



Information Memorandum on Connected Transaction
Re: “Acquisition of Shares in The One Enterprise Co., Ltd. from Scenario Co., Ltd.
by GMM Grammy Public Company Limited”
(in support of Agenda Item 2)

Reference is made to the fact that Board of Directors Meeting No. 4/2017, convened on 17 April 2017, of GMM Grammy Public Company Limited (the “**Company**”) resolved to approve the Company to acquire the shares of The One Enterprise Co., Ltd. (“**ONE ENT**”) from Scenario Co., Ltd. (“**SCENARIO**”). Such transaction constitutes an asset acquisition transaction of the Company pursuant to the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004, and the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets (collectively, the “**Notifications on Acquisition or Disposal**”), as well as constitutes a connected transaction of the Company pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions dated 31 August 2008, and the Notification of the Board of Governors of the Stock Exchange of Thailand No. Bor.Jor./Por.22-01 Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003 dated 19 November 2003 (collectively, the “**Notifications on Connected Transactions**”).

The Company would like to inform you of the material details of the transaction, as follows:

1. Information disclosed to the Stock Exchange of Thailand

(1) Transaction date

Board of Directors Meeting No. 4/2017, convened on 17 April 2017, of the Company resolved to approve the Company to acquire 2,200,000 shares in ONE ENT from SCENARIO, at the par value of THB 100 per share, or equivalent to 5.77 percent of the total issued shares of ONE ENT, at the price of THB 100 per share, totaling THB 220,000,000, after 31 May 2017 which is the completion date of the ONE ENT capital increase. Such transaction constitutes an asset acquisition transaction of the Company pursuant to the Notifications on Acquisition or Disposal, and a connected transaction of the Company pursuant to the Notifications on Connected Transactions as the Company and SCENARIO are related to each other in the following manner:

- (1) Mr. Takonkiet Viravan is a major shareholder and the Chief Executive Officer – GMM One Digital TV who is an executive of the Company as defined in the Notifications on Connected Transaction, i.e., a person holding the one of the first four management positions following the highest rank, as well as a major shareholder, director, and the Managing Director of SCENARIO.

(Translation)

- (2) Miss Boosaba Daorueng is a shareholder and the Group Chief Executive Officer of the Company, and a director of SCENARIO.

In this regard, such connected transaction represents the value of 28.95 percent of the net tangible asset (NTA) from the Consolidated Financial Statements of the Company for the year ending 31 December 2016 which were audited and reviewed by a certified public accountant, being the transaction with the value of more than or equivalent to THB 20 million or more than or equivalent to 3 percent of the net tangible asset (NTA) of the Company (whichever is higher). As a result, the Company has the duty to obtain approval from its Board of Directors, disclose an information memorandum to the Stock Exchange of Thailand (the “**Stock Exchange**”), and seek for the approval on the entering into of the transaction from the shareholders meeting, including appoint an independent financial advisor to provide opinions thereon, whereby the approval of the shareholders meeting shall be passed by votes of no less than three-quarters of the total votes cast by the shareholders attending the meeting and eligible to vote, without counting the votes cast by the interested shareholders.

The Company shall enter into the transaction after it is approved by Extraordinary General Meeting of Shareholders No. 1/2017, to be convened on 26 May 2017, with the votes of no less than three-quarters of the total votes cast by the shareholders attending the meeting and eligible to vote, without counting the votes cast by the interested shareholders.

(2) Related parties and their relationships with the listed company

Buyer of ONE ENT shares : The Company

Seller of ONE ENT shares : SCENARIO

The relationships between the Company and SCENARIO are:

- 1) Mr. Takonkiet Viravan is a major shareholder and the Chief Executive Officer – GMM One Digital TV who is an executive of the Company as defined in the Notifications on Connected Transaction, i.e., a person holding the one of the first four management positions following the highest rank, as well as a major shareholder, director, and the Managing Director of SCENARIO.
- 2) Miss Boosaba Daorueng is a shareholder and the Group Chief Executive Officer of the Company, and a director of SCENARIO.

(3) Details on the share acquisition

The Company shall acquire 2,200,000 shares of ONE ENT, at the par value of THB 100 per share, or equivalent to 5.77 percent of the total issued shares of ONE ENT, from SCENARIO, at the price of THB 100 per share, totaling THB 220,000,000, after 31 May 2017 which is the completion date of ONE ENT capital increase.

The details of ONE ENT, of which the company will purchase shares from SCENARIO are as follows:

(Translation)

ONE ENT was incorporated on 6 September 2013. The companies in the group of ONE ENT, including GMM One TV Company Limited, Exact Scenario Company Limited, Acts Studio Company Limited and Me Miti Company Limited, engaging in the business of radio and television programme production in all types of high-definition systems (HD System) which are broadcasted by the One Channel (CH31). One Channel is a television station in a digital television system operated by the Company, and Mr. Takonkiet Viravan is a Channel Executive. One Channel is a television channel which broadcasts the programmes from the affiliated channels and/or its own produced channels.

At present, ONE ENT's registered and paid-up capital is Baht 2,405,000,000, divided into 24,050,000 ordinary shares, at the par value of Baht 100 per share, having its principal office located at No. 50 GMM Grammy Place Building, Sukhumvit 21 (Asoke) Road, Khlong Toei Nuea Subdistrict, Wattana District, Bangkok.

The Board of Directors of ONE ENT as of 31 March 2017 (as set out in the Affidavit registered with the Department of Business Development) is as follows:

	Name	Position
1	Miss Boosaba Daorueng	Director
2	Mrs. Karnsuda Sansuthi	Director
3	Dr. Lackana Leelayouthayotin	Director
4	Miss Chitralada Hengyotmark	Director
5	Mr. Takonkiet Viravan	Director
6	Mrs. Kanikar Viravan	Director
7	Mr. Piya Sosothikul	Director

Source: www.bol.co.th

Shareholding structure after ONE ENT completed the capital increase on 31 May 2017, and shareholding structure after the acquisition of ONE ENT shares from SCENARIO

List of Shareholders	Shareholding before capital increase		After the first capital increase		After the second capital increase ¹		After the acquisition of ONE ENT shares from SCENARIO	
	Capital THB 1,905 million		Capital THB 2,405 million		Capital THB 3,810 million		Capital THB 3,810 million	
	No. of shares held	%	No. of shares held	%	No. of shares held	%	No. of shares held	%
GMM Grammy PCL.	9,715,497	51.00	9,715,497	40.40	9,715,497	25.50	11,915,497	31.27
Group of Mr. Takonkiet Scenario Co., Ltd. ²	9,334,500	49.00	9,334,500	38.81	9,334,500	24.50	7,134,500	18.73
Mr. Takonkiet Viravan	6,634,500	34.83	6,634,500	27.59	6,634,500	17.41	4,434,500	11.64
Wan Tam Dee Co., Ltd. ³	1,500,000	7.88	1,500,000	6.24	1,500,000	3.94	1,500,000	3.94
Miss Boosaba Daorueng	1,200,000	6.30	1,200,000	4.99	1,200,000	3.15	1,200,000	3.15
	1	0.00	2	0.00	2	0.00	2	0.00

(Translation)

List of Shareholders	Shareholding before capital increase		After the first capital increase		After the second capital increase ¹		After the acquisition of ONE ENT shares from SCENARIO	
	Capital THB 1,905 million		Capital THB 2,405 million		Capital THB 3,810 million		Capital THB 3,810 million	
	No. of shares held	%	No. of shares held	%	No. of shares held	%	No. of shares held	%
Mrs. Montana Thawaranont	1	0.00	1	0.00	1	0.00	1	0.00
Pranaporn Co., Ltd. ⁴	1	0.00	5,000,000 ⁵	20.79	19,050,000	50.00	19,050,000	50.00
Total	19,050,000	100.00	24,050,000	100.00	38,100,000	100.00	38,100,000	100.00

- Remarks:*
1. ONE ENT will complete the second capital increase on 31 May 2017.
 2. SCENARIO's shareholders as of 30 April 2016 are Mr. Takonkiet Viravan holding 52.50%, GMM Media Public Company Limited holding 25.00% and other shareholders together holding 22.50%.
 3. Viravan family directly and indirectly holds 74.17% of shares, as of 30 April 2016, in Wan Tam Dee Co., Ltd.
 4. Major shareholder of Pranaporn Co., Ltd. is Miss Poramaporn Prasarttong-osoith holding 99.98%.
 5. Pranaporn Co., Ltd. sold 1 share to Miss Boosaba Daorueng.

