



Financial Summary
from the 2017 Annual Report
GMM Grammy Public Company Limited

GMM Grammy Public Company Limited and its subsidiaries
Financial Highlights

	Consolidated (Unit : Million Baht)		
	2017	2016	2015
Total revenues	8,861.3	7,430.0	9,703.6
Revenue from sales and services	7,595.3	7,294.6	8,598.3
Total costs	4,917.1	4,586.3	5,742.9
Gross profit	2,678.2	2,708.3	2,855.4
Earnings/loss before Non-controlling interest of the subsidiaries	(349.7)	(533.4)	(1,135.2)
Net earnings/loss for the year	(384.3)	(520.1)	(1,145.5)
Dividend paid	-	0.0	0.0
Total assets	3,766.1	7,248.6	7,589.6
Total liabilities	2,658.8	5,780.1	5,555.9
Non-controlling interest of the subsidiaries	157.5	166.3	211.5
Equity attributable to the Company's shareholders	949.8	1,302.2	1,822.2
Weighted average number of ordinary shares (Million shares)	819.9	819.9	819.9
Net earning/loss per share (Baht)	(0.47)	(0.63)	(1.40)
Dividend paid per share (Baht)	-	-	-
Book value per share (Baht)	1.16	1.59	2.22
Net profit/loss margins	-4.34%	-7.00%	-11.80%
Return on equity	-34.13%	-33.30%	-47.09%
Return on assets	-6.98%	-7.01%	-10.39%

2015: Proposal for the omission of dividends payment for the 2015 operational results

According to the 2015 separate financial statement, the Company recorded the net loss of 930 million baht in 2015, therefore, the Board of Directors' Meeting No.1/2016 held on February 26, 2016, approved the omission of dividend payment for the operational results of 2015 and such resolution was approved by the 2016 Annual General Meeting of Shareholders held on April 29, 2016.

2016: Proposal for the omission of dividends payment for the 2016 operational results

According to the 2016 separate financial statement, the Company recorded the net profit of 408.3 million baht in 2016, but still had a deficit. (In the separate financial statements) of 3,581 million bath, therefore, it can not pay dividends. herefore, the Board of Directors' Meeting No.1/2017 held on February 27, 2017, resolved to propose the omission of dividend payment for the operational results of 2016 and such resolution was approved by the 2017 Annual General Meeting of Shareholders held on April 28, 2017.

2017: Proposal for the omission of dividends payment for the 2017 operational results

According to the 2017 separate financial statement, the Company recorded the net profit of 515.8 million baht in 2017, but still had a deficit. (In the separate financial statements) of 3,054.06 million bath, therefore, it can not pay dividends. herefore, the Board of Directors' Meeting No.2/2018 held on February 27, 2018, resolved to propose the omission of dividend payment for the operational results of 2017. This proposal must be approved by the 2018 Annual General Meeting of Shareholders which will be held on April 27, 2018.

Independent Auditor's Report

To the Shareholders of GMM Grammy Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of GMM Grammy Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of GMM Grammy Public Company Limited (the Company) for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GMM Grammy Public Company Limited and its subsidiaries, and of GMM Grammy Public Company Limited as at 31 December 2017, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Note 34.5 to the financial statements regarding the legal case in which the Company was sued by a contract partner. During the current year, the Company entered into a settlement agreement to end the current dispute and/or any future disputes with such contracting party. The Company agreed to make a payment of USD 10 million to the contracting party, as agreed by both parties, and recorded such payment as expense in the current year income statement. The contracting party has proceeded to withdraw the lawsuit accordingly and returned the bank guarantee to the Company. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Loss of control in subsidiary and fair value measurement of investment in joint venture

As discussed in Note 1.2 to the financial statements regarding the restructuring of the investments by the Group and partial waiver of subscription rights to the additional ordinary shares of GMM Channel Trading Company Limited, the Company partially waived its rights to subscribe to the additional ordinary shares of that subsidiary and, as a result, its shareholding decreased from 100 percent to 50 percent and the Company had only joint control over such company. At the loss of control date, the Company recognised the investment retained at its fair value, and this fair value was regarded as the cost on initial recognition of investment in joint venture. I have focused on this business transaction since it is material to the financial statements as a whole, and management was required to exercise substantial judgement when anticipating the results of future operations, determining a discount rate and determining significant assumptions, in order to assess the fair value of the investment. Therefore, there is a risk with respect to the recognition of the investment at fair value and the recognition of gain associated with the loss of control in subsidiaries in the consolidated financial statements.

