increase profit for the year by the same amount.

As at 31 December 2012, costs of assets for rent which are fully depreciated but still in use, are amounting to Baht 180.77 million (2011: Baht 198.87 million).

## 16 Intangible assets, net

|  | Consolidated     |                   |                                 |               |
|--|------------------|-------------------|---------------------------------|---------------|
|  | Software<br>Baht | Copyright<br>Baht | Software<br>in progress<br>Baht | Total<br>Baht |
| <b>At 1 January 2011</b>                   |                  |                   |                                 |               |
| Cost                                       | 4,854,345        | 45,500            | 1,105,000                       | 6,004,845     |
| <u>Less</u> Accumulated amortisation       | (3,758,867)      | -                 | -                               | (3,758,867)   |
| Net book value                             | 1,095,478        | 45,500            | 1,105,000                       | 2,245,978     |
| <b>For the year ended 31 December 2011</b> |                  |                   |                                 |               |
| Opening net book value                     | 1,095,478        | 45,500            | 1,105,000                       | 2,245,978     |
| Additions                                  | 251,600          | -                 | -                               | 251,600       |
| Transfer in (out)                          | 1,105,000        | -                 | (1,105,000)                     | -             |
| Amortisation (Note 24)                     | (562,931)        | -                 | -                               | (562,931)     |
| Closing net book value                     | 1,889,147        | 45,500            | -                               | 1,934,647     |
| <b>At 31 December 2011</b>                 |                  |                   |                                 |               |
| Cost                                       | 6,210,945        | 45,500            | -                               | 6,256,445     |
| <u>Less</u> Accumulated amortisation       | (4,321,798)      | -                 | -                               | (4,321,798)   |
| Net book value                             | 1,889,147        | 45,500            | -                               | 1,934,647     |
| <b>For the year ended 31 December 2012</b> |                  |                   |                                 |               |
| Opening net book value                     | 1,889,147        | 45,500            | -                               | 1,934,647     |
| Additions                                  | 941,300          | -                 | -                               | 941,300       |
| Amortisation (Note 24)                     | (745,109)        | -                 | -                               | (745,109)     |
| Closing net book value                     | 2,085,338        | 45,500            | -                               | 2,130,838     |
| <b>At 31 December 2012</b>                 |                  |                   |                                 |               |
| Cost                                       | 7,152,245        | 45,500            | -                               | 7,197,745     |
| <u>Less</u> Accumulated amortisation       | (5,066,907)      | -                 | -                               | (5,066,907)   |
| Net book value                             | 2,085,338        | 45,500            | -                               | 2,130,838     |



## 16 Intangible assets, net (Cont'd)

|  | Company          |                   |               |
|--|------------------|-------------------|---------------|
|  | Software<br>Baht | Copyright<br>Baht | Total<br>Baht |
| <b>At 1 January 2011</b>                   |                  |                   |               |
| Cost                                       | 3,203,658        | -                 | 3,203,658     |
| <u>Less</u> Accumulated amortisation       | (2,437,954)      | -                 | (2,437,954)   |
| Net book value                             | 765,704          | -                 | 765,704       |
| <b>For the year ended 31 December 2011</b> |                  |                   |               |
| Opening net book value                     | 765,704          | -                 | 765,704       |
| Additions                                  | 24,490           | 45,500            | 69,990        |
| Amortisation (Note 24)                     | (259,643)        | -                 | (259,643)     |
| Closing net book value                     | 530,551          | 45,500            | 576,051       |
| <b>At 31 December 2011</b>                 |                  |                   |               |
| Cost                                       | 3,228,148        | 45,500            | 3,273,648     |
| <u>Less</u> Accumulated amortisation       | (2,697,597)      | -                 | (2,697,597)   |
| Net book value                             | 530,551          | 45,500            | 576,051       |
| <b>For the year ended 31 December 2012</b> |                  |                   |               |
| Opening net book value                     | 530,551          | 45,500            | 576,051       |
| Additions                                  | 68,800           | -                 | 68,800        |
| Amortisation (Note 24)                     | (260,911)        | -                 | (260,911)     |
| Closing net book value                     | 338,440          | 45,500            | 383,940       |
| <b>At 31 December 2012</b>                 |                  |                   |               |
| Cost                                       | 3,296,948        | 45,500            | 3,342,448     |
| <u>Less</u> Accumulated amortisation       | (2,958,508)      | -                 | (2,958,508)   |
| Net book value                             | 338,440          | 45,500            | 383,940       |