Summary of Financial information of ONE ENT as at 31 December 2016:

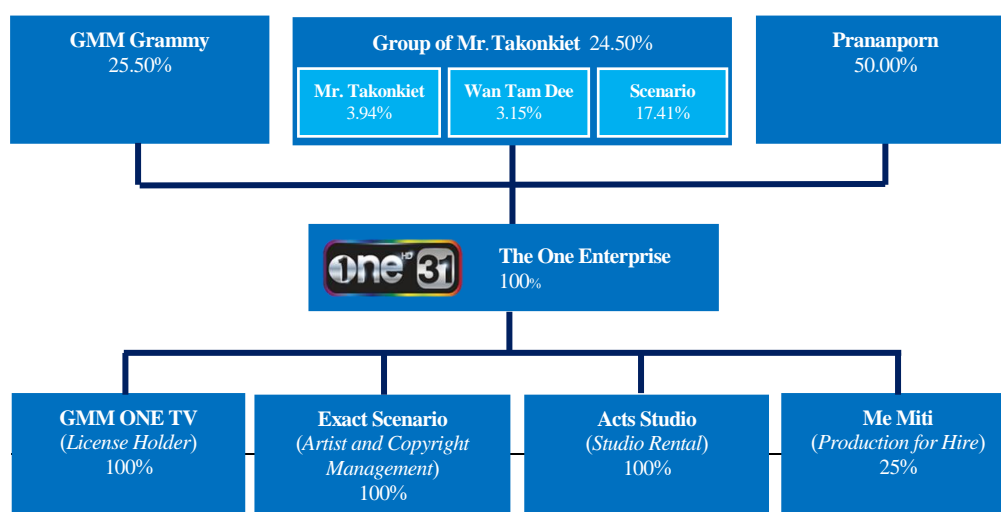
Item	Value (Baht)
Current assets	1,380,256,219
Non-current assets	4,098,094,238
Total Assets	5,478,350,457
Current liabilities	4,235,022,981
Non-current liabilities	1,369,351,130
Total liabilities	5,604,374,111
Shareholders' equity	(126,023,654)
Total liabilities and shareholders' equity	5,478,350,457
Total revenue	1,766,687,481
Net loss	(636,697,572)

The shareholding structure of ONE ENT after 31 May 2017 which is the completion date of the capital increase, before and after the acquisition of the Company are:

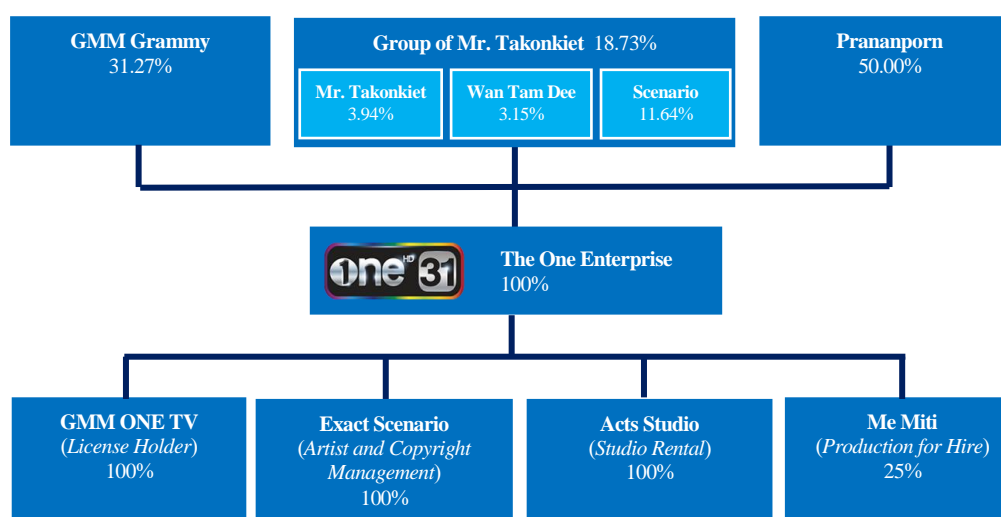
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Before the acquisition:



After the acquisition:



(4) General characteristic and details of the transaction

The Company acquires 2,200,000 shares of ONE ENT from SCENARIO, at the par value of THB 100 per share, totaling THB 220,000,000.

The entering into of such transaction constitutes an asset acquisition transaction of the Company pursuant to the Notifications on Acquisition or Disposal. After the calculation, the transaction value is equivalent to 3.04 percent calculated based on the Total Value of Consideration Basis which is the basis that yields the highest value from the Consolidated Financial Statements of the Company for the year ending 31 December 2016 which were audited and reviewed by a certified public accountant. In this regard, as the transaction value is lower than 15 percent, pursuant to the Notifications on Acquisition or Disposal, the Company is not obliged to disclose the information on the acquisition with the Stock Exchange.

(Translation)

In addition, such transaction constitutes a connected transaction of the Company pursuant to the Notifications on Connected Transactions. After the calculation, the transaction value is equivalent to 28.95 percent of the net tangible asset (NTA) from the Consolidated Financial Statements of the Company for the year ending 31 December 2016 which were audited and reviewed by a certified public accountant. Due to the transaction value of more than or equivalent to THB 20 million or more than or equivalent to 3 percent of the net tangible asset (NTA) of the Company (whichever is higher), the Company has the duty to obtain approval from its Board of Directors, disclose an information memorandum to the Stock Exchange, and seek for the approval on the entering into of the transaction from the shareholders meeting, including appoint an independent financial advisor to provide opinions thereon, whereby the approval of the shareholders meeting shall be passed by votes of no less than three-quarters of the total votes cast by the shareholders attending the meeting and eligible to vote, without counting the votes cast by the interested shareholders. In this regard, the Company appointed JayDee Partners Co., Ltd. as its independent financial advisor.

(5) **Calculation of transaction value**

Transaction	Value (THB million)
Connected Transaction	
Net Tangible Assets (NTA) of the Company as at 31 December 2016	759.89
Acquisition of 2,200,000 ordinary shares of ONE ENT, at THB 100 per share	220.00
Transaction value pursuant to the Notifications on Connected Transactions	28.95 percent
Total value of all connected transactions during the past six months pursuant to the Notifications on Connected Transactions	N/A
Asset Acquisition Transaction	
Total assets under the Consolidated Financial Statements of the Company and its subsidiaries as at 31 December 2016	7,248.59
Net Tangible Assets (NTA) of ONE ENT as at 31 December 2016	(635.72)
Acquisition of ONE ENT shares <u>which results in an increase in the Company's shareholdings in ONE ENT by 5.77 percent</u>	
- Transaction value calculated based on the Net Tangible Assets (NTA) Basis **highest value**	Not applicable as the NTA of ONE ENT resulted in a negative value

(Translation)

Transaction	Value (THB million)
- Transaction value calculated based on the Net Profit Basis	Not applicable as the Company and ONE ENT incurred a loss
- Transaction value calculated based on the Total Value of Consideration Basis	3.04 percent
- Transaction value calculated based on the Value of Securities Basis	Not applicable as the Company issues no securities as a consideration for an acquisition of assets
Total value of all asset acquisition transactions during the past six months pursuant to the Notifications on Acquisition or Disposal	N/A

Transaction Size under the Notification of Acquisition and Disposal of Assets

The entering into of such transaction constitutes an asset acquisition transaction of the Company pursuant to the Notifications on Acquisition or Disposal. After the calculation, the transaction value is equivalent to 3.04 percent calculated based on the Total Value of Consideration Basis which is the basis that yields the highest value from the Consolidated Financial Statements of the Company for the year ending 31 December 2016 which were audited and reviewed by a certified public accountant. In this regard, as the transaction value is lower than 15 percent, pursuant to the Notifications on Acquisition or Disposal, the Company is not obliged to disclose the information on the acquisition with the Stock Exchange.

Transaction value pursuant to the Notifications on Connected Transactions

The entering into of such transaction constitutes a connected transaction pursuant to the Notifications on Connected Transactions, being a transaction value is equivalent to 28.95 percent of the net tangible asset (NTA) with the value of more than or equivalent to THB 20 million or more than or equivalent to 3 percent of the net tangible asset (NTA) of the Company (whichever is higher), as detailed in the aforementioned table. As a result, pursuant to the Notifications on Connected Transactions, the Company has the duty to obtain approval from its Board of Directors, disclose an information memorandum to the Stock Exchange, and seek for the approval on the entering into of a transaction from the shareholders meeting, including appoint an independent financial advisor to provide opinions thereon, whereby the approval of the shareholders meeting shall be passed by votes of no less than three-quarters of the total votes cast by the shareholders attending the meeting and eligible to vote, without counting the votes cast by the interested shareholders.

(6) Rational and necessity in entering into the transaction and the expected benefits from the transaction

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SCENARIO is desirous to offer for sale to the Company its 2,200,000 shares of ONE ENT, at the par value of THB 100 per share, at the price of THB 100 per share, totaling THB 220,000,000. In doing so, SCENARIO determined the offering price by applying the same basis as which is used by ONE ENT in its capital increase and offer for sale of the new shares issued thereby to Pranaporn Co., Ltd (“Pranaporn”).

In addition the Company was of the view that the ONE ENT business group has a high growth potential and the capacity to repay the debts in favor of the financial institution. The Company, therefore, deemed it appropriate to make an additional investment in ONE ENT by using the cash derived from its business operation as a fund for the acquisition of ONE ENT shares from SCENARIO.

(7) Opinions of the Board of Directors and the Audit Committee on the entering into of the transaction

The meetings of the Board of Directors and the Audit Committee were of the view that such entering into of the transaction is reasonable and beneficial to the Company and its shareholders because the Company deemed that the ONE ENT business group has a high growth potential and the capacity to repay the debts in favor of the financial institution. As a result, it is appropriate for the Company to make additional investment in ONE ENT.

In this regard, in considering and approving the entering into of the transaction, there were no interested directors and/or directors who are connected persons attending the meeting and casting a vote on this matter.

The Board of Directors, therefore, deemed it appropriate to propose that the Extraordinary General Meeting of Shareholders No. 1/2017, to be convened on 26 May 2017, consider and approve the entering into of the transaction accordingly.

(8) Opinions of the Audit Committee and/or directors of the Company which are different from that of the Board of Directors

None.

2. Responsibility of the Board of Directors with respect to the information set out in this Information Memorandum

The Board of Directors will be responsible for the information set out in this Information Memorandum which has been prepared in accordance with the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions dated 31 August 2008, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003, dated 19 November 2003. In doing so, the Board of Directors, by expedient discretion, has disclosed the material information in the interest of adequacy, accuracy, transparency, and the shareholders.

3. Corporate information and business description

3.1 Company background and milestones

The Company was established as Grammy Entertainment Co., Ltd. on 11 November 1983 to lead the new era of the music and television business in Thailand. The music business at the time emphasized the production of quality Thai pop songs. The first music album was “Ni Yai Ruk Jak Korn Mek” by Doctor Pantiwa Sinrattanan. The company also launched three TV programs: Yim Sai Kai, Mun Kwa Heaw and Sueng Tid Dao which were highly successful. The Company has continued to grow since then. (Company Background and Milestone are shown on the menu “Corporate Information” and sub-menu “Company Background” on the Company website).