The procedures I performed to obtain sufficient and appropriate audit evidence were as follows:

- Reviewed the terms and conditions of the shareholders' agreements, including the minutes of meetings of the Group, and inquired of the management as to the nature and objectives of the business transaction in order to evaluate whether the transaction meets the criteria for classification as investment in joint venture
- Tested the calculation of the gain associated with the loss of control in subsidiaries and the fair value measurement of the investment and the disclosures related to these matters in the notes to the financial statements
- Assessed the appropriateness of the measurement of the fair value of investment in joint venture, by considering the appropriateness of the assumptions and estimates applied by management, gaining an understanding of management's decision-making process, and evaluating whether the decisions made were consistent with the Group's historical information, and industry and related economic information. I also gained an understanding of and assessed the following:
 - The assumptions applied in preparing plans and cash flow projections for the joint venture, based on the understanding I gained of the process by which the figures were arrived at, comparison of the assumptions with external and internal sources of information and comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgement in estimating cash flow projections, and comparison of the long-term growth rate of the Group with economic and industry forecasts.
 - The discount rate, based on comparison of the average cost of capital and other data with those used by comparable organisations.
 - The assumptions and approaches used by management in calculating the fair value of investment.

In carrying out these procedures, I relied on the knowledge and expertise of my specialist in considering external information in order to assess the suitability of management's assumptions. I considered the scope and probability of potential changes in the key assumptions (both individually and collectively as a group) and in particular the growth rates applied in preparing the cash flow projections, and I performed a sensitivity analysis on the returns expected to be realised on the investment. In addition, I reviewed the disclosure of information with respect to the fair value measurement of investment in joint venture.

Impairment of investments in subsidiaries, joint venture, associates and other investments

As discussed in Note 12 - 15 to the financial statements, the Group has investments in subsidiaries, joint venture, associates and other investments at cost totaling Baht 9,891 million and has impairment losses on investments in subsidiaries, associates and other investments totaling Baht 6,765 million. In determining the impairment loss, management had to exercise judgement with respect to its projections of future operating performance, plans for each investee, and determination of an appropriate discount rate and key assumptions. There is thus a risk with respect to the amount of impairment loss recorded on investments in subsidiaries, joint venture, associates and other investments.

I assessed the management's identification of cash generating units and selection of a financial model, by gaining an understanding of management's decision-making process and evaluating whether the decisions were consistent with its financial history and industry trends. In addition, I gained an understanding of and assessed the following:

- The assumptions applied in preparing plans and cash flow projections for each company, based on the understanding I gained of the process by which the figures were arrived at, comparison of the assumptions with external and internal sources of information and comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgement in estimating cash flow projections, and comparison of the long-term growth rate of each company with economic and industry forecasts.
- The discount rate, based on comparison of the average cost of capital and other data with those used by comparable organisations.
- The assumptions and approaches used by the management in calculating the fair value of assets.

I considered the scope and probability of potential changes in the key assumptions (both individually and collectively as a group) and in particular the growth rates applied in preparing the cash flow projections, by comparing them to economic and industry forecasts. In addition, I reviewed the disclosure of information with respect to impairment of investments in subsidiaries, joint ventures, associates and other investments.

Deferred tax

The Group has disclosed its accounting policy and details relating to deferred tax in Note 4.17 and Note 28 to the financial statements. A deferred tax asset is recognised when it is highly probable that the Group's taxable profit will be sufficient to allow utilisation of the deferred tax in the future. Determining whether there will be sufficient future taxable profit to utilise temporary differences or taxable losses requires significant management judgement with respect to preparation of business plans and projections of future taxable profit based on approved business plans. Therefore, there is a risk with respect to the amount of deferred tax assets.