Amortisation of Baht 745,109 (2011: Baht 562,931) and Baht 260,911 (2011: Baht 259,643) is included in administrative expenses in the Group consolidated and company financial statements, respectively.

## 17 Trade and other payables

|                                 | Consolidated |              | Company      |              |
|---------------------------------|--------------|--------------|--------------|--------------|
|                                 | 2012<br>Baht | 2011<br>Baht | 2012<br>Baht | 2011<br>Baht |
| Trade payable                   |              |              |              |              |
| - Other companies               | 20,714,306   | 53,467,100   | 2,988,634    | 29,154,645   |
| - Subsidiaries (Note 29.4)      | -            | -            | 36,960       | 5,165,671    |
| - Related companies (Note 29.4) | 321,000      | -            | -            | -            |
| Advance received                | 520,701      | 8,518,048    | -            | -            |
| Other payables                  | 15,819,066   | 1,591,053    | 56,154       | 164,500      |
| Accrued expenses                | 25,753,128   | 27,032,189   | 11,009,596   | 9,454,087    |
| Trade and other payables        | 63,128,201   | 90,608,390   | 14,091,344   | 43,938,903   |

## 18 Borrowing

### a) Long-term borrowing from financial institution

|   | Consolidated |            | Company |      |
|---|--------------|------------|---------|------|
|   | 2012         | 2011       | 2012    | 2011 |
|   | Baht         | Baht       | Baht    | Baht |
| Repayable within 1 year                     | 5,004,000    | 5,004,000  | -       | -    |
| Later than 1 year but not later than 2 year | 397,000      | 5,401,000  | -       | -    |
|   | 5,401,000    | 10,405,000 | -       | -    |

Long-term borrowing is guaranteed by the Company (Note 29.8) and carry interest at the rate of 7.00% per annum (2011: 7.25% per annum).

The interest rate exposure on the borrowings of the Group and company (except finance lease liabilities) is as follows:

|                     | Consolidated |            | Company |           |
|---------------------|--------------|------------|---------|-----------|
|                     | 2012         | 2011       | 2012    | 2011      |
|                     | Baht         | Baht       | Baht    | Baht      |
| Borrowings:         |              |            |         |           |
| - at fixed rates    | -            | -          | -       | 7,000,000 |
| - at floating rates | 5,401,000    | 10,405,000 | -       | 351,988   |
|                     | 5,401,000    | 10,405,000 | -       | 7,351,988 |

The effective interest rate at the statement of financial position date were as follows:

|                                   | Consolidated |      | Company |      |
|-----------------------------------|--------------|------|---------|------|
|                                   | 2012         | 2011 | 2012    | 2011 |
|                                   | %            | %    | %       | %    |
| - Bank overdrafts                 | -            | 7.50 | -       | 7.50 |
| - Bank borrowing                  | 7.00         | 7.25 | 7.00    | 7.25 |
| - Short-term loan from subsidiary | -            | -    | 6.00    | 6.00 |

The carrying amounts of bank borrowing and lease obligation approximate their fair value.