The Company underwent significant changes in shareholders’ structures, management and business operations as follows:

- 1988 MGA Co., Ltd. was established to manufacture and distribute various cassette tapes and other related entertainment products through its retail network.
- 1989 A-Time Media Co., Ltd. was established to enter into the radio business. “Green Wave” and “Hot Wave” were the first two stations to hit the market.
- 1991 Exact Co., Ltd. was set up to expand the television production business and started to broadcast TV Series “Three Men, Three Styles” (Sam Noom Sam Moom). Within the same year, Extraorganizer Co., Ltd. was founded to operate the concert production business. Both these companies allowed Grammy to expand the scale of its entertainment empire.
- 1994 Grammy Entertainment Pcl. was listed on the Stock Exchange of Thailand and the feature film business saw its debut.
- 1996 Expanded into publishing business through the acquisition of Image magazine.
- 2001 The company's name was changed from Grammy Entertainment Public Company Limited to GMM Grammy Public Company Limited (Grammy).
- 2002 GMM Media Public Company Limited (GMMM) was delisted from the Stock Exchange of Thailand. Eight media, radio, television and publishing subsidiaries were transferred from Grammy to GMMM.
- 2004 Aimed to be “King of Content” by alliances with strategic partners, including Deetalk Co., Ltd. (TV program producer), Siam Infinit Co., Ltd. (online games), GMM Tai Hub Co., Ltd. (feature film producer) and Ninja Returns Communication Co., Ltd. (event organizer).
- 2005 Major changes are as follows:
 - Expanded business line into event marketing business with 50% investment in Index Event Agency Plc. through subsidiary, GMM Media Plc. for a fully integrated media business.

(Translation)

- GMM Grammy was voted Thailand's Best Small Cap and was ranked the second to "Best Commitment to Strong Dividend Payments"; by Finance Asia Polls.
 - Invested in Se-education Plc. to develop business cooperation such as a distribution channel.
 - Jointly invested in Clean Karaoke Company Limited, operating the karaoke business together with the managing of karaoke equipment through 80 % holding in the capital of THB 20 million.
 - Invested in newspaper business including 20% holding in Matichon Plc. and 23.6% holding in Post Publishing Plc. through its subsidiary, GMM Media Plc
- 2006 Major changes are as follows:
- Jointly invested 51% in capital of THB 40 million in GMM Fitness Club Co., Ltd. to provide fitness club service.
 - Jointly invested in 50% in capital of THB 20 million in Lux Music 999 Co., Ltd. to expand the music business especially in terms of production and distribution.
- 2007 Investment in 3-RD Co., Ltd., through 50 % holding in the capital of THB 2.63 million.
- 2008 GMM Media Public Co., Ltd., a subsidiary of the Company, voluntarily delisted from the Stock Exchange of Thailand.
- 2009 Invested in common stock of Family Know How Co., Ltd., with 50% of the THB 50 million capital. The company operates "Money Channel" satellite TV station, specializing in economic, finance and investment programs.
- 2010 Major changes are as follows:
- Jointly invested with its Associate (Scenario Co., Ltd.) in common share of Acts Studio Co., Ltd. for construction of a huge production studio with proportion of 50% each from THB 200 million registered capital.
 - Invested in common share of Lucks Satellite Co., Ltd. to produce the content for broadcasting via satellite channel with 25% holding of THB 20 million registered capital.
- 2011 Entered into a joint venture agreement with CJ O Shopping Co., Ltd., Korea's No.1 Home Shopping Operator, to launch Home Shopping business with a registered capital of THB 540 million and GMM Grammy holding 51% of the joint venture.
- 2012 Invested in GMM Z Co., Ltd. to operate satellite TV platform business by holding 100% shares of THB 100 million registered capital.

(Translation)

GMM Z Co., Ltd. invested 100% of THB 1 million in GMM B Co., Ltd. to operate Pay TV business.

2013 Major changes are as follows:

- Increased capital for strategic investment expansion by allotting and offering 106,052,989 registered shares capital at the price of THB 10 per share to the existing shareholders (Rights Offering) according to pro rata basis of five existing shares to one new share, amounting to approximately THB 1 billion. The capital increase resulted in registered capital of THB 636,317,936 (636,317,936 ordinary shares of THB 1 each).
- Participated in the auction for the Variety – HD and Variety – SD Digital TV channel licenses.

2014 Major changes are as follows:

- GMM Z Co., Ltd. disposed of all shares in GMM B Co., Ltd. which operated Pay TV business to CTH LCO C., Ltd. and Z Trading Co., Ltd. invested in CTH Public Company Limited whose business is Cable TV operation and subscription based TV.
- Increased registered capital by allotting and offering maximum 63,631,793 registered shares capital at the price of THB 13.50 per share to the existing shareholders (Rights Offering) according to pro rata basis -10 existing shares per 1 new share. The remaining ordinary shares were allotted and offered to private placement with a maximum of 120,000,000 ordinary shares. This resulted in registered capital of THB 819,949,729 (819,949,729 ordinary shares of THB 1 each).
- Officially launched “Muang Thai GMM Live House” in order to accommodate the expansion of the GMM Grammy showbiz business as a result of the increased number of shows. This was also deemed another means of generating income from the music business group for the Company.

2015 Major changes are as follows:

- Disposed of 49.55 million shares of Se-education Plc. (“SE ED”) at the price of THB 6 per share. The net amount received (after deducting related fee, taxes etc.) was equal to THB 297.16 million.
- The Extraordinary General Meeting of Shareholders No. 1/2015 approved the connected transaction and assets disposal regarding the partial waiver of subscription rights to the capital increase of ordinary shares in GMM One TV Trading Co., Ltd. (currently The One Enterprise Co., Ltd.) to the Group of Mr. Takonkiet Viravan, who is a connected person of the Company. The transaction resulted in the Company’s shareholding portion to be 51% in GMM One TV

(Translation)

Trading Co., Ltd. (currently The One Enterprise Co., Ltd.). Moreover, the resolution regarding the disposal of the ordinary shares of Acts Studio Co., Ltd. directly and indirectly held by the Company to GMM One TV Trading Co., Ltd. (currently The One Enterprise Co., Ltd.) was also approved.

- Disposed of total investment of 86,000,000 shares or 50% of paid-up capital in Index Creative Village Public Company Limited at the price of THB 5 per share, which is higher than the book value of THB 3.40 per share as of December 31st, 2014 amounting to THB 430 million.
- Disposed of entire investment in its Publishing Group at the value of THB 45 million, which is higher than the book value as of March 31st, 2015 at THB 28.89 million.
- Ceased the operation of GMM Tai Hub Company Limited (GTH) from December 31st, 2015 onwards. The Company will manage all the rights for movies produced by GTH until the official rights management person is announced later on. All projects currently in production will be continued and completed.
- Established subsidiary named “GDH 559 Company Limited” (GDH 559) which concentrates on movie production and distribution, media advertisement, and artist management. GDH 559 currently has THB 5 million in paid-up capital and the Company holds a 51% stake.

2016 Major changes are as follows:

- GDH 559, a subsidiary of the Company, increased its registered capital to THB 150 million.
- Announced the cancellation of the Z Pay TV service; the Pay TV service operated and owned by CTH Group was cancelled. The Group is not involved in the provision of those services. At the same time, with respect to the satellite TV business via the “GMM Z” satellite TV platform, the Group continues to sell satellite TV set-top-boxes (STB) to customers, and they are able to continue watching the free TV channels on both the C-Band and KU-Band satellite systems as per usual.
- The Group paid the third instalment of the fee for the license for commercial digital TV frequencies to the National Broadcasting and Telecommunications Commission (NBTC) on 27 June 2016.
- The Company entered into an agreement directly with UNION DES ASSOCIATIONS EUROPÉENNES DE FOOTBALL (“UEFA”) in order for the Company to obtain the broadcasting rights of the European Qualifiers-Qualification Competitions for the 2018 FIFA World Cup. The Company also entered into a memorandum of

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agreement with Bangkok Entertainment Co., Ltd., and BEC Multimedia Co., Ltd. (collectively “BEC”) to grant the broadcasting rights of the European Qualifiers-Qualification Competitions for the 2018 FIFA World Cup to BEC for airing via BEC’s channels.

- Board of Directors Meeting No. 9/2016, convened on 10 November 2016, resolved to acknowledge ONE ENT’ capital increase by THB 1,905 million by issuing 19,050,000 newly-shares at the par value of THB 100 per share to the existing shareholders (the Company and the Group of Mr. Takonkiet) and Pranaporn, whereby after the capital increase such parties would become the shareholders of ONE ENT. In this regard, there shall be two capital increases, i.e., the first capital increase amounting to THB 500 million by issuing 5,000,000 shares at the par value of THB 100 per share, and the second capital increase amounting to THB 1,405 million by issuing 14,050,000 shares at the par value of THB 100 per share. After the second capital increase, ONE ENT’s registered capital shall become THB 3,810 million, having the Company, the Group of Mr. Takonkiet, and Pranaporn hold 25.50 percent, 24.50 percent, and 50.00 percent of the registered capital, respectively. Subsequently, all such parties shall jointly bear the guarantee obligation and debt obligation that the ONE ENT Group (comprising ONE ENT, GMM ONE TV, and/or affiliated companies in which ONE ENT holds the shares of exceeding 50.00 of the registered capital) has against the financial institution.
- In this regard, on 30 November 2016, the Company (by virtue of the resolution passed by Board of Directors Meeting No. 1/2016, convened on 25 November 2016) and the existing shareholders of ONE ENT entered into the share purchase agreement with respect to the shares of ONE ENT with Pranaporn (the “Share Purchase Agreement”). The Share Purchase Agreement provides the material details that the Company and the other existing shareholders of ONE ENT shall waive and pass on the rights to purchase the newly-issued shares issued in both capital increases to Pranaporn, resulting in the shareholdings in ONE ENT of the Company and the Group of Mr. Takonkiet after both capital increases becoming 25.50 percent and 24.50 percent, respectively. In addition, after the existing shareholders of ONE ENT entered into the Share Purchase Agreement with Pranaporn, they shall ensure that the financial institution which is the creditor providing credit facility to the Company, to consent for Pranaporn to jointly bear, proportionately with its shareholding proportion in ONE ENT, the guarantee obligation and debt obligation that the ONE ENT Group has against the financial institution.
- As shown in the NBTC Order No. 76/2559 dated 20 December 2016, the NBTC resolved to approve the change of the number of remaining license fee instalments from three instalments (2017-2019)

(Translation)

to six instalments (2017-2022), and interest at the rate as prescribed by the NBTC in its policy.