I gained an understanding of and tested the key related controls over the preparation and approval of the estimates of future taxable profit for the purposes of deferred tax asset recognition by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I assessed the estimates of future taxable profit by checking the required information and key economic assumptions used in the projections against information from both internal and external sources, with consideration of information and assumptions that directly affect revenue growth and gross profit margin, such as interest rates, consumer spending and gross domestic product. Furthermore, I performed comparative analysis based on industry information from external sources, and compared the past projections with actual taxable profits to assess the exercise of management judgement in estimating taxable profits. I also tested the calculation of future taxable profit based on the above information and assumptions, and considered the effects of changes to key assumptions on the projected future taxable profits, especially in respect of long-term revenue growth. In addition, I reviewed the disclosure of information regarding temporary differences and unused tax losses for which deferred tax assets were not recognised by the Group.

Revenue recognition

The Group's revenue is significant to the financial statements and directly affects its operating results, to which users of financial statements pay attention. The Group has numerous types of revenue and it is derived through various channels, under agreements with a large number of customers that contain a variety of conditions, pertaining to matters such as sales promotions and discounts. In addition, changes in consumer behavior and industry trends have directly affected the competitive environment in media and entertainment industry. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales and service agreements to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for sales and service transactions occurring during the year and near the end of the accounting period, and with special consideration given to expanding the scope of the examination supporting documentation for transactions occurring near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end, with special consideration given to expanding the scope of sampling of documentation.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.


- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible the audit resulting in this independent auditor's report.



Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

EY Office Limited

Bangkok: 27 February 2018

GMM Grammy Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets					
Current assets					
Cash and cash equivalents	7	744,049,679	868,821,210	313,463,030	401,324,810
Current investments	8	161,394,327	250,650,590	150,000,000	231,178,214
Trade and other receivables	9	763,214,560	1,397,272,280	505,403,617	880,088,032
Prepaid expenses		28,561,728	62,387,315	7,844,605	27,920,709
Inventories	10	146,367,884	370,797,111	68,922,327	115,409,065
Advance payments		24,922,395	27,111,615	13,245,305	8,217,932
Other current assets	11	74,294,248	267,588,585	6,350,299	44,490,218
Total current assets		<u>1,942,804,821</u>	<u>3,244,628,706</u>	<u>1,065,229,183</u>	<u>1,708,628,980</u>
Non-current assets					
Investments in subsidiaries	12	-	-	936,404,348	2,001,868,143
Investments in joint ventures	13	508,434,621	263,233,090	1,971,549,400	971,549,700
Investments in associates	14	272,384,258	276,672,051	213,641,357	25,000,000
Other long-term investments	15	1,630,908	3,655,635	1,630,908	1,655,935
Loans to related parties	6	-	-	39,245,000	50,180,000
Leasehold improvement and equipment	16	287,149,550	429,879,043	184,270,472	187,952,041
Cost of spectrum license	17	-	1,608,498,811	-	-
Other intangible assets	18	296,957,547	684,312,803	295,382,239	566,940,831
Deferred tax assets	28	215,239,653	486,471,235	156,629,423	123,266,301
Other non-current assets	19	241,498,463	251,234,404	125,714,013	79,707,486
Total non-current assets		<u>1,823,295,000</u>	<u>4,003,957,072</u>	<u>3,924,467,160</u>	<u>4,008,120,437</u>
Total assets		<u>3,766,099,821</u>	<u>7,248,585,778</u>	<u>4,989,696,343</u>	<u>5,716,749,417</u>

The accompanying notes are an integral part of the financial statements.