The movements in borrowing from financial institution (exclude bank overdrafts) can be analysed as follows:

|                            | Consolidated |              | Company |              |
|----------------------------|--------------|--------------|---------|--------------|
|                            | 2012         | 2011         | 2012    | 2011         |
|                            | Baht         | Baht         | Baht    | Baht         |
| Opening balance            | 10,405,000   | 42,922,743   | -       | 24,052,000   |
| Repayments during the year | (5,004,000)  | (32,517,743) | -       | (24,052,000) |
| Closing balance            | 5,401,000    | 10,405,000   | -       | -            |

## 18 Borrowing (Cont'd)

### b) Finance lease liabilities

Finance lease liabilities - minimum lease payments:

|   | Consolidated |           | Company  |           |
|---|--------------|-----------|----------|-----------|
|   | 2012         | 2011      | 2012     | 2011      |
|   | Baht         | Baht      | Baht     | Baht      |
| Repayable within 1 year                       | 560,856      | 560,856   | 560,856  | 560,856   |
| Later than 1 year but not later than 5 years  | 467,380      | 1,028,236 | 467,380  | 1,028,236 |
| Less future finance charges on finance leases | (61,636)     | (141,921) | (61,636) | (141,921) |
| Present value of finance lease liabilities    | 966,600      | 1,447,171 | 966,600  | 1,447,171 |
| Representing lease liabilities:               |              |           |          |           |
| - Short-term                                  | 512,908      | 480,571   | 512,908  | 480,571   |
| - Long-term                                   | 453,692      | 966,600   | 453,692  | 966,600   |
|   | 996,600      | 1,447,171 | 966,600  | 1,447,171 |

## 19 Employee benefit obligations

### Retirement benefits

|                                      | Consolidated |            | Company   |           |
|--------------------------------------|--------------|------------|-----------|-----------|
|                                      | 2012         | 2011       | 2012      | 2011      |
|                                      | Baht         | Baht       | Baht      | Baht      |
| Statement of financial position      |              |            |           |           |
| Retirement benefit obligation        | 13,024,332   | 13,082,385 | 2,767,938 | 3,741,921 |
| Present value of unfunded obligation | 13,024,332   | 13,082,385 | 2,767,938 | 3,741,921 |

The movement in the defined benefit obligation over the year is as follows:

|                      | Consolidated |            | Company     |           |
|----------------------|--------------|------------|-------------|-----------|
|                      | 2012         | 2011       | 2012        | 2011      |
|                      | Baht         | Baht       | Baht        | Baht      |
| At 1 January         | 13,082,385   | 11,773,676 | 3,741,921   | 3,273,625 |
| Current service cost | 1,066,949    | 1,082,928  | 341,202     | 341,704   |
| Interest cost        | 501,035      | 475,669    | 134,978     | 126,592   |
| Actuarial gains      | (1,626,037)  | (249,888)  | (1,450,163) | -         |
| At 31 December       | 13,024,332   | 13,082,385 | 2,767,938   | 3,741,921 |

The amounts recognised in the income statement are as follows:

|   | Consolidated |           | Company     |         |
|---|--------------|-----------|-------------|---------|
|   | 2012         | 2011      | 2012        | 2011    |
|   | Baht         | Baht      | Baht        | Baht    |
| Current service cost  | 1,066,949    | 1,082,928 | 341,202     | 341,704 |
| Interest cost   | 501,035      | 475,669   | 134,978     | 126,592 |
| Actuarial gains   | (1,626,037)  | (249,888) | (1,450,163) | -       |
| Total (include in staff cost under administrative expenses) | (58,053)     | 1,308,709 | (973,983)   | 468,296 |

The principal actuarial assumptions used were as follows:

|                         | 2012 | 2011 |
|-------------------------|------|------|
|                         | %    | %    |
| Discount rate           | 4.10 | 4.10 |
| Inflation rate          | 3    | 3    |
| Future salary increases | 3, 5 | 3, 5 |

## 20 Share capital and premium on share capital

|                               | Authorised<br>number of<br>share<br>Shares | Issued and fully paid-up      |                            |                          |               |
|-------------------------------|--|-------------------------------|----------------------------|--------------------------|---------------|
|                               |  | Number of<br>shares<br>Shares | Ordinary<br>shares<br>Baht | Share<br>premium<br>Baht | Total<br>Baht |
| At 1 January 2011             | 324,000,000                                | 259,143,807                   | 259,143,807                | 141,516,103              | 400,659,910   |
| Issue of shares               | -  | -                             | -                          | -                        | -             |
| At 31 December 2011           | 324,000,000                                | 259,143,807                   | 259,143,807                | 141,516,103              | 400,659,910   |
| Decrease in authorised shares | (6,538,571)                                | -                             | -                          | -                        | -             |
| Increase in authorised shares | 217,538,571                                | -                             | -                          | -                        | -             |
| Issue of shares               | -  | -                             | -                          | -                        | -             |
| At 31 December 2012           | 535,000,000                                | 259,143,807                   | 259,143,807                | 141,516,103              | 400,659,910   |