2017 Major changes are as follows:

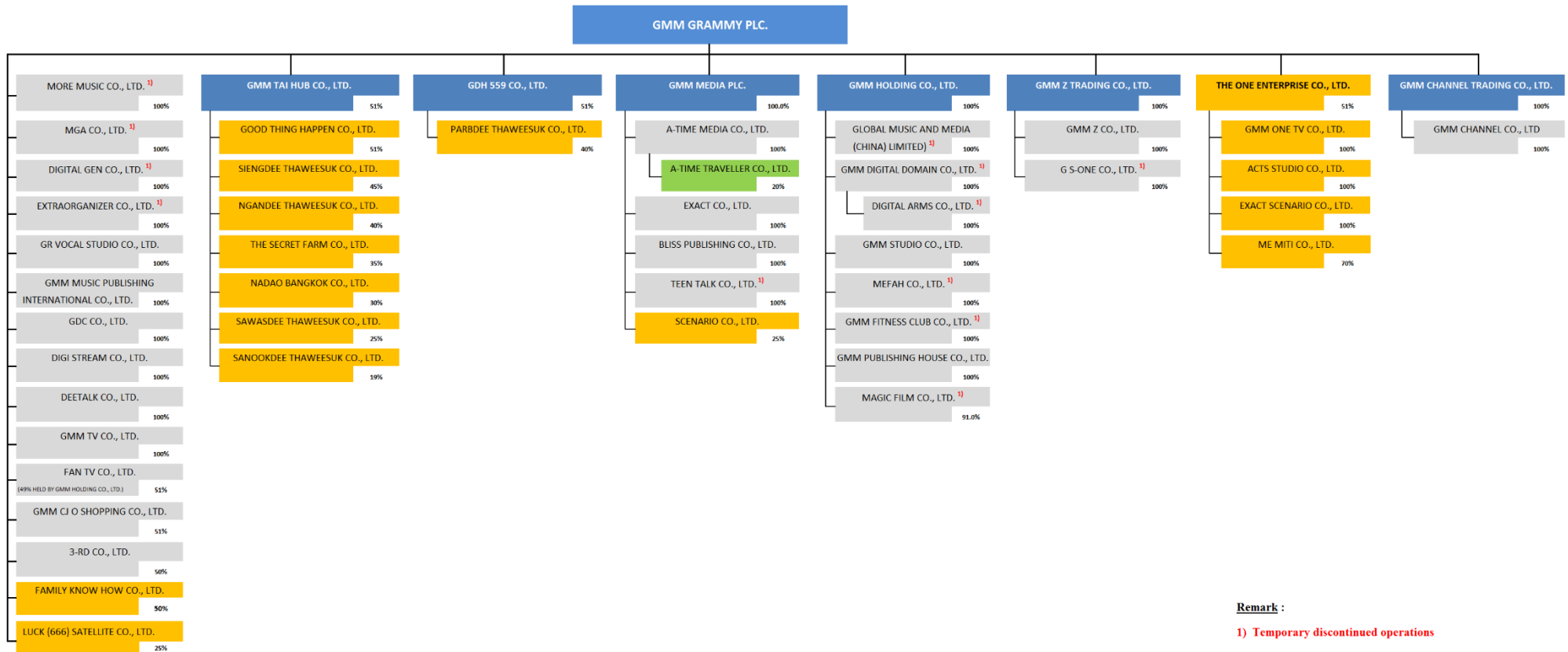
- By the first quarter of 2017, Pranaporn subscribed for the shares issued under the first capital increase amounting to 5,000,000 shares or equivalent to 20.79 percent of the total shares of ONE ENT after the first capital increase, at the price of THB 100.00 per share, totaling THB 500 million. In this regard, the second capital increase of ONE ENT is scheduled on 31 May 2017. With respect to the second capital increase, the existing shareholders of ONE ENT (the Company and the Group of Mr. Takonkiet) shall waive all rights to subscribe for the newly-issued shares issued thereunder. In addition, on 31 May 2017, upon the full satisfaction of the conditions precedent specified under the agreement by the existing shareholders of ONE ENT (the Company and the Group of Mr. Takonkiet), Pranaporn shall (1) subscribe for 14,050,000 shares issued under the second capital increase, equivalent to 36.88 percent of the total shares of ONE ENT after the second capital increase, at the price of THB 100, totaling THB 1,405 million, and (2) jointly bear, proportionately to its respective shareholding, the guarantee obligation that the ONE ENT Group has against the financial institution as required under the Share Purchase Agreement.

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3.2 Group Structure

As at 31 December 2016, the details of the Company's group structure are as follows:



3.3 Business Description

The Group operates its business with the philosophy of working creatively with a complete range of global quality content and embracing up-to-date technology to deliver unlimited happiness to conform to customers' changing behavior in media market. The Group divides its business into two main categories as follows:



1) **Core Business**

1.1) Music Business

The music business operates under the "Total Music Business" model, including artist selection, music production, marketing, music content management, and product distribution in term of physical products and digital products, focusing on the variety of music production to satisfy the customers' demand. The Group has more than 300 artists, singers, actors, and actresses under management, and more than 40,000 songs in its music library. The Music Business can be arranged into five sub businesses as follows: physical products and distribution business; digital content business; copyright management business; showbiz business artist management business; and distribution business for products relating to the music business.

1.2) Digital TV Business

The Group was the successful bidder in the auction of licenses for commercial digital TV frequencies in respect of two channels, i.e., one standard definition channel and one high definition channel for a term of 15 years from the date on which the license was granted. The details of the digital TV channels of the Group are as follows:

Category	Standard Definition	High Definition
Channel name	GMM 25 	One 
Channel number	Channel 25	Channel 31
Channel format	All formats that bring in fun or a happy channel under the slogan 'Enjoy every day, be together all the time'.	High-quality variety programming to reach all target groups including news, top-rated sitcoms, and prime time dramas ('For great drama, watch Channel One').
Target group	Teenagers and new generation	Teenagers, families and working people who are modern and have good taste
Began broadcasting	April 2014	April 2014

- 2) **Other Businesses:** Businesses that support and are in furtherance of the core business, and which contribute to the Group's sustainable growth in the long term. These businesses comprise:

2.1) Radio Business: The Group produces the content for F.M. radio stations. In 2016, the Group produced the content for three F.M. radio stations which are: (1) Green Wave 106.5 MHz; (2) EFM 94.0 MHz; and (3) Chill FM 89.0 MHz (in 2017, EFM will be operated on 104.5 MHz and Chill FM will become an online radio station).

2.2) Movie Business

The Group operates its movie business under GTH Co., Ltd., a subsidiary of the Company. In 2015, two films were released: "Freelance" and "May Who?" Both films were very popular and were in the top-ranked Thailand box office earnings. Notwithstanding, for the effective operation in the future, the company ceased the operation of GTH Co., Ltd., from December 31, 2015 onwards, revising the shareholder structure and establishing a new company under the name of GDH 559 Co., Ltd., for the operation of the Company's movie business. In 2016, two films were released: "One Day" and "A Gift". GDH 559 Co., Ltd. aims to continue producing quality films at the rate of 3-4 a year with its own uniqueness and is determined to become one of the leading entertainment content producers in the country. It is well-equipped in terms of production and personnel. It has skilled teams ready to create new films to bring happiness to Thai movie watchers.

2.3) Home Shopping Business

Home shopping business is a business of 24-hour distribution of goods through program channel "O-Shopping", which is managed by GMM CJ O Shopping Co., Ltd., a joint venture company of GMM Grammy Pcl and CJ O Shopping Co., Ltd. It aims to become the leader of Thailand's home shopping business by creating a phenomenon of interactive home shopping programs that offers knowledge about products in a straightforward manner in all aspects, called "Shopfotainment Channel" (shopping, information, and entertainment). The company focused on a variety of product selections with convenient and fast delivery service all over the country free-of-charge. The company also provided multiple payment options as may be deemed appropriate by the customer, such as credit card or cash on delivery.

2.4) Satellite TV Business

The Satellite TV business can be divided into two main components.