GMM Grammy Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from banks	20	-	322,905,262	-	
Trade and other payables	21	1,194,410,297	1,210,404,479	641,680,934	481,458,039
Unearned income		188,827,065	444,960,726	90,335,547	174,198,567
Short-term loans from related parties and directors	6	-	3,890,000	423,500,000	1,924,500,000
Current portion of long-term loans	22	48,000,000	1,497,182,404	48,000,000	-
Current portion of liabilities under finance lease agreements		11,481,341	14,600,349	10,195,788	8,246,355
Current portion of cost of spectrum license payable	23	-	409,883,586	-	-
Income tax payable		173,675,701	9,112,817	167,932,133	-
Other current liabilities	24	241,689,508	266,332,306	150,076,363	182,908,820
Total current liabilities		1,858,083,912	4,179,271,929	1,531,720,765	2,771,311,781
Non-current liabilities					
Long-term loans - net of current portion	22	549,635,861	597,206,017	549,635,861	597,206,017
Liabilities under finance lease agreements - net of current portion		30,330,147	26,593,846	28,538,929	20,046,282
Cost of spectrum license payable - net of current portion	23	-	679,911,740	-	-
Provision for long-term employee benefits	25	220,717,574	297,086,277	186,537,978	161,451,645
Deferred tax liabilities	28	24,194	77,536	-	-
Total non-current liabilities		800,707,776	1,600,875,416	764,712,768	778,703,944
Total liabilities		2,658,791,688	5,780,147,345	2,296,433,533	3,550,015,725

The accompanying notes are an integral part of the financial statements.

GMM Grammy Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Shareholders' equity					
Share capital					
Registered					
819,949,729 ordinary shares of Baht 1 each		819,949,729	819,949,729	819,949,729	819,949,729
Issued and fully paid					
819,949,729 ordinary shares of Baht 1 each		819,949,729	819,949,729	819,949,729	819,949,729
Paid-in capital					
Share premium		4,847,628,795	4,847,628,795	4,847,628,795	4,847,628,795
Transferred of share premium to offset deficit in separate financial statements		271,203,657	271,203,657	-	-
Capital surplus from share premium of subsidiaries		-	859,297,366	-	-
Retained earnings					
Appropriated - statutory reserve	26	81,994,973	81,994,973	81,994,973	81,994,973
Transfer of statutory reserve to offset deficit in separate financial statements		50,000,000	50,000,000	-	-
Unappropriated (deficit)		(4,851,260,335)	(5,160,958,678)	(3,054,055,177)	(3,580,604,317)
Other components of shareholders' equity		(269,674,157)	(466,945,865)	(2,255,510)	(2,235,488)
Equity attributable to owners of the Company		949,842,662	1,302,169,977	2,693,262,810	2,166,733,692
Non-controlling interests of the subsidiaries		157,465,471	166,268,456	-	-
Total shareholders' equity		1,107,308,133	1,468,438,433	2,693,262,810	2,166,733,692
Total liabilities and shareholders' equity		3,766,099,821	7,248,585,778	4,989,696,343	5,716,749,417

The accompanying notes are an integral part of the financial statements.

.....
Directors
.....

GMM Grammy Public Company Limited and its subsidiaries
Income statement
For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Revenues					
Sales of goods		2,556,444,265	2,407,780,739	402,422,909	509,286,779
Service income		3,708,441,102	3,638,741,445	1,967,434,613	1,463,761,160
Revenues from copyrights		1,330,449,245	1,248,115,585	1,082,699,473	1,096,279,375
Interest income		13,018,287	12,922,729	12,551,899	13,455,361
Dividend income		4,001,700	4,500	304,429,209	473,689,876
Gain on sale of investments in subsidiaries	1.2	5,103,861	-	944,236,472	-
Gain associated with the loss of control in subsidiaries	1.2	1,004,003,404	2,557,025	-	-
Gain on deemed disposal of investment in joint venture	13	138,721,775	-	-	-
Other income		101,070,927	119,920,226	59,629,987	68,035,725
Total revenues		8,861,254,566	7,430,042,249	4,773,404,562	3,624,508,276
Expenses					
Cost of sales and services		4,917,133,677	4,586,306,058	2,140,129,266	1,844,124,121
Selling and servicing expenses		533,125,111	526,497,470	80,546,634	34,560,901
Administrative expenses		2,503,793,221	2,335,081,318	1,306,323,278	1,196,447,996
Loss on impairment of investments in subsidiaries		-	-	16,499,800	42,471,660
Expenses for legal dispute settlement	34.5	418,157,768	-	418,157,768	-
Total expenses		8,372,209,777	7,447,884,846	3,961,656,746	3,117,604,678
Profit (loss) before share of profit (loss) from investments in joint ventures and associates, finance cost and income tax expenses					
Share of loss from investments in joint ventures	13	(323,449,977)	(353,130,178)	-	-
Share of profit from investments in associates	14	8,020,276	16,615,667	-	-
Profit (loss) before finance cost and income tax expenses		173,615,088	(354,357,108)	811,747,816	506,903,598
Finance cost		(166,669,072)	(188,173,719)	(77,362,583)	(94,290,673)
Profit (loss) before income tax expenses		6,946,016	(542,530,827)	734,385,233	412,612,925
Income tax income (expenses)	28	(356,687,450)	9,128,615	(218,604,383)	(4,360,547)
Profit (loss) for the year		(349,741,434)	(533,402,212)	515,780,850	408,252,378
Profit (loss) attributable to:					
Equity holders of the Company		(384,262,166)	(520,148,996)	515,780,850	408,252,378
Non-controlling interests of the subsidiaries		34,520,732	(13,253,216)		
		(349,741,434)	(533,402,212)		
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company	29	(0.47)	(0.63)	0.63	0.50