As at 31 December 2012, the total authorised number of ordinary shares is 535,000,000 shares (2011: 324,000,000 shares) with a par value of Baht 1 per share (2011: Baht 1 per share).

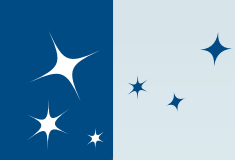
On 27 December 2012, the shareholders at the Extraordinary Shareholders' Meeting passed a special resolution to approve changes in the Company's authorised share capital from 324,000,000 ordinary shares with a par value of Baht 1 per share to 317,461,429 ordinary shares with a par value of Baht 1 and to 535,000,000 ordinary shares with a par value of Baht 1 per share, respectively.

The Company registered the decrease and increase in capital with the Ministry of Commerce on 27 December 2012 and on 28 December 2012, respectively.

## 21 Legal reserve

|                             | Consolidated |              | Company      |              |
|-----------------------------|--------------|--------------|--------------|--------------|
|                             | 2012<br>Baht | 2011<br>Baht | 2012<br>Baht | 2011<br>Baht |
| At 1 January                | 2,753,084    | 2,477,276    | 2,753,084    | 2,477,276    |
| Appropriate during the year | 1,586,240    | 275,808      | 1,586,240    | 275,808      |
| At 31 December              | 4,339,324    | 2,753,084    | 4,339,324    | 2,753,084    |

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable.



## 22 Warrants

The Company offered warrants to existing shareholders of the Company according to the proportion of shareholding. The warrants have no offered price and their terms do not exceed 5 years from the issued date.

On 5 April 2012, the Company adjusted the exercise price and ratio of warrants. The details are as follows:

|            | Issued date | Issued units<br>Million | Exercise ratio<br>per share |          | Exercise price<br>(Baht/unit) |          | Exercise period     |                |
|------------|-------------|-------------------------|-----------------------------|----------|-------------------------------|----------|---------------------|----------------|
|            |             |                         | New                         | Previous | New                           | Previous | Start               | End            |
| MATCH - W2 | 29 May 2009 | 103.43                  | 1:1.001                     | 1:1.000  | 1.398                         | 1.400    | 30 December<br>2009 | 29 May<br>2014 |

During 2012, there is no warrant exercised (2011: nil) and the outstanding warrants as at 31 December 2012 are 58,259,363 units (31 December 2011: 58,259,363 units).

## 23 Other income

|   | Consolidated |           | Company    |            |
|---|--------------|-----------|------------|------------|
|   | 2012         | 2011      | 2012       | 2011       |
|   | Baht         | Baht      | Baht       | Baht       |
| Dividend income                                       | -            | -         | 626,975    | 35,696,385 |
| Interest income from short-term loans to subsidiaries | -            | -         | 5,566,451  | 6,061,348  |
| Management fee income                                 | -            | -         | 1,592,000  | 4,900,000  |
| Gains on disposals of property, plant and equipment   | 2,625,968    | 1,110,200 | 214,114    | 848,144    |
| Compensation  | -            | 742,364   | -          | -          |
| Interest income                                       | 1,925,380    | 1,091,970 | 770,045    | 516,900    |
| Reversal of allowance for doubtful accounts           | 3,651,126    | -         | 2,313,000  | -          |
| Others  | 4,061,466    | 2,475,692 | 745,016    | 249,303    |
|   | 12,263,940   | 5,420,226 | 11,827,601 | 48,272,080 |