- GMM Z" Satellite TV Platform is responsible for the sale of satellite TV set-top-boxes (STB) as follows:

(Translation)

- GMM Z HD Slim: a new model that offers Full HD 1080P resolution, equipped with complete functions, a modern system, a smart remote control, and channels which are grouped together for easy navigation;
 - GMM Z HD Lite: a new model that enables high definition transmission with digital TV compatibility for customers who want to watch a high definition at an affordable price;
 - GMM Z Smart: ideal for the middle-level customer group, available for both C-Band and KU-Band satellite systems;
 - GMM Z Mini: ideal for customers who have limited budgets but want to switch from antenna to satellite television;
 - GMM Z Mini Gold: a new model with gold color façade and handy remote control;
 - GMM Z Zeason: a set-top-box for digital television that offers Full HD resolution and enables visual, movie, and music playback via a USB port. Equipped with a button on the front of the box for pre-recording your favorite shows (PVR function), Biss keys for ‘black screen-free’ viewing, and a time shift mode for on-demand pausing;
 - GMM Z Stream: an internet television box featuring the Android 5.1 interface that offers Ultra HD 4K resolution and is equipped with an Air Mouse Remote;
 - GMM Z HD Wise: a new model that offers Full HD resolution, a PVR function, time shift mode, and all-inclusive functions for playback of all media types;
 - GMM Z Music Box: a new compact music player that features over 3,200 copyrighted hits from Grammy’s best artists – both country (Lookthoong) and folk (Lukkroong) songs all in one.
- Satellite TV Media Business: a business involving the production of TV shows to be aired on the Thaicom satellite TV channels. By the end of 2016, the Group has produced two channels as follows:

(Translation)

Channel	Type of Program	Target Group	First On Air
Fan Music	GMM Grammy's song including pop, rock, dance, local Thai country songs (Looktoong) under the slogan "All Your Music"	General audience	Changing from Fan TV to Fan Music (Looktoong Thai country songs) in 2015
Money Channel*	Programs on financial matters and investments	General audience and working professionals with an interest in finance and investments	October 2009

* The channel is jointly-owned (50% each) with the Stock Exchange of Thailand, through the Group's subsidiary, Family Know-How Co. Ltd.

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(Translation)

4. The names of the executives and the first 10 shareholders as at the closing date of the share register book

The list of the executives of the Company as at 15 March 2017 (in accordance with the definition prescribed under the Notification of the Securities and Exchange Commission) are as follows:

	Name	Position
1	Miss Boosaba Daorueng	Chairman of the Group Executive Committee/Group Chief Executive Officer/ Chairman of the Risk Management Committee
2	Mrs. Saithip Montrikul Na Audhaya	Member of the Group Executive Committee/ Chief Executive Office - GMM Media/ Member of the Risk Management Committee
3	Mr. Takonkiet Viravan	Member of the Group Executive Committee/ Chief Executive Officer - GMM One Digital TV/ Member of the Risk Management Committee
4	Mr. Phawit Chitrakorn	Member of the Group Executive Committee/ Chief Executive Officer-GMM Music
5	Mrs. Karnsuda Sansuthi	Member of the Group Executive Committee/ Chief Financial Officer/ Member of the Risk Management Committee
6	Miss Chitralada Hengyotmark	Member of the Group Executive Committee/ Chief Legal Officer/ Member of the Risk Management Committee

Source: The Company

The list of the major shareholders of the Company as at the closing date of the share register book on 15 March 2017 (latest) are as follows:

	Names	Shares	Percentage
1.	Mr. Paiboon Damrongchaitham*	392,834,599	47.91
2.	Mr. Thaveechat Jurangkool	133,051,623	16.23
3.	Mr. Nuttapol Jurangkool	77,028,900	9.39
4.	CREDIT SUISSE AG, SINGAPORE BRANCH	26,552,520	3.24
5.	Bualuang Long-Term Equity Fund	24,437,800	2.98
6.	Mr. Komol Juangroongruangkit	22,720,000	2.77
7.	Bangkok Bank Public Company Limited	12,278,693	1.50
8.	Mr. Fahmai Damrongchaitham*	9,000,000	1.10

(Translation)

	Names	Shares	Percentage
9.	Mr. Rafha Damrongchaitham*	9,000,000	1.10
10.	Mr. Takonkiet Viravan	6,930,856	0.85

Remarks: * The Group of Mr. Paiboon Damrongchaitham consists of Mr. Paiboon Damrongchaitham, holding 392,834,599 shares (equivalent to 47.91 percent), Geurtfah Co., Ltd.** holding 6,139,745 shares (equivalent to 0.75 percent), Mr. Fahmai Damrongchaitham, holding 9,000,000 shares (equivalent to 1.10 percent) and Mr. Rafah Damrongchaitham, holding 9,000,000 shares (equivalent to 1.10 percent), and also includes two shareholders which are not in the list of major shareholders i.e., Miss Fahchai Damrongchaitham, holding 4,900,000 shares (equivalent to 0.60 percent), and Miss Ingfah Damrongchaitham, holding 4,900,000 shares (equivalent to 0.60 percent).

** Shareholders of Geurtfah Co., Ltd on 15 March 2017 comprises: Mr. Fahmai Damrongchaitham; Mr. Rafah Damrongchaitham; Miss Ingfah Damrongchaitham; and Miss Fahchai Damrongchaitham, each holding 25 percent of shares.

Source: www.set.or.th and www.bol.co.th

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(Translation)

5. Financial Statements of the Company for the past three years (accounting periods 2014–2016)

The financial information in the financial statements of the Company for the years ending December 31, 2014 to 2016 that have been audited by EY Office Limited are as follows:

GMM Grammy Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December

	Consolidated financial statements					
	2016		2015		2014	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Assets						
Current assets						
Cash and cash equivalents	868,821	12.0	1,058,808	14.0	864,526	6.0
Current investments	250,651	3.5	175,952	2.3	1,075,891	7.4
Trade and other receivables	1,397,272	19.3	1,414,957	18.6	2,239,273	15.5
Prepaid expenses	62,387	0.9	59,973	0.8	39,977	0.3
Inventories	370,797	5.1	300,990	4.0	629,252	4.4
Advance payments	27,112	0.4	45,760	0.6	76,122	0.5
Other current assets	267,589	3.7	290,068	3.8	367,528	2.5
Total current assets	3,244,629	44.8	3,346,508	44.1	5,292,569	36.6
Non-current assets						
Investments in joint ventures	263,233	3.6	616,363	8.1	326,149	2.3
Investments in associates	276,672	3.8	275,721	3.6	277,595	1.9
Other long-term investments	3,656	0.1	3,504	0.0	1,286,429	8.9
Loans to related parties	-	-	-	-	-	-
Property, plant and equipment	429,879	5.9	524,046	6.9	1,428,854	9.9
Goodwill	-	-	36,660	0.5	36,660	0.3
Other intangible assets	684,313	9.4	348,602	4.6	402,516	2.8
Cost of spectrum license	1,608,499	22.2	1,739,140	22.9	4,685,378	32.4
Deferred tax assets	486,471	6.7	416,019	5.5	437,989	3.0
Other non-current assets	251,234	3.5	283,052	3.7	287,198	2.0
Total non-current assets	4,003,957	55.2	4,243,107	55.9	9,168,767	63.4
Total assets	7,248,586	100.0	7,589,615	100.0	14,461,336	100.0

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(Translation)

GMM Grammy Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December

	Consolidated financial statements					
	2016		2015		2014	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Liabilities and shareholders' equity						
Current liabilities						
Bank overdraft and short-term loans from banks	322,905	4.5	3,000	0.0	964,057	6.7
Trade and other payables	1,210,404	16.7	1,489,010	19.6	1,801,362	12.5
Unearned income	444,961	6.1	436,021	5.7	390,287	2.7
Short-term loans from related parties and directors	3,890	0.1	-	-	-	-
Current portion of long-term loans	1,497,182	20.7	-	-	30,000	0.2
Current portion of liabilities under finance lease agreements	14,600	0.2	11,452	0.2	12,657	0.1
Current portion of cost of spectrum license payable to be paid within one year	409,884	5.7	409,814	5.4	916,383	6.3
Income tax payable	9,113	0.1	8,243	0.1	27,084	0.2
Other current liabilities	266,332	3.7	209,129	2.8	326,374	2.3
Total current liabilities	4,179,272	57.7	2,566,669	33.8	4,468,204	30.9
Non-current liabilities						
Long-term loans - net of current portion	597,206	8.2	1,625,545	21.4	3,325,266	23.0
Liabilities under finance lease agreements net of current portion	26,594	0.4	29,145	0.4	35,159	0.2
Cost of spectrum license payable - net of current portion	679,912	9.4	1,024,311	13.5	2,830,404	19.6
Provision for long-term employee benefits	297,086	4.1	310,151	4.1	313,441	2.2
Deferred tax liabilities	78	0.0	122	0.0	4,558	0.0
Other non-current liabilities	-	-	-	-	-	-
Total non-current liabilities	1,600,875	22.1	2,989,274	39.4	6,508,828	45.0
Total liabilities	5,780,147	79.7	5,555,944	73.2	10,977,033	75.9
Shareholders' equity						
Share capital						
Issued paid-up share capital	819,950	11.3	819,950	10.8	819,950	5.7
Paid-in capital						
Share premium	4,847,629	66.9	4,847,629	63.9	4,847,629	33.5
Transferred of share premium to offset deficit in separate financial statements	271,204	3.7	271,204	3.6	271,204	1.9
Capital surplus from share premium of subsidiaries	859,297	11.9	859,297	11.3	860,965	6.0
Retained earnings						
Appropriated - statutory reserve	81,995	1.1	63,632	0.8	63,632	0.4
Transfer of statutory reserve to offset deficit in separate financial statements	50,000	0.7	50,000	0.7	50,000	0.3
Unappropriated (deficit)	(5,160,959)	(71.2)	(4,622,447)	(60.9)	(3,424,549)	(23.7)
Other components of shareholders' equity	(466,946)	(6.4)	(467,048)	(6.2)	(445,525)	(3.1)
Equity attributable to owners of the Company	1,302,170	18.0	1,822,216	24.0	3,043,305	21.0
Non-controlling interests of the subsidiaries	166,268	2.3	211,455	2.8	440,998	3.0
Total shareholders' equity	1,468,438	20.3	2,033,672	26.8	3,484,303	24.1
Total liabilities and shareholders' equity	7,248,586	100.0	7,589,615	100.0	14,461,336	100.0

(Translation)