The accompanying notes are an integral part of the financial statements.

GMM Grammy Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit (loss) for the year		<u>(349,741,434)</u>	<u>(533,402,212)</u>	<u>515,780,850</u>	<u>408,252,378</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements					
in foreign currency - net of income tax		2,263,655	169,588	-	-
Gain (loss) on change in value of available-for-sale investments					
- net of income tax		<u>(20,022)</u>	<u>(67,082)</u>	<u>(20,022)</u>	<u>(67,082)</u>
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		2,243,633	102,506	(20,022)	(67,082)
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Actuarial gain - net of income tax		14,496,501	-	10,768,290	-
Share of actuarial gain of joint ventures - net of income tax	13	<u>16,256,844</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		<u>30,753,345</u>	<u>-</u>	<u>10,768,290</u>	<u>-</u>
Other comprehensive income for the year		<u>32,996,978</u>	<u>102,506</u>	<u>10,748,268</u>	<u>(67,082)</u>
Total comprehensive income for the year		<u><u>(316,744,456)</u></u>	<u><u>(533,299,706)</u></u>	<u><u>526,529,118</u></u>	<u><u>408,185,296</u></u>
Total comprehensive income attributable to:					
Equity holders of the Company		(352,327,315)	(520,046,490)	<u>526,529,118</u>	<u>408,185,296</u>
Non-controlling interests of the subsidiaries		<u>35,582,859</u>	<u>(13,253,216)</u>		
		<u><u>(316,744,456)</u></u>	<u><u>(533,299,706)</u></u>		

The accompanying notes are an integral part of the financial statements.

For the year ended 31 December 2017

(Unit: Baht)

The accompanying notes are an integral part of the financial statements.

The accompanying notes are an integral part of the financial statements.

GMM Grammy Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

(Unit: Baht)

Separate financial statements						
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity	Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated (deficit)	Other comprehensive income Surplus (deficit) on changes in value of available-for-sale investments	
Balance as at 31 December 2015	819,949,729	4,847,628,795	63,631,794	(3,970,493,516)	(2,168,406)	1,758,548,396
Profit for the year	-	-	-	408,252,378	-	408,252,378
Other comprehensive income for the year	-	-	-	-	(67,082)	(67,082)
Total comprehensive income for the year	-	-	-	408,252,378	(67,082)	408,185,296
Setting aside to statutory reserve (Note 26)	-	-	18,363,179	(18,363,179)	-	-
Balance as at 31 December 2016	<u>819,949,729</u>	<u>4,847,628,795</u>	<u>81,994,973</u>	<u>(3,580,604,317)</u>	<u>(2,235,488)</u>	<u>2,166,733,692</u>
						-
Balance as at 31 December 2016	819,949,729	4,847,628,795	81,994,973	(3,580,604,317)	(2,235,488)	2,166,733,692
Profit for the year	-	-	-	515,780,850	-	515,780,850
Other comprehensive income for the year	-	-	-	10,768,290	(20,022)	10,748,268
Total comprehensive income for the year	-	-	-	526,549,140	(20,022)	526,529,118
Balance as at 31 December 2017	<u>819,949,729</u>	<u>4,847,628,795</u>	<u>81,994,973</u>	<u>(3,054,055,177)</u>	<u>(2,255,510)</u>	<u>2,693,262,810</u>

The accompanying notes are an integral part of the financial statements.