## 24 Expenses by nature

|   | Consolidated |             | Company    |            |
|---|--------------|-------------|------------|------------|
|   | 2012         | 2011        | 2012       | 2011       |
|   | Baht         | Baht        | Baht       | Baht       |
| Depreciation - building and equipment (Note 14) | 11,067,543   | 12,650,049  | 8,620,260  | 9,899,544  |
| Depreciation - assets for rent (Note 15)        | 30,327,101   | 27,561,892  | -          | -          |
| Amortisation - intangible assets (Note 16)      | 745,109      | 562,931     | 260,911    | 259,643    |
| Staff costs                                     | 180,668,110  | 174,299,737 | 38,276,498 | 39,022,273 |
| Employee severance pay                          | 10,000,000   | -           | 10,000,000 | -          |
| Employee benefit expense (Note 19)              | 1,567,985    | 1,558,597   | 476,180    | 468,296    |
| Director and executive remuneration             | 37,014,595   | 38,131,623  | 24,682,095 | 25,106,023 |
| Outsourcing service fee                         | 78,488,826   | 81,808,288  | 10,848,000 | 7,004,869  |
| Operating lease payment                         | 54,855,382   | 50,729,918  | 38,133,596 | 32,408,334 |
| Commission                                      | 3,307,211    | 5,905,762   | 1,330,300  | 4,778,017  |



## 25 Other expense

|   | Consolidated |      | Company |            |
|---|--------------|------|---------|------------|
|   | 2012         | 2011 | 2012    | 2011       |
|   | Baht         | Baht | Baht    | Baht       |
| Impairment loss from investment in subsidiaries | -            | -    | -       | 40,014,431 |

## 26 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of paid-up ordinary shares in issue during the period.

For the calculation of the diluted earnings per share, the net profit adjusted for weighted average number of ordinary shares are assumed for conversion of all dilutive potential ordinary shares, being warrants as detailed in Note 22.

The basic earnings per share and the diluted earnings per share are as follows:

|  | Consolidated |             | Company     |             |
|--|--------------|-------------|-------------|-------------|
|  | 2012         | 2011        | 2012        | 2011        |
|  | Baht         | Baht        | Baht        | Baht        |
| Weighted average number of shares (Shares)                                       | 259,143,807  | 259,143,807 | 259,143,807 | 259,143,807 |
| Effect of dilutive potential shares (Shares)                                     | 20,397,605   | 18,277,447  | 20,397,605  | 18,277,447  |
| Weighted average number of shares for diluted earnings (Shares)                  | 279,541,412  | 277,421,254 | 279,541,412 | 277,421,254 |
| Net profit (loss) for the period attributable to<br>ordinary shareholders (Baht) | 61,452,576   | 13,827,821  | 13,467,608  | 31,724,797  |
| Basic earnings (loss) per share (Baht)   | 0.24         | 0.05        | 0.05        | 0.12        |
| Diluted earnings (loss) per share (Baht)   | 0.22         | 0.05        | 0.05        | 0.11        |

## 27 Dividends

At the 2012 Annual General Shareholders' Meeting held on 26 April 2012, it was resolved that dividends in respect of 2011 be paid at Baht 0.04 per share, totalling Baht 10.37 million (2011: Baht 0.07 per share, totalling Baht 18.14 million). The dividends were distributed to the shareholders on 21 May 2012.

## 28 Commitments and contingencies

### 28.1 Letter of guarantee

As at 31 December 2012, there are letters of guarantee issued by a commercial bank in respect of television air time contracts, performance, and electricity usage on behalf of the Company and a subsidiary totalling Baht 2.68 million (31 December 2011: Baht 3.45 million). The Group used their fixed and saving deposits of Baht 2.60 million as collateral for those letters of guarantee.