GMM Grammy Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December

	Consolidated financial statements					
	2016		2015		2014	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Continuing operations						
Revenues						
Sales of goods	2,407,781	32.4	2,743,007	28.3	2,677,334	28.9
Service income	3,638,741	49.0	4,606,887	47.5	5,348,112	57.7
Revenues from copyrights	1,248,116	16.8	1,248,429	12.9	831,937	9.0
Other Revenue						
Interest income	12,923	0.2	19,822	0.2	56,595	0.6
Dividend received	5	0.0	-	-	12,358	0.1
Gain on sale of investments	-	-	228,138	2.4	147,049	1.6
Gain associated with the loss of control in subsidiary	2,557	0.0	731,281	7.5	-	-
Other income	119,920	1.6	126,013	1.3	190,557	2.1
Total other revenue	135,404	1.8	1,105,255	11.4	406,559	4.4
Total revenues	7,430,042	100.0	9,703,577	100.0	9,263,943	100.0
Expenses						
Cost of sales and services	4,586,306	61.7	5,742,911	59.2	6,223,409	67.2
Selling and servicing expenses	526,497	7.1	638,895	6.6	815,162	8.8
Administrative expenses	2,335,081	31.4	2,889,156	29.8	2,979,107	32.2
Loss on impairment of other long-term investments	-	-	1,030,340	10.6	-	-
Total expenses	7,447,885	100.2	10,301,302	106.2	10,017,677	108.1
Loss before share of profit (loss) from investments in associates, and joint ventures, finance cost and income tax expenses	(17,843)	(0.2)	(597,725)	(6.2)	(753,734)	(8.1)
Share of profit from investments in associates	16,616	0.2	4,513	0.0	14,351	0.2
Share of profit (loss) from investments in joint ventures	(353,130)	(4.8)	(337,734)	(3.5)	10,152	0.1
Loss before finance cost and income tax expenses	(354,357)	(4.8)	(930,946)	(9.6)	(729,230)	(7.9)
Finance cost	(188,174)	(2.5)	(271,593)	(2.8)	(458,532)	(4.9)
Loss before income tax expenses	(542,531)	(7.3)	(1,202,538)	(12.4)	(1,187,762)	(12.8)
Income tax expenses	9,129	0.1	67,307	0.7	71,387	0.8
Loss for the year from continuing operations	(533,402)	(7.2)	(1,135,232)	(11.7)	(1,116,374)	(12.1)
Discontinued operations						
Loss for the year from discontinued operations	-	-	-	-	(1,228,996)	(13.3)
Loss for the year	(533,402)	(7.2)	(1,135,232)	(11.7)	(2,345,371)	(25.3)
Profit (loss) attributable to:						
Equity holders of the Company						
Loss for the year from continuing operations	(520,149)		(1,145,484)		(1,183,521)	
Loss for the year from discontinued operations	-		-		(1,228,996)	
Loss for the year attributable to equity holders of the Company	(520,149)		(1,145,484)		(2,412,517)	
Non-controlling interests of the subsidiaries						
Profit for the year from continuing operations	(13,253)		10,252		67,147	
Profit for the year from discontinued operations	-		-		-	
Profit for the year attributable to non-controlling interests of the subsidiaries	(13,253)		10,252		67,147	
	(533,402)		(1,135,232)		(2,345,371)	
Basic earnings per share						
Loss attributable to equity holders of the Company	(0.63)	Baht	(1.40)	Baht	(3.66)	Baht
Basic earnings per share for continuing operations						
Loss from continuing operations attributable to equity holders of the Company	(0.63)	Baht	(1.40)	Baht	(1.80)	Baht

(Translation)

GMM Grammy Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December

	Consolidated financial statements					
	2016		2015		2014	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Cash flows from operating activities						
Loss before tax from continuing operations	(542,531)		(1,202,538)		(1,187,762)	
Loss before tax from discontinued operations	-		-		(1,228,996)	
Loss before tax	(542,531)	(62.4)	(1,202,538)	(33.9)	(2,416,758)	(279.5)
Adjustments to reconcile loss before tax to						
net cash provided by (paid from) operating activities:						
Depreciation	166,441	19.2	275,525	7.8	296,050	34.2
Amortisation	469,742	54.1	294,974	8.3	941,936	109.0
Amortisation of spectrum license	130,641	15.0	179,149	5.0	225,121	26.0
Reversal of allowance for doubtful accounts	18,041	2.1	(19,487)	(0.5)	(30,416)	(3.5)
Reversal of cost of inventory to net realisable value	(1,344)	(0.2)	(153,496)	(4.3)	(33,336)	(3.9)
Provision for sales returns (reversal)	85,253	9.8	5,390	0.2	(109,370)	(12.7)
Allowance for impairment of property, plant and equipment (reversal)	(21,765)	(2.5)	-	-	-	-
Allowance for impairment of others long term investment	-	-	1,030,340	29.0	-	-
Allowance for impairment of property, plant and equipment	-	-	124,707	3.5	-	-
Allowance for impairment of intangible assets	(4,442)	(0.5)	4,496	0.1	188,501	21.8
Allowance for impairment of goodwill	36,660	4.2	-	-	-	-
Loss (gain) on sale of investments in subsidiaries	-	-	(54,480)	(1.5)	(3,226)	(0.4)
Loss (gain) on sale of investments in joint ventures	-	-	(103,401)	(2.9)	-	-
Loss (gain) on returning investments of associates	-	-	-	-	(1,593)	(0.2)
Gain on sale of other long-term investments	-	-	(70,257)	(2.0)	(147,049)	(17.0)
Loss (gain) on disposal of equipment	19,105	2.2	(1,454)	(0.0)	10,495	1.2
Dividend received	(5)	-	-	-	(12,358)	(1.4)
Share of profit from investments in associates	(16,616)	(1.9)	(4,513)	(0.1)	(14,351)	(1.7)
Share of loss (profit) from investments in joint ventures	353,130	40.6	337,734	9.5	(10,152)	(1.2)
Long-term employee benefit expenses (reversal)	80,906	9.3	(9,362)	(0.3)	20,009	2.3
Gain associated with the loss of control in subsidiary	(2,557)	(0.3)	(731,281)	(20.6)	-	-
Interest income	(12,923)	(1.5)	(19,822)	(0.6)	(56,595)	(6.5)
Interest expenses	188,174	21.7	271,593	7.6	458,532	53.0
Profit (loss) from operating activities before changes in operating assets and liabilities	945,913	108.9	153,816	4.3	(694,561)	(80.3)
Decrease (increase) in operating assets						
Trade and other receivables	(26,987)	(3.1)	617,045	17.4	(120,433)	(13.9)
Prepaid expenses	(2,423)	(0.3)	(62,377)	(1.8)	172,514	20.0
Inventories	(165,553)	(19.1)	329,193	9.3	(61,915)	(7.2)
Advance payments	18,533	2.1	25,035	0.7	76,978	8.9
Other current assets	105,616	12.2	59,638	1.7	(108,605)	(12.6)
Other non-current assets	(727,245)	(83.7)	(351,506)	(9.9)	(595,976)	(68.9)
Increase (decrease) in operating liabilities						
Trade and other payables	(247,011)	(28.4)	20,197	0.6	(277,855)	(32.1)
Unearned income	21,472	2.5	56,832	1.6	(127,154)	(14.7)
Other current liabilities	(25,631)	(3.0)	(87,356)	(2.5)	62,281	7.2
Provision for long-term employee benefits	(12,753)	(1.5)	(17,397)	(0.5)	(8,027)	(0.9)
Other non-current liabilities	-	-	-	-	-	-
Cash flows from (used in) operating activities	(116,070)	(13.4)	743,121	20.9	(1,682,753)	(194.6)
Cash paid for interest expenses	(111,640)	(12.8)	(144,998)	(4.1)	(191,512)	(22.2)
Cash paid for income tax	(145,862)	(16.8)	(226,978)	(6.4)	(246,662)	(28.5)
Cash paid for termination wages	(80,498)	(9.3)	-	-	-	-
Cash received from income tax refund	52,070	6.0	-	-	-	-
Net cash flows from (used in) operating activities	(402,000)	(46.3)	371,146	10.5	(2,120,927)	(245.3)

(Translation)