GMM Grammy Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities				
Profit (loss) before tax	6,946,016	(542,530,827)	734,385,233	412,612,925
Adjustments to reconcile profit (loss) before tax to				
net cash provided by (paid from) operating activities:				
Depreciation	124,407,178	166,441,203	50,568,189	56,996,843
Amortisation	637,043,266	469,742,419	328,540,060	230,686,161
Amortisation of spectrum license	119,545,751	130,641,314	-	-
Allowance for doubtful accounts	90,867,540	18,041,061	94,694,620	21,178,833
Reduction of cost of inventory to net realisable value (reversal)	48,500,180	(1,344,458)	59,541,106	29,511,532
Allowance for impairment of investments in subsidiaries	-	-	16,499,800	42,471,660
Allowance for impairment of property, plant and equipment (reversal)	(1,014,904)	(21,764,588)	1,285,000	-
Allowance for impairment of goodwill	-	36,659,796	-	-
Allowance for impairment of intangible assets (reversal)	44,400,365	(4,441,620)	44,454,917	-
Provision for sales returns	(36,726,112)	85,253,445	(34,203,021)	86,848,884
Loss (gain) on disposal of equipment	(1,431,989)	19,104,824	(372,528)	(2,027,795)
Share of loss from investments in joint ventures	323,449,977	353,130,178	-	-
Share of profit from investments in associates	(8,020,276)	(16,615,667)	-	-
Long-term employee benefit expenses	49,890,512	80,906,081	41,103,709	54,322,627
Interest income	(13,018,287)	(12,922,729)	(12,551,899)	(13,455,361)
Dividend income	(4,001,700)	(4,500)	(304,429,209)	(473,689,876)
Gain on sale of investments in subsidiaries	(5,103,861)	-	(944,236,472)	-
Gain associated with the loss of control in subsidiaries	(1,004,003,404)	(2,557,025)	-	-
Gain on deemed disposal of investment in joint ventures	(138,721,775)	-	-	-
Interest expenses	<u>166,669,072</u>	<u>188,173,719</u>	<u>77,362,583</u>	<u>94,290,673</u>
Profit from operating activities before changes				
in operating assets and liabilities	399,677,549	945,912,626	152,642,088	539,747,106
Decrease (increase) in operating assets				
Trade and other receivables	(27,741,016)	(26,986,509)	38,024,460	150,134,689
Prepaid expenses	(7,330,692)	(2,423,166)	20,076,104	(22,777,659)
Inventories	(461,040,933)	(165,553,440)	(113,256,419)	(34,672,853)
Advance payments	(6,264,732)	18,532,952	(5,027,373)	15,340,553
Other current assets	64,788,496	105,615,976	37,285,035	36,510,141
Other non-current assets	(93,887,230)	(727,245,443)	(39,743,833)	(509,851,836)

The accompanying notes are an integral part of the financial statements.