### 28.2 Operating leases - where the Group is the lessee

As at 31 December 2012, the Group has commitment obligations in respect of long-term lease of land and building contracts. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:



|  | Consolidated |            | Company    |            |
|--|--------------|------------|------------|------------|
|  | 2012         | 2011       | 2012       | 2011       |
|  | Baht         | Baht       | Baht       | Baht       |
| Not later than 1 year                        | 8,819,658    | 6,447,526  | 3,269,474  | 2,200,789  |
| Later than 1 year but not later than 5 years | 11,300,487   | 10,152,474 | 8,267,105  | 4,135,790  |
| Later than 5 years                           | 15,935,263   | 17,625,263 | 15,935,263 | 14,520,000 |
|  | 36,055,408   | 34,225,263 | 27,471,842 | 20,856,579 |

## 29 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company is controlled by The BBTV Productions Co., Ltd. (incorporated in Thailand), which owns 68.48% of the Company's shares. The remaining 31.52% of the shares are widely held. The significant investments in subsidiaries is set out in Note 12.

Transactions with the companies and parties under the The BBTV Productions Co., Ltd. group are considered related parties transactions. In addition, companies and parties relating to directors and directors' family are also considered related parties.

The following material transactions were carried out with related parties:

### 29.1 Revenue from sales and services

| For the years ended 31 December                  | Consolidated |           | Company    |           |
|--|--------------|-----------|------------|-----------|
|  | 2012         | 2011      | 2012       | 2011      |
|  | Baht         | Baht      | Baht       | Baht      |
| <b>Revenues from advertising film production</b> |              |           |            |           |
| Subsidiaries                                     | -            | -         | 516,116    | 2,842,679 |
| Related Company                                  | 1,471,800    | 500,000   | 478,000    | 500,000   |
|  | 1,471,800    | 500,000   | 994,116    | 3,342,679 |
| <b>Revenues from television programs</b>         |              |           |            |           |
| Subsidiaries                                     | -            | -         | 17,500     | 3,105,000 |
| Related Company                                  | 23,622,500   | 6,129,500 | 23,547,500 | 6,129,500 |
|  | 23,622,500   | 6,129,500 | 23,565,000 | 9,234,500 |
| <b>Revenues from concert/events organising</b>   |              |           |            |           |
| Related Company                                  | 880,000      | 7,651,957 | -          | -         |
| <b>Interest income</b>                           |              |           |            |           |
| Subsidiaries                                     | -            | -         | 5,566,451  | 6,061,348 |
| <b>Others</b>                                    |              |           |            |           |
| Subsidiaries                                     | -            | -         | 1,606,000  | 4,900,000 |

## 29 Related party transactions (Cont'd)

### 29.2 Cost and service

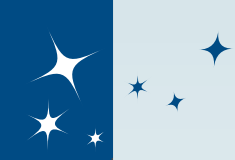
| For the years ended 31 December | Consolidated |            | Company    |            |
|---------------------------------|--------------|------------|------------|------------|
|                                 | 2012         | 2011       | 2012       | 2011       |
|                                 | Baht         | Baht       | Baht       | Baht       |
| <b>Cost of services</b>         |              |            |            |            |
| Subsidiaries                    | -            | -          | 2,485,914  | 29,937,752 |
| Related companies               | 28,529,952   | 25,738,323 | 27,533,389 | 25,738,323 |
|                                 | 28,529,952   | 25,738,323 | 30,019,303 | 55,676,075 |
| <b>Selling expenses</b>         |              |            |            |            |
| Subsidiaries                    | -            | -          | 1,750      | 326,250    |
| <b>Operating expenses</b>       |              |            |            |            |
| Subsidiaries                    | -            | -          | 10,869     | -          |
| Related companies               | 1,613,131    | -          | 1,613,131  | 8,884      |
|                                 | 1,613,131    | -          | 1,624,000  | 8,884      |
| <b>Interest expense</b>         |              |            |            |            |
| Subsidiaries                    | -            | -          | 27,616     | 420,000    |
| <b>Building rental</b>          |              |            |            |            |
| Director of the company         | 1,950,671    | 2,136,947  | 855,000    | 1,020,000  |

### 29.3 Purchase of asset

| For the years ended 31 December  | Consolidated |      | Company |      |
|----------------------------------|--------------|------|---------|------|
|                                  | 2012         | 2011 | 2012    | 2011 |
|                                  | Baht         | Baht | Baht    | Baht |
| <b>Purchase intangible asset</b> |              |      |         |      |
| Related companies                | 683,437      | -    | -       | -    |