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

	Consolidated financial statements					
	<u>2016</u>		<u>2015</u>		<u>2014</u>	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Cash flows from investing activities						
Acquisition of equipment	(71,339)	(8.2)	(273,067)	(7.7)	(504,185)	(15.0)
Decrease in accounts payable - purchase of assets	(4,733)	(0.5)	(15,388)	(0.4)	-	-
Cash paid to purchase additional investments in joint ventures	-	-	(571,550)	(16.1)	(10,298)	(0.3)
Net increase (decrease) in cash due to sale of investments in subsidiaries	-	-	220,806	6.2	(749,045)	(22.3)
Net decrease in cash due to loss of control in subsidiaries	(4,798)	(0.6)	(34,084)	(1.0)	-	-
Cash received from returning investments of associates	-	-	-	-	6,967	0.2
Cash received from sale of investments of associates	2,500	0.3	-	-	-	-
Cash received from sale of investments of joint ventures	-	-	438,686	12.4	-	-
Cash received from sale of other long-term investments	-	-	297,803	8.4	188,737	5.6
Cash paid to purchase additional investments in associates	-	-	(3,600)	(0.1)	(5,400)	(0.2)
Cash paid to purchase other long-term investments	(236)	-	-	-	(5,423)	(0.2)
Cash received from disposal of equipments	17,627	2.0	111,526	3.1	48,360	1.4
Decrease (increase) in loans to related parties	-	-	-	-	404,130	12.0
Dividend received from other long-term investments	5	0.0	-	-	12,358	0.4
Dividend received from subsidiaries and associates	11,157	1.3	9,163	0.3	11,949	0.4
Cash received from non-controlling interests of subsidiaries from investments in subsidiaries	(31,580)	(3.6)	2,450	0.1	-	-
Interest income	12,923	1.5	19,822	0.6	65,244	1.9
Increase(decrease) in current investments	(74,699)	(8.6)	899,939	25.3	988,726	29.5
Cash paid for spectrum license	(420,000)	(48.3)	(305,000)	(8.6)	(1,130,000)	(33.7)
Net cash flows from (used in) investing activities	(563,174)	(64.8)	797,506	22.5	(677,882)	(20.2)
Cash flows from financing activities						
Decrease in bank overdrafts and short-term loans from banks	319,905	36.8	(901,057)	(25.4)	(3,307,841)	(98.5)
Cash received from loans from directors	3,890	0.4	-	-	-	-
Cash received from long-term loans	467,980	53.9	1,012,350	28.5	5,409,190	161.2
Repayment of long-term loans	-	-	(1,022,500)	(28.8)	(2,318,000)	(69.1)
Repayment of liabilities under finance lease agreements	(16,405)	(1.9)	(15,583)	(0.4)	(23,136)	(0.7)
Dividend paid to non-controlling interest of subsidiaries	(353)	(0.0)	(46,089)	(1.3)	(80,564)	(2.4)
Proceeds from increase in share capital	-	-	-	-	2,450,666	73.0
Net cash flows from (used in) financing activities	775,017	89.2	(972,878)	(27.4)	2,130,316	63.5
Decrease in translation adjustments	170	0.0	(1,493)	(0.0)	(106)	(0.0)
Net increase (decrease) in cash and cash equivalents	(189,986)	(21.9)	194,282	5.5	1,823,475	54.3
Cash and cash equivalents at beginning of year	1,058,808	121.9	3,356,600	94.5	1,533,125	45.7
Cash and cash equivalents at end of year	868,821	100.0	3,550,882	100.0	3,356,600	100.0
Supplemental cash flows information:						
Non-cash transactions:						
Assets purchases which payment has yet to be made	-	-	-	-	11,397	-
Increase in assets from finance lease agreements	17,002	-	11,104	-	17,442	-

(Translation)

GMM Grammy Public Company Limited and its subsidiaries

Financial ratios

	Consolidated financial statements					
	2016		2015		2014	
Liquidity ratio						
Current ratio	0.78	times	1.30	times	1.18	times
Quick ratio	0.48	times	0.90	times	0.96	times
Cash flow current ratio*	(0.03)	times	0.21	times	(0.27)	times
Account receivable turnover*	7.46	times	6.88	times	5.06	times
Average collection period	49	days	53	days	72	days
Inventory turnover*	13.65	times	12.35	times	9.97	times
Average selling period	27	days	30	days	37	days
Account payable turnover*	4.79	times	4.82	times	3.91	times
Payment period	76	days	76	days	93	days
Cash cycle	(1)	days	7	days	15	days
Profitability ratio						
Gross profit margin	37.13	%	33.21	%	29.74	%
Operating profit margin	(0.41)	%	(6.38)	%	(8.95)	%
Cash to profit margin	377.22	%	(120.33)	%	204.54	%
Net profit margin	(7.00)	%	(11.80)	%	(26.04)	%
Return on equity or ROE*	(33.30)	%	(47.09)	%	(79.24)	%
Efficiency ratio						
Return on assets*	(7.01)	%	(10.39)	%	(17.83)	%
Return on fixed assets*	(74.16)	%	(89.09)	%	(131.71)	%
Asset turnover*	1.00	times	0.88	times	0.68	times
Financial Policy ratio						
Debt to equity ratio	3.94	times	2.73	times	3.15	times
Interest coverage ratio	(1.04)	times	5.13	times	(8.79)	times
Commitment coverage ratio (cash basis)	(0.23)	times	0.62	times	(0.70)	times
Dividend payout ratio	-	%	-	%	-	%
Growth ratio						
Total assets	(4.49)	%	(47.52)	%	14.74	%
Total liabilities	4.04	%	(49.39)	%	27.24	%
Revenue of sales and services	(15.16)	%	(2.92)	%	(16.54)	%
Operating expenses	(18.89)	%	(7.02)	%	(9.49)	%
Net profit (loss)	(54.59)	%	(52.52)	%	88.08	%
Share Information						
Book value per share	1.59	Baht	2.22	Baht	4.62	Baht
Loss attributable to equity holders of the Company per share **	(0.63)	Baht	(1.40)	Baht	(3.66)	Baht
Dividend per share***	-	Baht	-	Baht	-	Baht

* On average basis

** Calculation of weighted average ordinary shares.

*** Dividend per share base on accrual basis

Analysis of the Financial Position and Operating Results of the Company

Revenue:

For the years 2014 to 2016, the Company had total revenues of THB 9,263.94 million, THB 9,703.57 million, and THB 7,430.04 million, respectively. The Company's main sources of income are derived from its provision of fully-integrated entertainment businesses, comprising the music business, the digital TV business, the radio business, the movie business, the home shopping business, and the satellite TV business. In 2015, the total revenue increased slightly from 2014 at 4.75 percent or THB 439.63 million, primarily attributable to the growth in the music business, particularly digital songs which were able to satisfactorily penetrate the market through social media networks; the growth in the home shopping business according to the targeted plan; and the expansion of the digital TV business. In addition, in 2015, the group had income from the sale of investment in its subsidiaries according to the investment management plan. Notwithstanding the foregoing, in 2015 the investment in ONE ENT was reclassified as investment in a joint venture and financially accounted for by using the equity method. Therefore, the financial data of the digital TV Channel One was not presented in the consolidated financial statements but in the share of profit and loss from investment in joint ventures.

The total revenues in 2016, excluding the gains from the sale of investment and the restructuring in the previous year, decreases from 2015 by 4.09 percent, or THB 372.74 million, as a result of the decline in the advertising industry at the end of 2016.

Cost of Sales and Expenses:

For the years 2014 to 2016, the Company had sales and services costs of THB 6,223.41 million, THB 5,742.91 million, and THB 4,586.31 million, respectively, or representing 70.26 percent, 66.79 percent, and 62.87 percent of the revenue from sales and services and the royalties. In 2015, the cost of sales and services decreased proportionately from that of the previous year. The cost of the Z TV platform decreased. Despite the decrease in the revenue in the music business and the movie business, the costs were better controlled, and the businesses achieved better gross earnings. The digital TV business recorded an increase in transmission service fee (MUX) costs and production costs, while the costs of sale of the home shopping business increased proportionately in response to the increase in income.

In 2016, the sales and services costs continued to decrease in relation to the previous year as a result of the better cost control in the digital TV business, coupled with the driving force of the leaping growth in sales revenue. Similarly, the movie business witnessed an effective cost control and achieved a better gross earnings despite the decrease in revenue. The home shopping business focused on selecting merchandise and adopting effective sales strategies to generate higher profits.

The selling, servicing, and administrative expenses were recorded as THB 3,794.26 million, THB 3,528.05 million, and THB 2,861.58 million respectively and were accountable for 40.95 percent, 36.36 percent, and 38.51 percent of the total revenue for the years 2014 to 2016 respectively. The decrease in 2015 was primarily attributable to the marketing expenses of the music business, the media business, and the satellite TV business. With respect to the home shopping business and the digital TV business, the selling expenses increased proportionately to the increase in revenue. In addition, the total selling, servicing, and administrative expenses in 2016 decreased by 18.89 percent or THB 666.47 million after the Company had successfully restructured the business and adopted effective cost control measures.

Loss:

For the years 2014 to 2016, the Company recorded net losses of THB 2,345.37 million, THB 1,135.23 million, and THB 533.40 million, respectively, as a result of the realized loss of the pay TV business in the first half of 2014 and the decline in the advertising income in the media business coupled with the increase in the operating cost of the digital TV business, e.g., the programme production cost, etc., and the increase in the finance costs. In addition, the net operating results in 2015 was a result of the accounting adjustments in the impairment of investment in the pay TV business of over THB 1,030 million and the adjustment of the digital TV license, in order to reflect the net present value according to the announcement of the Accounting Standards-Setting Board published on 8 February 2016, of THB 92 million. Notwithstanding the foregoing, the net loss in 2015 showed a decrease from the previous year due to more effective cost control and the successful turnaround of the music business, while the digital TV business continued to suffer loss as it was in the early stage of the investment. The net operating loss in 2016 decreased from that of 2015 due to the continuous development and the successful management of the cost of sales and administrative expenses in the music business and other businesses.

Financial Position

Assets:

The total assets were recorded as THB 14,461.34 million, THB 7,589.62 million, and THB 7,248.59 million, as at 31 December from 2014 to 2016, respectively. The current assets were accountable for 36.6 percent, 44.09 percent, and 44.76 percent of the total assets for the years 2014 to 2016, respectively. The Company's current assets are the trade and other receivables from the media business, the radio business, the movie business, and trading. The decrease of the current assets in 2015 was a result of the payments of loans, the disposal of current investment, the payment of the second installment of the digital TV license fee, and decrease of the receivables and inventories, whereas the decrease of the current assets in 2016 was a result of the payments of content and copyright costs, the decrease of receivables, and the payment of the third installment of the digital TV license fee.

The non-current assets were accountable for 63.4 percent, 55.91 percent, and 55.24 percent of the total assets for the years from 2014 to 2016, respectively. The decrease of the assets in 2015 was attributable to the disposal of the current investment in the shares of SE ED, the publishing group, Index Creative, K Arena, for repayment of the short-term loans, and use as the revolving fund, as well as the impairment of investment in CTH and the reclassification of investment in ONE ENT as a joint venture, coupled with the adjustment of the digital TV license to reflect the net present value according to the new accounting standard, whereas the decrease of the non-current assets in 2016 was attributable to the sales of the assets of the discontinued operations. The investment in joint ventures increased in 2015 due to the acquisition of the newly-issued shares in ONE ENT and decreased in 2016 due to the realized loss in the investment of ONE ENT during that year.