GMM Grammy Public Company Limited and its subsidiaries
Statement of cash flows (continued)
For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Increase (decrease) in operating liabilities				
Trade and other payables	518,319,836	(247,010,666)	163,070,517	(117,795,658)
Unearned income	(23,837,772)	21,471,959	(83,863,020)	(39,550,225)
Other current liabilities	9,761,989	(25,631,419)	1,370,564	(11,730,397)
Provision for long-term employee benefits	<u>(2,557,014)</u>	<u>(12,752,906)</u>	<u>(2,557,014)</u>	<u>(12,012,907)</u>
Cash flows from (used in) operating activities	369,888,481	(116,070,036)	168,021,109	(6,659,046)
Cash paid for interest expenses	(129,444,007)	(111,640,261)	(80,186,052)	(101,389,329)
Cash paid for income tax	(151,413,000)	(145,861,864)	(86,722,439)	(61,612,579)
Cash paid for termination wages	-	(80,497,723)	-	(67,157,120)
Cash received from income tax refund	<u>64,727,327</u>	<u>52,070,193</u>	<u>34,769,775</u>	<u>52,070,193</u>
Net cash flows from (used in) operating activities	<u>153,758,801</u>	<u>(401,999,691)</u>	<u>35,882,393</u>	<u>(184,747,881)</u>
Cash flows from investing activities				
Acquisition of equipment	(59,468,171)	(71,338,782)	(29,467,831)	(36,389,951)
Increase (decrease) in accounts payable - purchase of assets	(3,367,147)	(4,733,445)	405,691	-
Cash received from returning investments of subsidiaries	-	-	8,434,125	104,709,375
Cash paid to purchase additional investments in subsidiaries	-	-	(526,239,551)	(73,950,000)
Cash received from disposal of investments in subsidiaries (Note 31)	7,841,770	-	1,511,006,193	-
Net decrease in cash due to loss of control				
in subsidiaries (Note 30)	(282,862,937)	(4,798,150)	-	-
Cash paid for rights of claim arising from the repayment return of				
capital as a result of a subsidiary's liquidation	(43,551,803)	-	(43,551,803)	-
Cash received from sale of investments of associates	2,605,005	2,499,700	-	-
Cash received from returning investments of associates	3,150,000	-	-	-
Cash paid to purchase additional investments in associates	-	-	(188,641,357)	-
Cash paid to purchase other long-term investments	-	(235,605)	-	(235,605)
Cash received from disposal of equipments	6,049,963	17,626,737	2,431,538	3,717,898
Decrease in loans to related parties	-	-	10,935,000	26,900,000
Dividend received from subsidiaries and associates	9,658,971	11,157,448	546,523,011	221,589,874
Dividend received from other long-term investments	4,001,700	4,500	2,500	4,500
Cash paid to non-controlling interests of subsidiaries				
from investments in subsidiaries	(6,329,655)	(31,580,400)	-	-
Interest income	13,018,287	12,922,729	13,275,816	13,639,611
Decrease (increase) in current investments	89,256,263	(74,698,528)	81,178,214	(111,178,214)
Cash paid for spectrum license	<u>(210,000,000)</u>	<u>(420,000,000)</u>	<u>-</u>	<u>-</u>
Net cash flows from (used in) investing activities	<u>(469,997,754)</u>	<u>(563,173,796)</u>	<u>1,386,291,546</u>	<u>148,807,488</u>

The accompanying notes are an integral part of the financial statements.

GMM Grammy Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from financing activities				
Increase in short-term loans from banks	231,179,584	319,905,262	-	-
Cash received from loans from directors	-	3,890,000	-	-
Cash received from long-term loans	-	467,980,000	-	-
Decrease in short-term loans from related parties	-	-	(1,501,000,000)	(54,000,000)
Repayment of liabilities under finance lease agreements	(11,766,206)	(16,404,717)	(9,035,719)	(13,106,070)
Dividend paid to non-controlling interest of subsidiaries	(30,209,611)	(353,051)	-	-
Net cash flows from (used in) financing activities	<u>189,203,767</u>	<u>775,017,494</u>	<u>(1,510,035,719)</u>	<u>(67,106,070)</u>
Increase in translation adjustments	<u>2,263,655</u>	<u>169,588</u>	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	<u>(124,771,531)</u>	<u>(189,986,405)</u>	<u>(87,861,780)</u>	<u>(103,046,463)</u>
Cash and cash equivalents at beginning of year	<u>868,821,210</u>	<u>1,058,807,615</u>	<u>401,324,810</u>	<u>504,371,273</u>
Cash and cash equivalents at end of year	<u><u>744,049,679</u></u>	<u><u>868,821,210</u></u>	<u><u>313,463,030</u></u>	<u><u>401,324,810</u></u>

Supplemental cash flows information:

Non-cash transactions:

Assets purchases which payment has yet to be made	-	-	405,691	-
Increase in assets from finance lease agreements	18,751,592	17,002,142	19,477,799	10,306,879

The accompanying notes are an integral part of the financial statements.