### 29.4 Outstanding balances arising from sales/purchases of goods/services

| As at 31 December   | Consolidated |         | Company   |           |
|---|--------------|---------|-----------|-----------|
|   | 2011         | 2012    | 2011      |           |
|   | Baht         | Baht    | Baht      | Baht      |
| <b>Trade accounts receivable</b><br>(included in Note 10 "Trade and other receivables") |              |         |           |           |
| Subsidiaries  | -            | -       | 149,800   | 1,826,886 |
| Related companies   | 1,588,950    | 862,845 | 1,588,950 | -         |
| Total receivable from related parties   | 1,588,950    | 862,845 | 1,738,750 | 1,826,886 |
| <b>Prepaid expenses</b>   |              |         |           |           |
| Related companies   | 45,000       | -       | -         | -         |



| As at 31 December   | Consolidated |      | Company |           |
|---|--------------|------|---------|-----------|
|   | 2012         | 2011 | 2012    | 2011      |
|   | Baht         | Baht | Baht    | Baht      |
| <b>Trade accounts payable</b><br>(included in Note 17 "Trade and other payables") |              |      |         |           |
| Subsidiaries  | -            | -    | 36,960  | 5,165,673 |
| Related companies   | 321,000      | -    | -       | -         |
|   | 321,000      | -    | 36,960  | 5,165,673 |
| <b>Accrued expense</b>  |              |      |         |           |
| Subsidiaries  | 431,550      | -    | 162,000 | -         |

## 29.5 Short-term loans to subsidiaries, net

| For the years ended 31 December     | Consolidated |      | Company      |              |
|-------------------------------------|--------------|------|--------------|--------------|
|                                     | 2012         | 2011 | 2012         | 2011         |
|                                     | Baht         | Baht | Baht         | Baht         |
| <b>Subsidiaries</b>                 |              |      |              |              |
| Beginning Balance                   | -            | -    | 91,450,000   | 149,300,000  |
| Loans granted during the year       | -            | -    | 23,770,000   | -            |
| Repayments received during the year | -            | -    | (26,950,000) | (57,850,000) |
|                                     | -            | -    | 88,270,000   | 91,450,000   |
| Add Accrued interest                | -            | -    | 670,000      | 910,000      |
| Less Allowance for doubtful         | -            | -    | (35,775,989) | (35,775,989) |
| Ending balance                      | -            | -    | 53,164,011   | 56,584,011   |

Loans to subsidiaries are in form of promissory notes, carry interest at the rate of 6.00% per annum (31 December 2011: 6.00% per annum) and are due at call. Loans are unsecured.

## 29.6 Short-term borrowing from subsidiary, net

| For the years ended 31 December | Consolidated |      | Company     |           |
|---------------------------------|--------------|------|-------------|-----------|
|                                 | 2012         | 2011 | 2012        | 2011      |
|                                 | Baht         | Baht | Baht        | Baht      |
| <b>Subsidiaries</b>             |              |      |             |           |
| Beginning balance               | -            | -    | 7,000,000   | 7,000,000 |
| Repayments during the year      | -            | -    | (7,000,000) | -         |
| Ending balance                  | -            | -    | -           | 7,000,000 |

Loans from subsidiaries are unsecured and carry interest at the rate of 6.00% per annum (31 December 2011: 6.00% per annum) and are due at call.

## 29.7 Directors and executive remuneration

| For the years ended 31 December | Consolidated |            | Company    |            |
|---------------------------------|--------------|------------|------------|------------|
|                                 | 2012         | 2011       | 2012       | 2011       |
|                                 | Baht         | Baht       | Baht       | Baht       |
| <b>Short-term benefit</b>       |              |            |            |            |
| Directors                       | 37,014,595   | 38,131,623 | 24,682,095 | 25,106,025 |
| <b>Other benefits</b>           |              |            |            |            |
| Directors                       | 10,000,000   | -          | 10,000,000 | -          |

## 29.8 Guarantees

The Company has provided guarantees for bank loans in subsidiaries for a total of Baht 25 million (Note 18).



## Other References

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