Liabilities:

As at 31 December 2014 to 31 December 2016, the Company recorded total liabilities of THB 10,977.03 million, THB 5,555.94 million, and THB 5,780.15 million, respectively. The current

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liabilities were accountable for 40.71 percent, 46.20 percent, and 72.30 percent of the total liabilities for the years 2014 to 2016, respectively, while the non-current liabilities were accountable for 59.29 percent, 53.80 percent, and 27.70 percent of the total liabilities for the years 2014 to 2016, respectively. The total liabilities in 2015 decreased by 49.39 percent, or THB 5,421.09 million, due to the repayment of the loans which became due, and, with respect to the digital TV license fee, the reclassification of the investment in ONE ENT as a joint venture. In 2016, the total liabilities increased due to the drawdown of the loan for the payment of the digital TV license fee and for use as the revolving fund. The current liabilities in 2016 increased because certain financial ratios of the digital TV operation did not conform to the terms of the bank. Therefore, as at 31 December 2016, the loan was reclassified as the current portion of long term debts for the period from the end of the period to the waiver from the bank in accordance with the generally-accepted accounting standards. On 24 February 2017, the bank issued a waiver letter on the financial ratios for the two digital TV channels and the current portion of long-term debt was reclassified as long-term debt.

Shareholders' Equity:

From 31 December 2014 to 31 December 2016, the Company had shareholders' equity of THB 3,484.31 million, THB 2,033.68 million, and THB 1,468.44 million, respectively. In 2015, the shareholders' equity decreased from that of the preceding year by 41.63 percent, or THB 1,450.63 million, as a result of the operating loss during the year. The shareholders' equity as at 31 December 2016 decreased from the end of 2015 by 27.79 percent, or THB 565.23 million, as a result of the increase in the accumulated loss from the operating loss. In 2016, the Company was able to maintain an interest-bearing debt to equity ratio as required in the loan agreements.

Liquidity:

In 2014 and 2016 the Company had net cash flow used in operating activities of THB 2,120.93 million and THB 402 million, respectively. In 2015, the Company had a net cash flow from operating activities of THB 371.15 million. In 2014 and 2016 the Company had a net cash flow used in investing activities of THB 677.88 million and THB 563.17 million, respectively. This was primarily attributable to the purchase of equipment and increase of current investment, as well as payment of the digital TV license fee. In 2015, the Company had net cash flow from investing activities of THB 797.51 million, primarily attributable to the cash received from the sale of investments in subsidiaries and joint ventures as a result of the reclassification of the investment in ONE ENT from a subsidiary to a joint venture. In 2014, the Company had net cash flow from financing activities of THB 2,130.32 million as a result of the cash received from a capital increase. In 2016, the Company had net cash flow from financing activities of THB 775.02 million as a result of the additional drawdown of the loan. In 2015, the Company had net cash flow used in financing activities of THB 972.88 million.

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6. Related transactions in the previous year and the current year

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarized below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

	(Unit: Million Baht)		
	Consolidated		
	financial statements		Pricing policy
	<u>2016</u>	<u>2015</u>	
<u>Transactions with joint venture</u>			
Service income	139	344	(2)/(5)/(6)
Service expenses	191	190	(5)/(6)
<u>Transactions with associated companies</u>			
Service income	24	56	(2)
Service expenses	61	135	(5)
<u>Transactions with related companies</u>			
Rental and other service expenses	273	224	(1)/(5)/(6)
<u>Transactions with management and directors</u>			
Service expenses	5	7	(3)/(5)
			(Unit: Million Baht)
	Separate		
	financial statements		Pricing policy
	<u>2016</u>	<u>2015</u>	
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)			
Service income	111	162	(2)/(4)/(5)
Revenues from copyrights	150	152	(3)
Other income	6	15	(5)
Service expenses	77	195	(5)
Interest expenses	60	56	(7)
<u>Transactions with joint venture</u>			
Service income	95	55	(2)/(5)/(6)
Service expenses	106	93	(5)/(6)

(Translation)

Transactions with associated companies

Service income	9	3	(2)
Rental and other service expenses	3	14	(5)

Transactions with related companies

Rental and other service expenses	144	112	(1)/(5)/(6)
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Transactions with management and directors

Service expenses	1	1	(3)/(5)
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Pricing policy explanation

- (1) Contract price with the rental rate as appraised by independent valuer
- (2) With reference to prices charged to third parties depending on when the sales were made and the agreement
- (3) Charge per unit sold with reference to market price
- (4) Cost plus margin
- (5) Mutually agreed price
- (6) Contract price
- (7) At the rate not lower than the rate of fixed deposit or the rate of minimum loan rate (MLR) minus 1 percent per annum or minimum retail rate based on a case by case basis

As at 31 December 2016 and 31 December 2015 respectively, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade and other receivables - related parties</u>				
Subsidiaries	-	-	322,478	175,837
Joint venture	37,676	48,720	15,172	26,335
Associated companies	16,593	2,473	9,009	1,180
Related companies (related by common shareholder)	4,115	286	3,753	285
Total trade and other receivables - related parties	<u>58,384</u>	<u>51,479</u>	<u>350,412</u>	<u>203,637</u>

Trade and other payables - related parties

(Translation)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial	financial	financial	financial
	statements	statements	statements	statements
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Subsidiaries	-	-	46,104	72,834
Joint venture	19,893	33,276	12,475	23,460
Associated companies	12,323	7,205	640	516
Related companies (related by common shareholder)	10,648	10,014	3,571	3,513
Management and directors	1,538	3,681	1,003	1,167
Total trade and other payables - related parties	<u>44,402</u>	<u>54,176</u>	<u>63,793</u>	<u>101,490</u>

Loans to related parties

As at 31 December 2016 and 2015, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as	During the year		Balance as
	at			at
	31			31
	December			December
	2015	Increase	Decrease	2016
<u>Loans to related parties</u>				
Subsidiaries				
Digistream Company Limited	11,500	5,700	(4,200)	13,000
GR Vocal Studio Company Limited	1,800	1,300	(400)	2,700
Fan TV Company Limited	27,030	510	(3,060)	24,480
GMM TV Company Limited	33,000	53,000	(76,000)	10,000
3-RD Company Limited	3,750	-	(3,750)	
Total	<u>77,080</u>	<u>60,510</u>	<u>(87,410)</u>	<u>50,180</u>

Minimum interest rate charged on loans to subsidiaries is charged at the rate not lower than the rate of fixed deposit or the rate of minimum loan rate (MLR) minus 1 percent per annum based on a case by case basis.

(Translation)

Short-term loans from related parties and directors

As at 31 December 2015 and 31 December 2016 respectively, the balance of loans from related companies and directors and the movement are as follows:

(Unit: Thousand Baht)

Consolidated financial statements

	Balance as	During the year		Balance as
	at			at
	31			31
	December			December
	2015	Increase	Decrease	2016
<u>Short-term loans from directors</u>				
Directors	-	7,690	(3,800)	3,890
Total	-	7,690	(3,800)	3,890

(Unit: Thousand Baht)

Separate financial statements

	Balance as	During the year		Balance as
	at			at
	31			31
	December			December
	2015	Increase	Decrease	2016
<u>Short-term loans from related parties</u>				
Subsidiaries				
MGA Company Limited	22,500	-	-	22,500
GMM Music Publishing				
International Company Limited	68,000	33,000	(30,000)	71,000
GMM Holding Company Limited	118,000	6,500	(1,500)	123,000
Digital Gen Company Limited	5,500	-	-	5,500
GMM Media Public Company				
Limited	1,758,500	190,000	(305,000)	1,643,000
More Music Company Limited	6,000	1,000	-	7,000
Deetalk Company Limited	-	10,000	-	10,000

(Translation)

	Separate financial statements			Balance as at 31 December 2016
	Balance as at 31 December 2015	During the year		
		Increase	Decrease	
Z Trading Company Limited	-	55,000	(13,000)	42,000
Total	1,978,500	295,500	(349,500)	1,924,500

Minimum interest rate charged on loans to subsidiaries and directors are charged at the rate not lower than the rate of fixed deposit or the rate of minimum loan rate (MLR) minus 1 percent per annum or minimum retail rate based on case by case.

Directors and management's benefits

During the years ended 31 December 2016 and 31 December 2015 respectively, the Group had employee benefit expenses payable of their directors and management as below.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	79,627	74,601	63,751	54,871
Post-employment benefits	872	1,260	872	998
Total	80,499	75,861	64,623	55,869

7. Significant Contentious Claims or Litigations

As at the latest date of the accounting period:

- There were a litigation that may affect the Company's and its subsidiary's assets for an amount greater than 5 percent of the shareholder's ratio as follows:

On 2 March 2016, a contractual party to the marketing and distribution of channels has filed a lawsuit against the Company to claim for the outstanding license fees before the Central Intellectual Property and International Trade Court. The license fees are the outstanding fees from September 2015 to the end of February 2016; together with the interests and principals, the amount of claims are USD 6,150,000, or approximately THB 220 million. The case is currently in the consideration of the Court, pending the examination of the witness. However, the Company has filed the Statement of Defense and the Statement of Counterclaims, presenting information and evidences beneficial to the proceedings.

(Translation)

According to the opinion of the legal counsel, the Management believes that the Company has sufficient information and evidences to argue the case and that it is likely that the case will not pose damage to the Company. As a result, the Company do not record provisions in the Account.

- There were no legal proceedings with significant effect to the Company's and its subsidiary's business;
- There were no legal proceedings that did not arise out of the ordinary course of business of the Company or its subsidiary.
- There were no legal proceedings or disputes the Company is subject after the end of accounting period but prior to the submission of Form 56-1 that affected the Company significantly.